



PROSPECTUS

HFAML Unit Fund

Fund Manager

HF ASSET
MANAGEMENT LIMITED



If you have any queries about this document, you may consult your bank manager, lawyer, professional accountant or other professional advisers.

PROSPECTUS

HFAML Unit Fund

Size of Issue

Initial Size Tk. 50,00,00,000.00 (Fifty Crore) of 5,00,00,000 (Five Crore)
Units of Tk. 10.00 (Ten) each

Initial/Opening Price

Tk. 10.00 (Ten) per Unit

Sponsor

HF Asset Management Limited

Asset Manager

HF Asset Management Limited
(Registered as a private limited company under the *1994* ~~1994~~ *ArBb*, 1994)

Trustee & Custodian

Investment Corporation of Bangladesh

Subscription Opens

20 November 2017

Registered Office

138/1, Tejgaon Industrial Area, Dhaka - 1208, Bangladesh.

Phone: +88-02-887-8009

E-mail: md_fayekuzzaman@yahoo.com

Website: www.hfassetmanagement.com

Date of publication of Prospectus

17 November 2017

The investors are advised, in their own interest, to carefully read the contents of the Prospectus, in particular the Risk Factors in Clause 4.1 before making any investment decision.

FUND PROFILE

Registered Office	: HF Asset Management Limited 138/1, Tejgaon Industrial Area Dhaka- 1208, Bangladesh.
Sponsor/ Initiator	: HF Asset Management Limited 138/1, Tejgaon Industrial Area Dhaka- 1208, Bangladesh.
Trustee	: Investment Corporation of Bangladesh BDBL Bhaban 8 RAJUK Avenue, Dhaka-1000.
Custodian	: Investment Corporation of Bangladesh BDBL Bhaban 8 RAJUK Avenue, Dhaka-1000.
Asset Manager/ Fund Manager	: HF Asset Management Limited 138/1, Tejgaon Industrial Area Dhaka- 1208, Bangladesh.
Auditor	: ARTISAN Chartered Accountants 33 Shah Ali Tower (5th & 6th Floor) Kawran Bazar, Dhaka-1215, Bangladesh
Banker	: IFIC Bank Limited Bashundhara Branch Ka- 5/2, Bashundhara Road, Dhaka-1229
Selling Agents	: The Asset Manager may appoint and cancel selling Agent(s) in future subject to approval of the Trustee and with the information to the BSEC.

Definition and Elaboration of the abbreviated words and definitions used in the Prospectus

নিয়ন্ত্রণ নীতি Rules	: নিম্নলিখিত আইন ও বিধি অনুযায়ী, 2001
Act	: নিম্নলিখিত আইন ও বিধি অনুযায়ী, 1993
Allotment	: Letter of Allotment for units
Application Form	: A form meant to be used by an investor to purchase Units of the Scheme
Asset Manager/ Asset Management Company/Fund Manager/AMC	: The Asset Management Company (AMC) refers to "HF Asset Management Limited (HFAML)", incorporated as a private limited company with the Registrar of Joint Stock Companies and Firms.
BDT	: Bangladeshi Taka
BO A/C	: Beneficiary Owner Account or Depository Account
Book Closer	: Sale and repurchase of unit certificates issued by Asset Management Company shall remain closed during the month of January unless the Commission decides otherwise.
BSEC	: Bangladesh Securities and Exchange Commission
Business Day	: A day not being: (1) A weekend; (2) A day on which the stock exchanges are closed; (3) A day on which purchase and repurchase of Units is suspended or

	a book closure period/ record date announced by the Trustee/ AMC; or (4) 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; (5) A day on which banks are closed.
CDBL	: Central Depository Bangladesh Limited
CDS	: Central Depository System
Certificate	: Unit Certificate of the Fund
CIP	: Cumulative Investment Plan
Commission	: Bangladesh Securities and Exchange Commission
Companies Act	: <i>Komolona AvBb, 1994</i>
Confirmation of Unit Allocation	: Letter confirming allocation of Units
CSE	: Chittagong Stock Exchange Limited
Custodian	: Investment Corporation of Bangladesh
Dividend	: Income distributed by the Fund, when / where applicable.
DSE	: Dhaka Stock Exchange Limited
Effective Date	: The date of registration of the Trust Deed
EPS	: Earnings Per Share
FC Account	: Foreign Currency Account
FI	: Financial Institution
FIS	: Fixed Income Securities
Government	: The Government of the People's Republic of Bangladesh
Guardian	: The Trustee of the Fund
ICB	: Investment Corporation of Bangladesh
IDRA	: Insurance Development & Regulatory Authority Bangladesh
IFIC	: International Finance Investment and Commerce Bank Limited
IPO	: Initial Public Offering
Issue	: Public Issue
MD & CEO	: Managing Director & Chief Executive Officer

NAV	: Net Assets Value
NBFI	: Non-Banking Financial Institution
NBR	: National Board of Revenue
Net Asset Value	: Per unit value of the Fund arrived at by dividing the net assets by the number of unit outstanding of the Fund.
Net Assets	: The excess of assets over liabilities of the Fund
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.
Offering Price	: Price of the Securities of the Fund being offered
Prospectus	: The advertisements 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 <i>Securities and Exchange Regulation Act, 1993</i> and is circulated to invite the public to invest in the mutual fund.
RJSC	: Registrar of Joint Stock Companies & Firms
Securities	: Units of the Fund
Selling Agents	: AMC designated official points for accepting transaction/service requests from investors
SIP	: Systematic Investment Plan
Sponsor	: Sponsor of the Fund, i.e. HF Asset Management Limited
STD A/C	: Short Term Deposit Account
Subscription	: Application Money
The Fund/Unit Fund	: HFAML Unit Fund
The Scheme	: HFAML Unit Fund
Trustee	: Investment Corporation of Bangladesh
Unit	: One undivided share in the Fund

FUND HIGHLIGHTS

01.	Name	HFAML Unit Fund
02.	Nature	Open-end Growth Mutual Fund
03.	Life and Size of the Fund	Perpetual Life with unlimited size
04.	Sponsor	HF Asset Management Limited
05.	Trustee	Investment Corporation of Bangladesh
06.	Custodian	Investment Corporation of Bangladesh
07.	Asset Manager	HF Asset Management Limited
08.	Initial Size of the Fund	Tk.50,00,00,000.00 (Fifty Crore) divided into 5,00,00,000 (Five Crore) units at par value of Tk.10.00 (Ten) each.
09.	Face Value	Tk. 10.00 (Ten) per unit
10.	Minimum Application Amount	Individual-100 (hundred) unit Institutional-2,500 (Two thousand five hundred) unit
11.	Objective	The main objective of the Fund is to help stabilize the Capital Market, provide liquidity in the market and declare attractive dividend to the unit holders by investing the proceeds in the capital market and money market.
12.	Prospective Investors	Individuals, institutions, Non-resident Bangladeshi (NRB), mutual funds and collective investment schemes are eligible to invest in this Fund.

13.	Sale / Surrender / Transfer of Units	Over the Counter (OTC) of the Asset Manager and designated Selling Agents
14.	SIP (Systematic Investment Plan)	A provision has been made to constitute a Systematic Investment Plan (SIP) to allow an investor to invest in the Fund a certain pre-determined amount at a regular interval (monthly, quarterly, yearly etc.). The SIP is a smart and hassle free mode for investing money in Mutual Funds.
15.	Dividend Policy	The Fund shall as soon as may be, after the closing of the annual accounts, declare and distribute dividend if any, to the unit holders in accordance with the <i>newagji v.</i> Being a “Growth Scheme” in nature, the Fund shall distribute at least 50 (fifty) percent of the total net profit earned in the respective year or as determined by the Commission from time to time. The Fund shall create a dividend equalization reserve fund by suitable appropriation from the income of the Fund to ensure consistency in dividend.
16.	Mode of Distribution of Dividend	The dividend warrant shall be distributed within 45 (forty five) days from the date of declaration.
17.	Transferability	The unit certificates of the Fund shall be freely transferable by way of inheritance/gift and/or by specific operation of the law.
18.	Encashment	The unit holders can surrender their unit certificates during the business hour as specified by the

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PRELIMINARY

1.1 Publication of Prospectus for Public Offering

HF Asset Management Limited (HFAML) has received Registration Certificate from the Bangladesh Securities and Exchange Commission (BSEC) under the *স্বতন্ত্র নিয়ন্ত্রিত পাবনা আইন, ১৯৯৩* and the *স্বতন্ত্র নিয়ন্ত্রিত পাবনা আইন (১৯৯৩) সংশোধন, ২০০১* made there under and also received consent for issuing prospectus for public offering. A complete copy of the Prospectus of the public offering is available for public inspection at the Registered Office of the Fund.

1.2 Consent of the Bangladesh Securities and Exchange Commission (BSEC)

“APPROVAL OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THE FUND UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969 AND THE *স্বতন্ত্র নিয়ন্ত্রিত পাবনা আইন (১৯৯৩) সংশোধন, 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, will not be listed with any stock exchanges of the country. Hence the units of the Fund shall not be traded on the bourses. Unit certificates shall always be available for sale and surrender/re-purchase on all working days except Thursday and during book closure period of the Fund at the head office of the HFAML and designated

Selling Agents. The HFAML shall disclose weekly sale and surrender/ re-purchase prices of units as per the *সংশোধন*.

1.4 Documents available for inspection

(01) Copy of this Prospectus shall be available with the Offices of authorized Selling Agents and at the head office of the HFAML and also available at the website of Bangladesh Securities and Exchange Commission (www.secbd.org) and HF Asset Management Limited (www.hfassetmanagement.com).

(02) Copy of the Trust Deed, the Investment Management Agreement and the Prospectus may be inspected during the business hours at the head office of the Asset Management Company of the Fund during the period **10 (ten)** days from the publication date of this prospectus.

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

(01) The Fund shall not account for any upward revaluation of its assets creating reserve without clearance from the Bangladesh Securities and Exchange Commission;

(02) The Fund shall not be involved in option trading, short selling or carry forward transactions;

(03) A confirmation of Unit allocation shall be issued at the cost of the Fund at par value of Tk. 10.00 each within 90 (ninety) days from the date of sale of such units;

(04) Money receipt/acknowledgement slip issued at the time of sale of units will be treated as allotment letter, which shall not be redeemable/ transferable;

(05) The annual report of the Fund /or its abridged version will be published within 45 (forty five) days of the closure of each accounting year of the Fund;

- (06) An annual report and details of script wise investment and savings of the Fund shall be submitted to the Commission, Trustee and Custodian of the Fund within 90 (ninety) days from the closure of the accounts;
- (07) Half-yearly accounts/financial results of the Fund will be published in at least one English and another Bangla National daily newspaper within 30 (thirty) days from end of the period;
- (08) Dividend shall be paid within 45 (forty five) days of its declaration and a report shall be submitted to BSEC, Trustee and Custodian within 7 days of dividend distribution;
- (09) Net Asset Value (NAV) of the Fund shall be calculated and disclosed publicly at least once a week;
- (10) The scrip wise detail portfolio statement consisting of capital market and other than capital market holdings of the Fund shall be disclosed in the website of the AMC on quarterly basis within thirty (30) days of each quarter end;
- (11) After initial public subscription, the sale and repurchase/surrender price of units will be determined by the Asset Management Company. NAV at market price per unit calculated on a date shall form the highest sale price of units by rounding up the amount and shall be effective per unit up to next calculation of NAV of the Fund. Difference between sale and repurchase price per unit shall primarily be Tk. 0.30, which may be changed in future, but not be over 5% of the sale price of the unit. The Asset Manager may reduce the above difference for systematic investment plan (SIP) or any other ground with the approval of the Trustee;
- (12) BSEC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires;

- (13) The Fund shall maintain separate bank account(s) to keep the sale proceeds of units and to meet up day-to-day transaction including payment against Repurchase of units. All transactions of the account shall be made through banking channel and shall be properly documented;
- (14) The prospectus/abridged version of the prospectus shall be published in one widely circulated Bengali national daily newspaper. Provided that information relating to publication of prospectus be published in 2 (two) national daily newspapers (Bengali and English) and one online newspaper;
- (15) If abridged version of the prospectus is published in the newspaper, complete prospectus shall be made available to the applicants publishing it in their own website;
- (16) If the Fund Manager fails to collect the minimum 40% of the initial target amount under *ৱেব ৪৪* of the *ৱিকিউর I G- প্ৰা কগক (ৱিডিপ্ৰজি চিউ) ৱেবগি v, ২০০১*, will refund the subscription money within 30 days without any deduction. In case of failure, the Fund Manager will refund the same with an interest @18 percent per annum from its own account within the next month;
- (17) The AMC should ensure compliance of *ৱেব ৪৬* of the *ৱিকিউর I G- প্ৰা কগক (ৱিডিপ্ৰজি চিউ) ৱেবগি v, ২০০১*.
- (18) On achievement of 40% of the initial target amount as per rules, the Fund is allowed to commence investment activities of the Fund with permission of the Trustee;
- (19) The size of the Fund will be increased from time to time by the AMC subject to approval of the Trustee and with intimation to the Commission;

- (20) Confirmation of unit allocation of the Sponsor's contribution amounting to TK. 5,00,00,000.00 (Tk. Five Crore) only shall be subject to a lock in period of minimum three years from the date of formation of the Fund and after that period entire holding may be transferred to any eligible institution who has the qualification to be a sponsor of Mutual Fund with prior permission of BSEC;
- (21) A confirmation of Unit allocation amounting TK. 5,00,00,000.00 (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;
- (22) 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.

1.6 General Information

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

1.7 Sale and Re-purchase of Units

Sale and Re-purchase of Units of HFAML Unit Fund shall commence at the counter of Registered Office of HFAML and designated Selling Agent(s) Branch Offices at the opening of banking business hours on 20 November 2017 and shall continue until winding up of the Fund except book closer period as per Rules.

HFAML will maintain BO account with Investment Corporation of Bangladesh (ICB), the custodian of HFAML Unit Fund for creation and redemption of units of HFAML Unit Fund. In the case of sale/purchase of unit funds by the investors, units will be transferred to the unit holders BO accounts as per instruction of HFAML after the acceptance of demat set up by the Custodian.

In the case of redemption/repurchase of units by the Asset Manager, Units will be taken out from the central depository system after setting up remat request by the Custodian and acceptance of remat request by the asset manager.

1.8 Systematic Investment Plan (SIP)

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

Buy and Surrender SIP Process:

An investor can invest through SIP either by auto debit system provided against investor's Bank Account or by providing monthly predetermined cheques via selling agents at a regular interval (monthly, quarterly, yearly etc.). Investor must have a BO Account. Investor will get SIP units in their BO Accounts based on a discount from ongoing 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 two (2) 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 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. While invested through SIP, investor commits himself to save regularly. Different benefits may be offered 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 2 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 after maturity. If surrendered, no fees/charges will be charged on surrender.
- **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.
- **CIP option for the SIP investors:** SIP investors can choose either option of cash dividend or cumulative investment plan (CIP) or mix of both. If a SIP investor chooses CIP (i.e. Dividend reinvestment process) instead of cash dividend, they will also enjoy CIP units at a discount of prevailing Sales price used for CIP conversion. After CIP conversion, they will get dividend on total number of unit in the next year.

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

1.9 Declarations

Declarations about the responsibility of the Sponsor (Initiator)

The Sponsor, whose name appears in this Prospectus, accepts full responsibility for his institution's contribution / portion the

authenticity and accuracy of the information contained in this Prospectus and other documents regarding the Fund. To the best of the knowledge and belief of the Sponsor, who has taken all reasonable care to ensure that all conditions and requirements concerning this public offer and all the 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 documents, the omission of which may make any information or statements therein misleading.

The Sponsor also confirms that full and fair disclosures have been made in this Prospectus to enable the investors to make a uniformed decision for investment.

Sd/-

(Md. Fayekuzzaman)

Managing Director/CEO

HF Asset Management Limited

Declaration about the responsibility of the Asset Management Company

This Prospectus has been prepared by us based on the Trust Deed, the Investment Management Agreement, the *ৱাশ্বকডিউর / G-তপা কৃগক (ৱগডিগুজ চিউ) ৱেগজি, ২০০১*, and other related agreements and examination of other documents as relevant for adequate disclosure of the Fund's objectives and investment strategies to the investors. We also confirm that:

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

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

Sd/-

(Md. Fayekuzzaman)

Managing Director/CEO

HF Asset Management Limited

Declaration about the responsibility of the Trustee

We, as Trustee of HFAML Unit Fund, accept the responsibility and confirm that we shall:

- (a) be the guardian of the Fund, held in trust for the benefit of the unit holders in accordance with the Rules and Trust Deed;
- (b) always act in the interest of the unit holders;
- (c) take all reasonable care to ensure that the Fund floated and managed by the Asset Management Company are in accordance with the Trust Deed and the Rules;
- (d) make such 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
- (e) take such remedial steps as are necessary to rectify the situation where we have reason to believe that the conduct of business of the Fund is not in conformity with the relevant Rules.

Sd/-

(Md. Taleb Hossain)

Deputy General Manager

Investment Corporation of Bangladesh

Declaration about the responsibility of the Custodian

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

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

Sd/-

(Md. Taleb Hossain)

Deputy General Manager

Investment Corporation of Bangladesh

1.10 Due Diligence Certificate

Due diligence certificate by Sponsor

The Chairman

Bangladesh Securities and Exchange Commission

Subject: HFAML UNIT 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 *স্বাক্ষরিত আইন* *১৯৯৩*, 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 *স্বাক্ষরিত আইন* *১৯৯৩*, 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/-

(Md. Fayekuzzaman)

Managing Director/CEO

HF Asset Management Limited

Due diligence certificate by Trustee

The Chairman

Bangladesh Securities and Exchange Commission

Securities Commission Bhaban,

Plot: E-B/C, Agargaon, Sher-e-Bangla Nagar, Dhaka-1207, Bangladesh.

Subject: HFAML Unit 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 *১মিএকডমিএলআর I G- ৩পাঁ কৃগক (ৱগডপ্য়গ্জ চিউ) ৱেগগ্জ ১, ২০০১*, Bangladesh Securities and Exchange Commission (Public Issue) Rules, ২০১৫, Dhaka Stock Exchange (Listing) Regulations, ২০১৫, Chittagong Stock Exchange (Listing) Regulations, ২০১৫, 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 *১মিএকডমিএলআর I G- ৩পাঁ কৃগক (ৱগডপ্য়গ্জ চিউ) ৱেগগ্জ ১, 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 *১মিএকডমিএলআর I G- ৩পাঁ কৃগক (ৱগডপ্য়গ্জ চিউ) ৱেগগ্জ ১, 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. Taleb Hossain

Deputy General Manager

Trustee Department

Investment Corporation of Bangladesh

Due diligence certificate by Custodian

The Chairman

Bangladesh Securities and Exchange Commission

Securities Commission Bhavan,

Plot: E-B/C, Agargaon, Sher-e-Bangla Nagar, Dhaka-1207, Bangladesh.

Subject: HFAML Unit Fund.

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

1. We, while act as custodian to the above mentioned fund on behalf of the investors, shall comply with the *১মিএকডমিএলআর I G- ৩পাঁ কৃগক (ৱগডপ্য়গ্জ চিউ) ৱেগগ্জ ১, ২০০১*, Depository Act, ১৯৯৯, Depository Regulation, ২০০০, Depository (User) Regulation, ২০০৩, 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 unlisted) and Assets of the "HFAML Unit Fund" including FDR receipts in safe and separate custody as per *ৱেগ ৪১* of *১মিএকডমিএলআর I G- ৩পাঁ কৃগক (ৱগডপ্য়গ্জ চিউ) ৱেগগ্জ ১, 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 ইন্ডাস্ট্রি আইন, ১৯৮৬* (১৯৮৬ সনের আইন) *১৯৮৬* *১৯৮৬*, 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/-

Md. Taleb Hossain

Deputy General Manager

Trustee Department

Investment Corporation of Bangladesh

Due diligence certificate by Asset Manager

The Chairman

Bangladesh Securities and Exchange Commission

Securities Commission Bhavan,

Plot: E-B/C, Agargaon, Sher-e-Bangla Nagar, Dhaka-1207, Bangladesh.

Subject: HFAML Unit 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, the *সিকিউরিটিজ ইন্ডাস্ট্রি আইন, ১৯৮৬* (১৯৮৬ সনের আইন) *১৯৮৬* *১৯৮৬*, 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/-

(Md. Fayekuzzaman)

Managing Director/CEO

HF Asset Management Limited



BACKGROUND

2.1 Preamble to Formation of an open-end Mutual Fund

Unit Fund, formally known as open-end Mutual Fund, is one of the most common and widely accepted investment vehicles of all over the world. Besides, in most of the countries of the world, Mutual Funds are considered as a hedging instrument against inflation. Everywhere in the world, Mutual Funds have proved to be a safe intermediary for investment in capital market and money market. Mutual Funds help in industrialization of a country including infrastructure development by arranging equity and debt support. Safety of funds, disposal of risks and satisfactory yield are the hallmarks of Mutual Funds.

2.2 Present condition of the capital market regarding formation of an open-end Mutual Fund

In the last few years, the stock markets of Bangladesh have experienced a historical ups and downs and generated great opportunities for capitalizing the long run benefits for both Institutional and Individual investors. HFAML Unit Fund is envisaged the objective to facilitate and capture this opportunity at a very risk adjusted manner.

Given the attractive market situation and considering the earnings of the companies which are being traded at a reasonable acceptable prices, particularly in fundamentally strong scrips, it would be the best time to invest in this potential stocks through open-end mutual fund. The proposed fund, expected to be launched at the end of the year 2017, would be a preferred option to capitalize the potentials of capital market and economic growth of the forthcoming period. In this conducive capital market scenario and the efficient management of HFAML, the fund would be able to disburse an attractive dividend to the investors/unit holders of the fund.

Moreover, growth and developments of various mutual funds'

products in the Bangladesh capital market has demonstrated to be one of the most important instruments in generating significant growth in the capital market.

As the proposed mutual fund will be formed as trust that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments, risk of investment in this fund will be lower due to portfolio diversification.

Size of mutual fund industry in Bangladesh is very small but it is growing. At present there are 66 mutual funds available in the Mutual Fund industry. Of these Mutual funds, 35 Mutual Funds are close-end and 31 Mutual Funds are open-end in nature involving approximately Tk. 6.00 billion market size which constitutes below 3% of the total market capitalization of the stock exchanges of Bangladesh. This amount is very meagre compared to most of the other capital markets in the world. Therefore, for the development and stabilization of the budding capital market, launching of more mutual funds in the country is essential. The proposed HFAML Unit Fund will not only help the investors to make worthwhile investment of their funds, it will also help socio-economic development of the country, particularly the capital market.

Open end mutual funds have emerged as the best in terms of variety, flexibility, diversification, liquidity, and tax benefits. Besides, through mutual funds investors can gain access to wide range of investment opportunities that would otherwise be unavailable to them due to limited knowledge and resources. Mutual funds have the capability to provide solutions to most investors'/unit holders' needs, however, the key is to do proper selection and have a process for monitoring and controlling.

For broadening the depth of the capital market, it is necessary to float more mutual funds, since these are good instruments of mobilizing savings and providing investment opportunities to small savers. Although still small in size, mutual funds have

contributed toward broadening the base of the country's capital market and helped the investors to gain high and relatively secure returns. Despite enormous prospects of mobilizing savings and providing investment opportunities to small savers and the ability to meet different risk profiles through providing a wide range of products, one major factor as to why the mutual funds have not emerged as a preferred saving mode is the lack of availability of quality securities and the underdeveloped state of the capital market. HFAML, through its Advisory Window, is striving to promote good scrips to increase supply of securities in the market that will also help develop the efficient portfolio of the proposed fund.

Although Mutual Fund industry in Bangladesh is at its nascent stage, the performance of the funds, especially funds which have been liquidated/converted in the past, found very lucrative. The average return of these fund (14 funds) ranges from 29% to 700% per annum, outperformed all the saving/investment instruments in the country, implying that the future of this industry is very bright and promising.

2.3 Advantages of investing in HFAML Unit Fund

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

- (01) Diversified portfolio to be developed for the Fund shall help in lowering investment risk of the small investors.
- (02) Diversified portfolio of the Fund shall help the small investor to access to the whole market, which is difficult at individual level.
- (03) By channelizing small investors' saving both in local currency and foreign currency shall add liquidity to the market.
- (04) As the Fund shall be professionally managed, investors shall be relieved from the emotional stress associated

- with day-to-day management of individual investment portfolio.
- (05) The mutual fund industry gives investors more and better information than any other investment industry.
 - (06) Expertise in stock selection and timing is made available to investors by generating higher return to them.
 - (07) The investors shall be able to save a great deal in transaction/operating cost as they shall have access to a larger number of securities by purchasing a single unit of the Fund.
 - (08) The unit holders can surrender their unit certificates to enable them to enjoy liquidity of their investment as well as to realize appreciation available as a result of improving the NAV of the Fund.
 - (09) Investment in mutual funds may relieve investors from various rules and regulations applicable to individual investment parameters, which will be looked into by the Asset Manager.
 - (10) According to the rules of BSEC, the mutual funds and collective investment schemes registered with the Commission enjoy a ten percent reserve quota in all Initial Public Offerings (IPOs). Therefore, investors in mutual funds by default enjoy the benefit of acquiring lucrative stocks at the Primary Market.
 - (11) Tax exemption is available for investors of mutual fund. Dividend income from the Fund shall be tax free up-to certain level, which is permitted as per Finance Act.
 - (12) Investment in the Fund would qualify for investment tax credit under section 44(2) of the Income Tax Ordinance, 1984.
 - (13) Management and operation of mutual funds are subject to prudential guidelines. BSEC regularly monitors the performance of such Funds. The laws governing mutual funds require exhaustive disclosure to the regulator and general public. As a result, the investors shall be able to know the performance of the Fund and accordingly they can be able to take convenient entry and exit options.



C H A P T E R

3

THE FUND

3.1 Formation of the Fund

The Trust Deed of the Fund was registered under the Trust Act, 1882 and Registration Act, 1908. The Fund was registered by the BSEC under the *২০০১ সালের ত্রুটি সংশোধন আইন, ২০০১* (Trusts Amendment Act, 2001). The Fund received consent for issuing Prospectus for public offer from BSEC on November 12, 2017 vide letter no. BSEC/MF & SPV/MF-172/2017/1039.

3.2 Life and size of the Fund

The Fund shall be an open-end growth mutual fund with a perpetual life established to broaden the base of investment and develop the capital market. 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 shall be of Tk. 50,00,00,000.00 (Fifty crore) only divided into 5,00,00,000 (Five crore) units of Tk. 10.00 (ten) each. Size of the Fund shall be increased from time to time by the Asset Management Company subject to approval of the Trustee and with due intimation to the BSEC.

3.3 Face Value, Market Lot 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 100 (one hundred) units for individuals and 2,500 (two thousand and five hundred) units for institutions.

3.4 Investment Objective

The objective of the Fund is to achieve superior risk adjusted return in forms of capital appreciation and dividend income. It will also help to develop and maintain capital market stability. Moreover, the fund will provide attractive dividend to the unit holders by investing the proceeds in the capital market and

3.5 Investment policies of the Fund

- (01) The Fund shall invest subject to the *১৯৯৩ সালের ঋণ পরিশোধ আইন, ১৯৯৩* and only in those securities, deposits and investments approved by the BSEC and/or the Bangladesh Bank and/or the Insurance Development & Regulatory Authority Bangladesh (IDRA) or any other competent authority of Bangladesh in this regard.
- (02) Not less than 60% of the total assets of the Fund shall be invested in capital market instruments out of which at least 50% shall be invested in listed securities or as determined by the Commission from time to time.
- (03) Not more than 25% of the total assets of the Fund shall be invested in Fixed Income Securities or as determined by the Commission from time to time.
- (04) Not more than 15% of the total assets of the Fund shall be invested in pre-IPOs of Issuer Companies at one time.
- (05) All money collected under the Fund shall be invested in en-cashable/transferable instruments, securities whether in money market or capital market or privately placed pre-IPO equity, preference shares, debentures or securitized debts.
- (06) The Fund shall get the securities purchased or transferred in the name of the Fund.
- (07) Only the Asset Management Company shall make the investment decisions and place orders for securities to be purchased or sold for the Fund's portfolio based on best judgment supported by documents and analyses whenever possible.
- (08) The Asset Management Company shall choose broker(s) for the purpose of purchase and sale of securities for the Fund's portfolio.
- (09) Settlement of transaction shall take place as per the customs and practice of the relevant laws.

3.6 Investment Restrictions

In making investment decision the following restrictions should be taken due consideration:

- (01) The Fund shall not invest more than 10% of its total assets in any one particular company.
- (02) The Fund shall not invest in more than 15% of any company's paid up capital.
- (03) The Fund shall not invest more than 20% of its total assets in shares, debentures or other securities of a single company or group.
- (04) The Fund shall not invest more than 25% of its total assets in shares, debentures or other securities in any one industry.
- (05) The Fund shall not invest in, or lend to, any scheme under the same Asset Management Company.
- (06) 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.
- (07) 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 ~~newagij v.~~
- (08) 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.
- (09) The Fund shall not involve in option trading or short selling or carry forward transaction.
- (10) The Fund shall not buy its own unit.

3.7 Limitation of Expenses

- (01) The initial issue expenses in respect of the Fund shall not exceed 5% 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 and shall be amortized within 7 (seven) years on a straight-line method.
- (02) The total expenses charged to the Fund, except the amortization of initial issue expenses and including transaction cost in the form of stock brokerage against buy and sale of securities forming a part of acquisition or disposal cost of such securities, transaction fees payable to the Custodian against acquisition or disposal of securities, AMC fees, Trustee fees, the annual registration fees payable to the Commission, audit fees, cost for publication of reports and periodicals, bank charge, commission of selling agents etc., shall not exceed 4% of the weekly average net assets outstanding of the Fund during any accounting year.

3.8 Valuation Policy

The Fund intends to determine its NAV per Unit on the last business day of each week by dividing the value of the net asset of the Fund (the value of total assets less total liabilities by the total number of units outstanding) as per ~~newa 60~~ of the ~~newagij v.~~ As per ~~newa 58~~ of the ~~newagij v.~~, valuation policy of investment of the Fund needs to be approved earlier by the BSEC. Valuation criteria so far approved by the Commission in the Trust Deed is as follows:

- (01) For listed securities, the average quoted market price on the stock exchanges on the date of valuation shall form the basis of any calculation of NAV of such securities in the portfolio of the Fund.
- (02) 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 NAV of such securities in the portfolio of the Fund.

- (03) The valuation of listed securities not traded within previous one month shall 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 Fund but shall not be more than the intrinsic value of the securities.
- (04) The valuation of non-listed securities shall be made by the Asset Management Company with their reasonable value and approved by the Trustee and commented upon by the Auditors in the Annual Report of the Fund.
- (05) Once non-listed securities are valued, the valued amount shall be considered for purpose of valuing the Fund's assets in any interval of time until the securities are further revalued by the Asset Management Company.
- (06) Asset Management Company and Trustee shall value the non-listed securities at least once in every three months.
- (07) In case of deferred expenses, accrued expenses for the period shall be taken into account for determining total liabilities.
- (08) Net Asset Value (NAV) calculation

The Fund shall use the following formula to derive NAV per unit:

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

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

V_A = Value of all securities in vault + Value of all securities placed in lien + Cash in hand and at bank + Value of all securities receivables + Receivables of proceeds of sale of investments + Dividend receivables net of tax + Interest receivables net of tax + Issue expenses amortized as on date + Printing, publication and stationery expenses

amortized as on date

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

3.9 Price fixation Policy and Sale & Re-purchase Procedure

After initial public subscription, the sale and repurchase/surrender price of units will be determined by the Asset Management Company. NAV per unit shall be calculated on a date from the sale price of units by rounding up the amount and shall be effective up to next calculation of NAV of the Fund and shall disclose sales price and repurchase/surrender price per unit determined on the basis of NAV 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. Difference between sale and repurchase price shall primarily be Tk. 0.30 (paise thirty), which may be changed in future, but not be over 5% of the sale price per unit, with the approval of Trustee.

Units of the Fund could be purchased from the counter of the Asset Management Company and designated Selling Agents by submitting properly filled in prescribed Unit Sale Form along with necessary payment for the units to be purchased at the prevailing sale price. Money receipt/acknowledgement slip issued at the time of sale of units shall be treated as allotment letter, which shall not be redeemable/ transferable. Certificate shall be issued within 90 (ninety) days from the date of sale of units or be processed under dematerialized form with the depository, which is applicable.

Unit certificates could be re-purchased at the counter of the Asset Management Company and designated Selling Agents by submitting properly filled in prescribed Unit Surrender

Form along with unit certificates to be surrendered at the prevailing surrender price. Payment shall be made on the same or next day through account payee cheque. The redemption shall be made on first come first serve basis. In the event the redemption request on a particular day exceed 1% of the unit outstanding, the Asset Manager may defer, if required, the redemption request over 1% for a maximum period of 7 (seven) working days. The Asset Manager shall proceed to sell adequate assets and/or arrange loan as it deems fit to pay the surrender money within the stipulated time in the best interest of the unit holders.

3.10 Procedure of Winding up

- (01) If the total number of outstanding unit certificates held by the unit holders after re-purchase at any point of time falls below 25% of the actual certificate issued, the Fund shall be subject to wound up.
- (02) 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.
- (03) The Fund may also be wound up if the Commission so directs in the interest of the unit holders.
- (04) Where a Fund 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 Fund 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.

3.11 Manner of Winding up

- (01) The Trustee shall call a meeting within 30 (thirty) 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 Fund. If it fails to have three-fourth majority mandate, the Commission shall have the power to supersede the mandate if situation demands such.

- (02) The Trustee shall dispose off the assets of the Fund in the best interest of the unit holders. Provided that the proceeds of sale made in pursuance of the 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.
- (03) 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.

3.12 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

- a. cease to carry on any business activities of the open-end Fund;
- b. cease to create and cancel unit of the open-end Fund;
- c. cease to issue and redeem units of the open-end Fund.

3.13 Investment Management

HFAML shall conduct the day-to-day management of the Fund's portfolio as the Asset Management Company subject to the provisions laid down in the ~~Memorandum~~ and Trust Deed or any general directions given by the Trustee and/or the Commission.

However, HFAML shall have discretionary authority over the Fund's Portfolio about investment decisions.

3.14 Dividend Policy

- (01) The accounting year of the Fund shall be January 01 to December 31.
- (02) The Fund shall as soon as may be, after the closing of the annual accounts, declare and distribute dividend if any, to the unit holders in accordance with the ~~Memorandum~~. Being a "Growth Scheme" in nature, the Fund shall distribute at least 50 (fifty) percent of the total net profit earned in the respective year or as determined by the Commission from time to time.
- (03) Before declaration of dividend the Asset Management Company shall make a provision in consultation with the Auditors if market value of investments goes below the acquisition cost and the method of calculation of this provision shall be incorporated in the notes of accounts.
- (04) Surpluses arising simply from the valuation of investments shall not be available for dividend.
- (05) Dividend warrants shall be dispatched within 45 (forty five) days from the declaration of such dividends, and shall submit a statement within next 7 (seven) days to the commission.
- (06) The Fund shall create a dividend equalization reserve by suitable appropriation from the income of the Fund.
- (07) Before registration for transfer of ownership, a transferee shall not possess the right to any dividend declared.
- (08) There shall be a Cumulative Investment Plan (CIP) scheme in this Fund. Under this Scheme a unit holder

instead of receiving dividend may re-invest such dividend income accrued for purchasing Unit at a concession rate. In such case, Units shall be issued at Tk. 0.10 (paise ten) discount from the opening price of that accounting year.



RISK MANAGEMENT

4.1 Risk Factors

Investment in securities market always bears some risks. Investment in this Fund also involves certain risk factors. The investors should carefully consider the following risks in addition to other information contained in the Prospectus in evaluating the offer and also for taking a decision whether to invest or not.

- (01) The performance of the Fund is directly related with the macro economic situation particularly the capital market of Bangladesh.
- (02) Since the capital market of Bangladesh is highly volatile, there is no assurance of achieving the stated objectives of the Fund.
- (03) Due to small number of listed securities in both the stock exchanges, it may be difficult to invest the Fund's assets in a widely diversified portfolio as and when required to do so.
- (04) Due to very thin secondary fixed income/debt market in Bangladesh, it would be difficult for the fund manager to swap between asset classes.
- (05) Due to absence of organized secondary debenture market in Bangladesh, it would be difficult for the Fund Manager to swap among asset classes if and when required.
- (06) Limited money market instruments narrowed the opportunity of short term or temporary investments of the Fund.
- (07) Stock market trends show that price of almost all the listed securities move in unpredictable direction which may affect the value of the Fund. Moreover, there is no guarantee that the market price of shares of the Fund shall fully reflect their underlying net asset values.
- (08) If the issuer companies fail to provide expected dividend, this may affect the return of the Fund.

- (09) For investing in Pre-Public Offer Placement securities i.e. in unlisted equity securities by the Fund may involve liquidity risk.
- (10) Uncertainties like political and social instability may affect the value of the Fund's Assets.
- (11) Government policy and tax laws may change, affecting the return on investment in Units.
- (12) Adverse effect of the economic crisis of the international community on the capital market of Bangladesh may affect the performance of the Fund.
- (13) Adverse natural climatic condition may hamper the performance of the Fund.

4.2 Expected Market performance of the Fund

- (01) It is expected that demand of the unit certificates of the Fund shall be increasing due to attractive return on the outstanding units.
- (02) Image of HF Asset Management Limited and its senior management, may motivate investors to invest in this Fund.
- (03) HFAML may attract the investors to invest in this Fund by marketing of products and providing professional advice.
- (04) Due to various tax incentives and some other distinct advantages including lien, ready liquidation facilities, quota privileges the Fund may attract the investors for investment in this Fund.

4.3 Who to invest and how much to invest

Institutional investors, Individuals, Non-resident Bangladeshi (NRB), general public and other Eligible Investors can invest in this Fund. Persons who do not have tolerance of bearing risk and know nothing about the functioning of the capital market need not apply for the units of the Fund. Considering other factors like the investment opportunities available in the market, return expectation, income level and consumption pattern, one may put a part of his/her total portfolio into the Fund.



C H A P T E R

5

FORMATION, MANAGEMENT AND ADMINISTRATION

5.1 Sponsor of the Fund

According to the Guidelines, with respect to the formation of open-end mutual fund, the minimum requirement of subscription of the sponsor of the fund is 10% of the total Fund size. HF Asset Management Limited (HFAML), as sponsor, has invested BDT 5,00,00,000.00 being 10% of the proposed fund. It shall, therefore, be treated as Initial Subscribers, the initial promoter and initiator of the proposed open-end fund. HFAML shall also play the role of Asset Manager of the fund.

HF Asset Management Limited (HFAML) a Private Company limited by shares, has been formed and registered with the Registrar of Joint Stock Companies and Firms, Government of the People's Republic of Bangladesh with objectives, among others, to float both Open-end & Closed-end Mutual Funds for creating demand for and supply of securities and to mobilize savings of the investors of all strata of society with the ultimate goal to invest the funds in the development of the Capital Market of Bangladesh. The company has obtained license from the Bangladesh Securities and Exchange Commission (BSEC) to carry on Mutual Fund operation business. The company is being operated pursuant to its own Memorandum and Articles of Associations, BSEC's Rules and Regulations and other applicable laws. It has independent Board of Directors and separate management, having extensive experience and knowledge in industry, business & commerce and fund management both in money and capital markets. It has a strong research team fully equipped with brilliant researchers and latest knowledge and technology. HFAML is located at 138/1 Tejgaon Industrial Area, Dhaka. HFAML management has prepared a Strategic Plan and Sectoral outlook for immediate next Five years i.e. up to FY 2020-21 which reveals a very commendable and satisfactory growth and operational performance that will in turn create a very positive impact on the mutual fund industry of Bangladesh.

Drawn-up strategic plan emphasized mostly on issuing & managing of traditional, specialized and Shariah based closed & open ended Mutual Funds. HFAML will also focus on debt, equity and gold assets, provident fund, pension fund, offshore fund, index fund, ETF and other innovative products as admissible by the rules and regulations of Bangladesh Securities and Exchange Commission (BSEC).

5.2 Trustee & Custodian of the Fund

In order to ensure maximum trust and confidence of the investors, supervisory bodies and the persons concerned towards the Fund, the Investment Corporation of Bangladesh (ICB) shall act as the Trustee and Custodian of the Fund.

The ICB was established on 01 October 1976, under "The Investment Corporation of Bangladesh" Ordinance, 1976 (No. XL of 1976). The establishment of ICB was a major step in a series of measures undertaken by the government to accelerate the pace of industrialization and to develop a well-organized and vibrant capital market, particularly securities market in Bangladesh. ICB provides institutional support to meet the equity gap of the companies. In view of the national policy of accelerating the rate of savings and investment to foster self-reliant economy, ICB assumes an indispensable and pivotal role. Through the enactment of the Investment Corporation of Bangladesh (Amendment) Act, 2000 (No. 24 of 2000), reforms in operational strategies and business policies have been implemented by establishing and operating subsidiary companies under ICB. The main objectives of ICB are to encourage and broaden the base of investments, develop the capital market, mobilize savings, promote and establish subsidiary companies for business expansion and provide for matters ancillary thereto etc. At present the corporation is being operated under the "Investment Corporation of Bangladesh Act, 2014."

Over the years, the activities of ICB have grown manifold, particularly in Merchant Banking, Mutual Funds management,

share market operations, and other capital and money market activities. ICB pioneered the Mutual Fund Industry in Bangladesh. The country's first mutual fund, the "First ICB Mutual Fund" was launched on 25 April 1980. Since then ICB has floated 8 (eight) mutual funds and all of these funds have already been converted into open-end Mutual Fund according to BSEC directions. ICB also manages the country's first open-end mutual fund launched in 1981. It is also the single largest stockbroker and dealer in DSE and CSE. Due to continuous free fall in the FY 2010-11, an initiative was taken to form an open-end mutual fund of Tk. 5,000.00 crore called "Bangladesh Fund" by ICB, managed by ICB Asset Management Company Limited (a subsidiary of ICB) to regain investors' reliance through increasing flow of liquidity for a stable and dynamic stock market. The Bangladesh Fund is the largest open-end mutual fund ever in the history of our country. The subsidiary of ICB is also managing 22 Funds with asset value of BDT. 40,383.06 Million under its management.

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: -

01.	Deputy Managing Director Investment Corporation of Bangladesh	Member
02.	General Manager, Admin Investment Corporation of Bangladesh	Member
03.	General Manager, Trustee Investment Corporation of Bangladesh	Member
04.	Deputy General Manager, Trustee Division Investment Corporation of Bangladesh	Member
05.	Assistant General Manager, Trustee Department Investment Corporation of Bangladesh	Member Secretary

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

5.3 Asset Manager of the Fund

HF Asset Management Limited, shall act as the Asset Manager of the Fund. The Company was incorporated as a private limited company under the *১৯৮০ আইন, ১৯৮০* with the Registrar of Joint Stock Companies & Firms on June 7, 2016. Registration of the Company with the BSEC was obtained on January 19, 2017.

The present Authorized Capital of the Company is Tk. 20.00 crore (Twenty crore) and paid-up capital is Tk. 5.00 crore (Five crore).

Brief profiles of the directors and key personnel of the company are as under:

Mr. Hafizur Rahman Khan, Chairman, HFAML

Mr. Hafizur Rahman Khan has extensive knowledge and rich background in business, economy and social activities. He is the Chairman of Runner Group, one of the successful business conglomerates in Bangladesh. He has been involved with multi-dimensional business and Capital Market affairs for more than three decades. He succeeded to prove himself as a successful entrepreneur. For his valuable contribution to the Heavy Industry and National Economy, he was awarded CIP by the Government of Bangladesh for two consecutive years- 2013 & 2014. He is the Chairman of the following companies:

- A) Runner Automobiles Ltd
- B) Runner Motors Ltd
- C) Runner Bricks Ltd
- D) Runner Properties Ltd
- E) Runner Agro Products Ltd
- F) Runner Oil & Gas Ltd
- G) Runner Trading Ltd

H) Runner Time Watch Media Ltd

I) Zyle Daewoo Bus Bangladesh Ltd

Mr. Rahman is also actively involved in the capital market activities. One of his group companies, Runner Automobiles Ltd is now in the process of public floatation and has already created a ground-breaking news due to its high potentials in the capital market.

He has set several milestones in the field of business. The recent motor cycle export by his company to Nepal is for the first time in Bangladesh.

Mr. Rahman did his masters in Management from Rajshahi University and attended different training and seminars at home and abroad. He is also associated with various Social & Cultural organizations in different capacities as follows:

- | | |
|---|-----------|
| • Varendra University Trust | Chairman |
| • International Business Forum of Bangladesh | President |
| • Management Studies Alumni Association, Rajshahi University | President |
| • Bangladesh Automobiles Assemblers and Manufacturers Association (BAAMA) | President |
| • Autism Welfare Trust | Director |
| • Dhaka Club | Member |
| • Kurmitola Golf Club | Member |
| • Banani Club | Member |

Mr. Md. Fayekuzzaman, Managing Director & CEO, HFAML

Mr. Md. Fayekuzzaman, MD & CEO of HFAML is a renowned personality in the capital market of Bangladesh. He led the Investment Corporation of Bangladesh (ICB), the largest investment bank in the country, for about six years. He also worked as the Deputy Managing Director of Agrani Bank Limited. Mr. Zaman has more than 30 years of valuable and

leadership experience in the money and capital markets, covering investment banking, commercial, Islamic and development banking, merchant banking, and asset management. He has experience in teaching, research and consulting in local and international bodies. He showed record performance in all the organizations he served. He worked as Chairman and Convener in different Committees constituted by the Government of Bangladesh (GOB). He was Chairman of Demutualization Committee of Dhaka Stock Exchange and worked very effectively for the stabilization of Share Market Debacle of 2010-11.

For regional development, he worked for South Asia Development Fund (SADF), which was created at the initiative of the Heads of Governments of SAARC nations to support the joint venture projects of SAARC countries. He has promoted hundreds of companies through Equity and Entrepreneurship Fund (EEF), a flagship program of GOB, created several hundreds of investors and brought many IPOs in the Capital Market. The Bangladesh Fund of TK. 5000.00 crore the largest Mutual Fund in the country, and a unique Mudaraba Perpetual Bond and Islamic Mutual Fund are some of the products promoted by him. He played important role for stabilization and development of Capital Market of Bangladesh. Mr. Fayekuzzaman represented ICB on different boards/trust including the following:

01. Central Depository Bangladesh Ltd (CDBL)
02. Dhaka Stock Exchange Ltd (DSE)
03. Bangladesh Development Bank Ltd (BDBL)
04. ICB Capital Management Ltd
05. British American Tobacco Co Ltd
06. Linde Bangladesh Ltd
07. Glaxo Smith Kline Ltd
08. Credit Rating Information Services Ltd (CRISL)
09. Credit Rating Agencies of Bangladesh (CRAB)

10. Islami Bank Bangladesh Ltd
11. Renata Ltd
12. ACI Ltd
13. Standard Bank Ltd
14. National Tea Company Ltd (NTC)
15. Bangladesh Krishi Gobesona Endowment Trust
16. Apex Footwear Ltd
17. Apex Tannery Ltd

He has in his credit lot of achievements and ground breaking records. He was instrumental in transforming ICB as one of the best rated performing financial institutions in the country. During his tenure as Managing Director of ICB record dividends in ICB managed mutual funds were declared, as may be seen from the following table:

(Dividend Rates in %)

Name of the Mutual Fund	2010-11	2011-12	2012-13	2013-14	2014-15
First ICB Mutual Fund	500.00	600.00	700.00	800.00	1000.00
Second ICB Mutual Fund	250.00	300.00	375.00	400.00	450.00
Third ICB Mutual Fund	185.00	200.00	240.00	250.00	300.00
Fourth ICB Mutual Fund	165.00	185.00	240.00	250.00	300.00
Fifth ICB Mutual Fund	135.00	170.00	200.00	225.00	250.00
Sixth ICB Mutual Fund	90.00	100.00	105.00	110.00	120.00
Seventh ICB Mutual Fund	95.00	110.00	120.00	130.00	150.00
Eightieth ICB Mutual Fund	90.00	100.00	110.00	120.00	140.00
ICB Unit Fund	30.00	32.00	40.00	42.50	43.00

Mr. Fayekuzzaman did his Master in Management from Rajshahi University and Post-Graduation Studies on Development Banking from Braford University, UK. He also attended Leadership Program at Cambridge University, UK and Leadership Essential Program at the Columbia University, USA.

Mr. Md. Mozammel Hossain, Director, HFAML

Mr. Md. Mozammel Hossain, Director, HFAML did his Master in Marketing from Dhaka University. Upon completion of education, he started his career at Singer Bangladesh Limited and worked there for about 5 years. He worked as General Manager at HS Enterprise for about 4 years. He has been with the Runner Group since 2000 as Vice Chairman of all the companies of the group including Runner Automobiles Ltd, Runner Motors Ltd, Runner Bricks Ltd, Runner Properties Ltd, Runner Agro Products Ltd, Runner Oil & Gas Ltd, Runner Trading Ltd, Runner Time Watch Media Ltd, Zyle Daewoo Bus Bangladesh Ltd. He has 33 years' experience in Corporate Sector, Money and Capital Markets. All his companies have shown tremendous growth under his dynamic leadership. He is also actively involved in social and cultural activities.

Ms. Sabrina Bari, Director, HFAML

Ms. Sabrina Bari is the Director of HF Asset Management Ltd. Ms. Sabrina, a graduate has more than 25 years of experience in different businesses including media and trading. She is also discharging responsibilities as the Directors of Time Watch Media Ltd and Runner Trading Ltd.

Ms. Munira Begum, Director, HFAML

After obtaining her master's degree from the University of Dhaka, Ms. Munira Begum got involved herself in small businesses and socio-cultural projects. She has more than 25 years of business & social services experience. She has been involved with HF Asset Management Ltd as Director since inception of the company.

5.4 Auditor(s)

ARTISAN Chartered Accountants, having office at 33 Shah Ali Tower (5th & 6th Floor), Kawran Bazar, Dhaka-1215, Bangladesh shall be the first Auditor of the Fund for the first accounting period. They are one of the reputed audit firm in the country. The Trustee shall appoint subsequent auditors.

5.5 Fees and Expenses

The Fund shall 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 shall bear 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, legal & consulting service, auditing, other professional fees, advisory fees & expenses, brokerage, share/debenture registration expenses, guarantee or underwriting commission and fees due to the BSEC, CDBL and other institutions. The Fund shall also bear all other incidental expenses including printing, publication and stationery relating to its smooth and fair operation. Considering the initial size of the Fund of 50,00,00,000.00 (Fifty crore) only, HFAML estimated the normal annual operating expenses of the Fund which shall not exceed 4% of the average NAV of the Fund. However, there may be variation in the actual operating expenses of the Fund.

5.5.1 Issue and Formation Expenses

The initial issue & formation expenses in respect of the Fund shall not exceed 5% of the collected amount. The issue and formation expenses shall be amortized within 7 (seven) years on a straight-line method. The estimated expenses for the issue and formation/arranger of the Fund are presented below:

Sl.	Type of Expenses	BDT	% of the target fund	Total Tk.	Description
01.	Legal and compliance related expenses 1. BSEC Application Fee 2. BSEC Fund Registration Fee 3. Trust Deed Registration related fee 4. CDBL Fee 5. BSEC Annual Fee	10,000 1,000,000 100,000 102,500 500,000	0.34%	1,712,500	CDBL Fee Demat fee Tk. 37,500 Transaction fee Tk. 62,500 Documentation Tk. 2,500 Total Tk. 1,02,500
02.	Formation fee payable to AMC		1.00%	5,000,000	Formation fee to AMC shall be paid on collected fund
03.	Management fee for Pre-Scheme formation period (Approximately)		0.22%	1,100,000	Management fee of AMC for Pre-Scheme formation period as per BSEC directive (No. SEC/CMRRC/2009-193/160)
04.	Printing & Publication Expenses		2.00%	10,000,000	
05	Other Expenses		0.15%	750,000	
	Total		3.71%	18,562,500	

5.5.2 Management Fee

The Asset Management Company shall be entitled to charge the Fund an annual management fee for Investment Management at the following rate or in accordance with the *ৱেব ৬৫* of the *ৱেব ৬৬*

- @ 2.50% per annum of the weekly average NAV of the Fund up to Tk. 5.00 (five) crore.
- @ 2.00% per annum for additional amount of the weekly average NAV of the Fund over Tk 5.00 (five) crore up to Tk. 25.00 (twenty five) crore.
- @ 1.50% per annum for additional amount of the weekly average NAV of the Fund over Tk 25.00 (twenty five) crore up to Tk. 50.00 (fifty) crore.
- @ 1.00% per annum for additional amount of the weekly average NAV of the Fund over Tk. 50.00 (fifty) crore.

5.5.3 Trustee Fee

The Trustee shall be paid an annual trustee fee @ 0.15% of the NAV of the Fund during the life of the Fund.

5.5.4 Custodian Fee

The Fund shall pay to the Custodian a safe keeping fee @ 0.15% of balance (dematerialized and non-dematerialized) securities and assets held by the Fund calculated on the basis of average month end value per annum.

5.5.5 Fund Registration and Annual Fee

The fund has paid 0.20% of the initial target size of the fund i.e. TK. 10,00,000/- (Ten Lac) only to the Bangladesh Securities and Exchange Commission (BSEC) as registration fee. In addition to that the firm will have to pay @ 0.10% of the fund value or TK. 50,000.00 (Fifty Thousand) only whichever is higher as annual fee in terms of the *ৱেব ৬৬* of the *ৱেব ৬৬* or as determined by the Commission from time to time.

5.5.6 Commission payable to Selling Agents

The Fund shall pay commission to the authorized selling agent(s) to be appointed by the Asset Manager at the rate of highest 1.00% (One Percent) and minimum 0.50% (fifty paisa) on the total face value of unit sales which may change in future with the approval of the trustee. The selling agent commission will be applicable only for sales of unit. It will not be applicable on surrender of units. If individuals are appointed as selling agents by AMC, the commission payable to them will vary and fixed as per AMC's selling agent policy which will be approved by trustee. In no case, selling agent commission applicable for individuals will be more than 1.00% (one percent) on the total face value of unit sales.

5.5.7 Audit Fee

The audit fee shall be Tk. 15,000.00 (fifteen thousand) only for the first accounting period and the Trustee shall fix fees for subsequent years.

5.5.8 Annual CDBL Fee

The annual CDBL fee will be Tk 40,000 (taka forty thousand only). Annual CDS connection fee will be Tk 6,000 (Taka Six Thousands Only).

5.5.9 Brokerage Commission

Brokerage Commission rate will be 0.20 (point two zero) percent to highest 0.30 (point three zero) percent of the total amount of transaction.

5.6 Selling Agent(s)

HFAML will act as the Selling Agent of the HFAML Unit Fund. The Asset Manager may appoint and cancel Selling Agents in future subject to approval of the Trustee and with due intimation to the BSEC. In addition to that individuals will also be eligible to work as selling agent to be appointed by Asset Manager subject to the approval of BSEC.



C H A P T E R

6

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

6.1 Size of the Fund

The initial target size of the Fund shall be Tk. 50,00,00,000.00 (Fifty crore) only divided into 5,00,00,000 (Five crore) units of Tk. 10.00 (ten) each which may be increased from time to time by Asset Management Company subject to approval of the Trustee with due intimation to the Commission till liquidation of the Fund. The initial distribution of the Fund's unit holding shall be as follows:

(Amount in Taka)

Subscribers	Face Value (Per Unit)	No. of Units	Amount	Remarks
Sponsor (10% of initial target size)	10.00	50,00,000	5,00,00,000.00	
Institutional Investors, other Eligible Investors and Public Offer (90% of initial target size)	10.00	4,50,00,000	45,00,00,000.00	Yet to be subscribed
Total		5,00,00,000	50,00,00,000.00	

6.2 Subscription from Sponsor

The amount of subscription of the Sponsor (HF Asset Management Limited) portion is 10% of the initial target fund size of Tk. 50.00 crore equivalent to Tk. 5,00,00,000.00 (Five crore) only divided into 50,00,000 (Fifty lac) units of Tk. 10.00 (Ten) each at par has already been subscribed on August 28, 2017, the effective date.

6.3 Tax Exemption

- Investment in the Fund by individual investors shall enjoy tax exemption benefit under Section 44(2) of the Income Tax Ordinance, 1984.

- Dividend income is also tax free up to certain limit as permitted under the Finance Act.

6.4 Rights of the Unit holders

- Dividend:** All the unit holders have equal but proportionate right in respect of dividend. The units carry rights to dividends as explained in the "Dividend Policy" of the Fund, set forth in Chapter-3.
- Transfer of Units:** Units of the Fund are transferable by way of inheritance/gift and/or by specific operation of law.
- Initial Price:** The initial sale price of each unit of the Fund shall be fixed at Tk. 10.00 (ten). Sale price of each unit of the Fund will be fixed after achieving the initial target amount or after closing of initial public subscription whichever is earlier.
- Sale and Re-purchase Price:** After initial public subscription of the fund, the Asset Management Company shall disclose the sales price and surrender value per unit calculated on the basis of NAV in a manner that all possible investors may be notified. The sale price per unit shall not be more than the latest NAV at market price per unit and surrender value per unit be determined following the Rule/ *Memorandum*. The difference between initial sales price and surrender value shall be Tk. 0.30 (paise thirty) which may be changed in future, but not be over 5% of the sale price per unit.
- Re-purchase of Units:** The unit holders may surrender their unit certificates during the business hour as specified by the Asset Management Company. The Asset Management Company shall be liable to re-purchase the units on behalf of the Fund as per rules.
- Voting Rights:** All the unit holders shall have usual voting rights. Voting right can be exercised in person or by proxy in a meeting held in connection with any proposal to amend the characteristics of the Fund or any other agenda

of meeting called by the Trustee in the circumstances mentioned in the Trust Deed or the *Memorandum of Association*. 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/she is the holder.

- (g) **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 Scheme.
- (h) **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 the AMC's website and newspapers.
- (i) **Accounts and Information:** The Fund's financial year shall be closed on 31 December every year. Annual Report or major head of Income & Expenses Account and Balance Sheet in line with schedule VI of the *Memorandum of Association* shall be published within 45 (forty five) 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 shall be published/notified to the Stock Exchanges by the Asset Management Company as per the *Memorandum of Association*.



UNIT SUBSCRIPTION

7.1 Terms and conditions of unit subscription

- (01) The Units of HFAML Unit Fund, hereinafter referred to as the Fund, may be bought and Surrendered through HF Asset Management Limited and authorized selling agents appointed by HFAML from time to time.
- (02) Application must be made by Institutional investors, Individuals, Non-resident Bangladeshi (NRB), general public and other Eligible Investors and not by minor or person of unsound mind.
- (03) Joint application by two persons is acceptable. In such cases, registration and issuance of Confirmation of Unit Allocation will be in favor of principal applicant while dividend and other benefits, if any, will be addressed to bank account of principal applicant mentioned in the application form/bank account mentioned in BO account. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title to the Units. On death of both the joint holders, the title to the units will bestow upon the nominee mentioned in the application form.
- (04) Minimum purchase amount for individual investors is 100 (One hundred) Units and for institutional investors is 2,500 (Two thousand Five hundred) Units.
- (05) Application for purchase of Units should be accompanied by an account payee cheque/pay order/bank draft in favor of “HFAML UNIT FUND” for the total value of the Units.
- (06) 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 credited to the unit holder’s BO A/C in demat form.

- (07) Partial surrender is allowed without any additional cost subject to minimum surrender quantity is 100 (one 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.
- (08) 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.
- (09) Dividend may be delivered in cash or by way of Units under Cumulative Investment Plan (CIP) as the applicant gives option in the application form.
- (10) All payments/receipts in connection with or arising out of transactions of the Units applied for shall be in Bangladeshi taka.

7.2 Related Forms

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

- i. Application Form to Purchase Units, Individual
- ii. Application Form to Purchase Units, Institution
- iii. Surrender / Repurchase Form
- iv. Transfer Form

HFAML UNIT FUND

Asset Manager: HF Asset Management Limited

APPLICATION FORM TO PURCHASE UNITS
(Please read The Terms and Conditions hereinafter carefully)

HFUP-1

To be filled in by the applicant(s)

(Please write clearly and delete words if not applicable)

Date:

The Managing Director & CEO
HF Asset Management Limited
138/1, Tejgaon Industrial Area
Dhaka-1208

Dear Sir,

I/We enclose herewith Tk. (in words)
..... in Cheque/P.O./D.D.No. Date
Bank Branch
and request you to sell to me/us Units of **HFAML Unit Fund** at the price
of Tk. per unit (Prevailing on the Sale Date). I/We do not hold/already hold
..... Units and my/our Registration No. is HFUF/ and
BO No.

I/We am/are not minor(s). I/We have read and understood the terms and conditions of the Deed of Trust and Prospectus of the Fund and agreed to be bound and governed by the same on availing/using any facility. I/we further agree not to hold the Fund liable for any consequences in case of any of the below mentioned particulars being false, incorrect or incomplete. I/we hereby undertake to inform the Asset Manager of any changes to the information provided herein below and agree and accept that the Fund and its Asset Manager is not liable or responsible for any loss.

We understand that all payments in connection with or arising out of the Units hereby applied for shall be payable in Bangladeshi Taka only including income distribution and/or re-purchase price. I/We the undersigned do hereby declare that the money which is being invested for the purchase of unit certificates of **HFAML Unit Fund** has been earned /collected from the source(s) declared herein.

The completed application forms are enclosed for your kind perusal and necessary action.

Signature of Principal Holder

Signature of Joint Holder

HFAML UNIT FUND
Asset Manager: HF Asset Management Limited

Photograph of
Principal Holder

PLEASE FILL UP THE FORM IN BLOCK LETTERS

PRINCIPAL HOLDER

Name (Individual/Institution) :
Father's Name :
Mother's Name :
Spouse's Name :
* Occupation :
Designation :
Nationality :
Date of Birth/Date of incorporation :
National ID No/Registration No. (Ins) :
Passport No. :
e-TIN Certificate No. :
Birth Certificate No. :
Correspondence/Present Address :
Permanent Address/Registered Address(Ins.) :
B. O. Account No. :
Telephone No. :
Cell No. :
Email :
Source of Fund :
Bank Details :
A/C No. Routing No.
Bank Name Branch
Address

Dividend Option: ☐ Cash ☐ CIP

Specimen signature of Principal Holder

HFAML UNIT FUND

Asset Manager: HF Asset Management Limited


 Photograph of
Joint Holder
PLEASE FILL UP THE FORM IN BLOCK LETTERS**JOINT HOLDER**

Name (Individual/Institution) :

Father's Name :

Mother's Name :

Spouse's Name :

* Occupation :

Designation :

Nationality :

Date of Birth/Date of incorporation :

National ID No./Registration No. (Ins) :

Passport No. :

e-TIN Certificate No. :

Birth Certificate No. :

Correspondence/Present Address :

Permanent Address/Registered Address(Ins.) :

B. O. Account No. :

Telephone No. :

Cell No. :

Email :

Specimen signature of Joint Holder

www.hfassetmanagement.com

HFAML UNIT FUND

Asset Manager: HF Asset Management Limited

**** TERMS & CONDITIONS**

- The Units of HFAML Unit Fund, hereinafter referred to as the Fund, may be bought and surrendered through HF Asset Management Limited (HFAML) and authorized selling agents appointed by HFAML on all business days except Thursday and book closer period as declared by HFAML.
- Application may be made by an individual (both resident and non-resident), other Eligible Investors (both local and foreign), a trust or a society (registered in or outside of Bangladesh) and not by minor or person of unsound mind.
- Joint application by two persons is acceptable. Registration and Unit allocation will be in favor of principal applicant while dividend and other benefits, if any, will be addressed to the bank account of principal applicant mentioned in the application form. In case of the death of any of the joint holders, only the survivor shall be recognized as having any title of the Units. On death of both the joint holder, the Units will bestow upon the nominee(s) if any mentioned in the Nominee Form [.....HFUP-N(1)].
- Minimum purchase amount for the individual investor is 100 (one hundred) Units and for institutional investor is 2,500 (Two thousand five hundred) Units.
- Application for purchase of Units should be accompanied by a crossed Cheque/ pay order/ bank draft in favor of "HFAML Unit Fund".
- After clearance/encashment of Cheque/draft/pay order, the applicant will be allocated Units of the Fund against every purchase with a denomination of number of units he/she/the institutional investor applies for. The balance of units will also be credited to the unit holder's BO A/C in demat form.
- Surrender of any quantity of units is allowed both for individuals and institutions. Upon partial surrender, the unit holder will be issued with a new Confirmation of Unit Allocation representing the balance of Unit Holding.
- 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.
- Unit holders may split their Unit Certificates subject to minimum denomination of 100 (One hundred) units. In case of split, the fund will charge a nominal fee as decided by HFAML from time to time.
- Dividend may be delivered in cash or by way of Units under Cumulative Investment Plan (CIP) as the applicant has mentioned in the application form.
- All payments/receipts in connection with or arising out of transactions in the Units hereby applied for shall be in Bangladesh Taka.
- Application by Charitable Organization/Provident Fund/Trust must be accompanied by the relevant documents as mentioned in the application form and the power of Attorney in favor of the person(s) signing the application should be attached.
- Occupation may be classified as under

<input type="checkbox"/> a. Civilian	<input type="checkbox"/> i. House-Wife
<input type="checkbox"/> b. Govt. Salaried	<input type="checkbox"/> j. Working Woman
<input type="checkbox"/> c. Non-Govt. Servant	<input type="checkbox"/> k. Worker
<input type="checkbox"/> d. Defense Person	<input type="checkbox"/> l. Student
<input type="checkbox"/> e. Professions-Legal, Medical and Engineering etc.	<input type="checkbox"/> m. Bangladeshi Residing Abroad
<input type="checkbox"/> f. Retired Person	<input type="checkbox"/> n. Foreign National
<input type="checkbox"/> g. Businessman	<input type="checkbox"/> o. Scientist
<input type="checkbox"/> h. Agriculturist	<input type="checkbox"/> p. Miscellaneous.
- Type of Institution: ☐ Local Company ☐ Foreign Company ☐ Trust ☐ Society ☐ Other
- Documents enclosed
 - For Individual:

<input type="checkbox"/> a. e-TIN Certificate	<input type="checkbox"/> f. Water Bill
<input type="checkbox"/> b. Passport	<input type="checkbox"/> g. Telephone Bill
<input type="checkbox"/> c. National ID	<input type="checkbox"/> h. Electricity Bill
<input type="checkbox"/> d. Birth Certificate	<input type="checkbox"/> i. Gas Bill
<input type="checkbox"/> e. Letter of Authority issued in favor of authorized person/signatory	
 - For others (as applicable):

<input type="checkbox"/> a. Incorporation Certificate	<input type="checkbox"/> e. e-TIN Certificate
<input type="checkbox"/> b. Society Registration Certificate	<input type="checkbox"/> f. Trust deed
<input type="checkbox"/> c. Extract of the Board Resolution	<input type="checkbox"/> g. Memorandum and Articles of Association
<input type="checkbox"/> d. Letter of Authority issued in favor of authorized person/signatory	<input type="checkbox"/> h. Relevant Document if Board Resolution is not required

Signature of Principal Holder with date

Signature of Joint Holder (if any) with date

Received Certificates for Units as mentioned overleaf

(Sign of Applicant/Authorized Agent with date)

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Photograph of
Guardian
(Attested by
Principal Holder)

HFAML UNIT FUND

Asset Manager: HF Asset Management Limited
APPLICATION FORM FOR NOMINEE

BLOCK LETTERS PLEASE

Photograph of
Nominee
(Attested by
Principal Holder)

The Managing Director & CEO
HF Asset Management Limited
138/1, Tejgaon Industrial Area
Dhaka-1208

Nominee Control Number :
(To be filled in by Issuing Office)

Date:

Dear Sir,

I/We already hold Units and my/our Registration No. is HFUF/
BO No. I/We nominate the following person(s) who is/are entitled to receive unit
certificate and all other entitlement outstanding in connection with my/our aforesaid Registration Number in the event of the
death of the Principal Holder/Joint Holder.

Name and Address of Nominee	Date of Birth	Relation with Principal Holder	Signature of Nominee	Percentage (%)

Guardian's Details (If Nominee is Minor)

Name and Address of Guardian	Date of Birth	Relation with Nominee	Signature of Guardian

Principal Holder	Joint Holder (if any)
1. Signature	2. Signature
Name (Individual)	Name (Individual)
Reg. No. HFUF/	BO No
BO No	Telephone/Cell No
Telephone/Cell No.	

Signature Verified by the Authorized Officer
(Signature, Date & Seal)

HFAML UNIT FUND

Asset Manager: HF Asset Management Limited
REPURCHASE/SURRENDER FORM
(Please read Terms and Conditions on reverse carefully)

(Please fill up the Form in BLOCK LETTERS)

The Managing Director & CEO
HF Asset Management Limited
138/1, Tejgaon Industrial Area
Dhaka-1208

For Office Use only
Registration No. HFUF/
Surrender No.

Date:

Dear Sir,

I/We
address
am/are the holder(s) of Units of HFAML Unit Fund. I/We, would like to surrender
Units (in word Units)
at the repurchase price of TK. per unit as declared by the Asset Manager on...../...../.....
My/our surrender request is summarized below:

Sl.No.	Confirmation of Unit allocation No.	Number of Units Held	Units to be Surrendered		
			No. of Units	Repurchase Price Tk./Unit	Total Surrender value

I/We, attach herewith the above-mentioned Confirmation of Unit Allocation(s). Please issue an account payee
cheque in favor of me/us for total surrender amount and issue a Confirmation for balance units, if any.

Signature of Principal Unit Holder

Signature of Joint Unit Holder

Witness:

1. Signature: Date:

Name:

Father's/Husband's Name:

Address:

NID No:

2. Signature: Date:

Name:

Father's/Husband's Name:

Address:

NID No:

For Office Use only

Checked and Verified by (Name):

Signature: Date:

HFAML UNIT FUND

Asset Manager: HF Asset Management Limited

TERMS & CONDITIONS

- The Units of HFAML Unit Fund, hereinafter referred to as the Fund, may be bought and surrendered through HF Asset Management Limited (HFAML) and authorized selling agents appointed by HFAML from time to time.
- Any number of Units may be surrendered on all business days except last business day of the week and during the book closure period / record date of the Fund.
- Surrender of any quantity of units is allowed without any additional cost both for individuals and institutions. Upon partial surrender, the unit holder will be issued with a new Confirmation of Unit Allocation representing the balance of his/her Unit Holding.
- Unit holder is required to attach the Confirmation of Unit Allocation Letter(s) he /she / the institution wants to surrender along with this surrender form.
- After verification of authenticity of Confirmation of Unit Allocation Letter(s), account payee cheque for surrender amount will be issued in favor of unit holder within maximum of seven (7) working days. In case of joint holding, account payee cheque will be issued in favor of principal holder.

For Office Use only

Cheque No.: Date: Amount Tk.: (in words:) Bank: Branch: issued in favor of Mr./Mrs./Ms./M/S.

For balance Units (if any).

Registration No. : HFUF/ Surrender No.:

No. of Units.: Confirmation of Unit Allocation No.:

Seal and Signature of Issuing Officer

Received cheque and/or Confirmation of Unit Allocation (if any) as mentioned above.

Signature of Principal Holder

Date:

Signature of Joint Holder

Date:

**Acknowledgement
REPURCHASE/SURRENDER**

Receipt No. Date:

Received the Confirmation of Unit Allocation for surrender/partial surrender as mentioned below :

Registration No. HFUF/

1. Confirmation of Unit Allocation No. Quantity Surrendered Quantity

Surrender No.:

Issuing Officer
Signature, Date & SealAuthorized Signature
(Name & Designation)

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HFAML UNIT FUND

Asset Manager: HF Asset Management Limited

TRANSFER FORM

(Please read Terms and Conditions on reverse carefully)

(Please fill up the Form in BLOCK LETTERS)

The Managing Director & CEO
HF Asset Management Limited (HFAML)
138/1 Tejgaon I/A, Dhaka-1208

For Office Use only
Registration No. HFUF/
Transfer No.

Dear Sir,

Date:

Transferor

I/We, address

..... hereinafter referred to as transferor, am/are the holder(s)
of Units of HFAML Unit Fund. I/We, would like to transfer Units (in words
..... units) to the following person/institution, hereinafter referred to as transferee.

Transferee

Name: Mr./Ms./Mrs.M/S.

Father/Husband: Mother:

Occupation: Registration No. (for existing unit holder only): HFUF/

Present Address:

Permanent Address:

Nationality: National ID No./passport No. (if any):

Date of Birth: / / Email: Tel/Mob:

Bank: ETIN No.:

Bank A/C No.																			
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Dividend Option: ☐ Cash ☐ CIP

Routing No.																			
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BO A/C No.																			
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DP ID																			
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Means of Transfer: ☐ Inheritance ☐ Gift ☐ Operation of Law**If Transferee is Institution:**

Registration no. (for existing unit holder): HFUF/ No. of units held (if any):

Name of Institution: E-TIN No.:

Routing No.

Tel/Mob No.: Fax No.: Email: DP ID

Type of Institutions: ☐ Local Company ☐ Foreign Company ☐ Society ☐ Trust ☐ Other

Bank: Branch:

Bank A/C No.																			
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Dividend Option: ☐ Cash ☐ CIP

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

BO A/C No.																			
------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Means of Transfer: ☐ Inheritance ☐ Gift ☐ Operation of Law

Details of Authorized Person(s), if any:

Sl.	Name	Designation	Signature
-----	------	-------------	-----------

1.

2.

Mode of Operation: Jointly by Singly by

Witness:

1. Signature: Date: / /

Name:

Father's/Husband's Name:

Address:

NID No:

Signature of Transferor (1) Signature of Transferor (2)

2. Signature: Date: / /

Name:

Father's/Husband's Name:

Address:

NID No:

Signature of Transferee (1) Signature of Transferee (2)

For Office Use only

Checked and Verified by (Name):
Signature: Date:/...../.....

TERMS & CONDITIONS

1. 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 HF Asset Management Limited from time to time except in the case of transfer by way of inheritance.
2. Transfer of Units is allowed through selling agents and the Asset Manager.
3. The Units will be transferred on all working days except the last working day of the week and during the book closer period/ record date of the Fund.
4. The Confirmation of Unit Allocation(s) of the transferor is/are required to be attached with the Transfer Form.
5. After verification of authenticity of the transferor's Confirmation of Unit Allocation of Unit Allocation(s) as well as the information provided in the transfer Form, the Asset Manager or the respective authorized selling agent will deliver the new Confirmation of Unit Allocation in the name of Transferee within a period of seven working days. If there are any Units left with the transferor after such transfer, the Asset Manager will issue a new Confirmation of Unit Allocation for the remaining Units in the name of the Transferor.
6. The conditions applicable for initial Confirmation of Unit Allocation will apply even after transfer of Units in the name of Transferee.

Document Enclosed:

- ☐ Memorandum and Articles of Association
 ☐ Extract of Board Resolution
 ☐ ETIN Certificate
- ☐ Power of Attorney in Favor of Authorized Person(s)
 ☐ Certificate of Incorporation
 ☐ Trust Deed
- ☐ Society Registration Certificate

For Office Use Only

Date:/...../.....

Transferee's Registration No.: HFUF/ Transfer No.:
Confirmation of Unit Allocation No.: No. of Units Certificate No.:

Seal and Signature of Issuing Officer

I/We, the said transferee, have received the above-mentioned Confirmation of Unit Allocation and do hereby agree to accept and take the said Confirmation of Unit Allocation on the same terms and conditions on which they were held by the said transferor.

1. Signature of Transferee
Date:/...../.....

2. Signature of Transferee

Date:/...../.....

ACKNOWLEDGEMENT

Certified that this selling agent/ bank has received a request for transferring Units of HFAML Unit Fund from to

Transfer No. _____

Issuing Officer
Signature, Date & Seal

Authorized Signature
(Name & Designation)

www.hfassetmanagement.com

[illegible]

[illegible][illegible]

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