

Report On
Operating Procedure of ICB Unit Funds/ Open-ended Mutual
Funds

By

Md. Shohanoor Rahman
14204072

An internship report submitted to the BRAC Business School in partial fulfillment of the
requirements for the degree of
Bachelor of Business Administration

BRAC Business School
BracUniversity
December 2019

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Md. Shohanoor Rahman
14204072

Supervisor's Full Name & Signature:

Mr. Riyashad Ahmed
Assistant Professor, BRAC Business School
BRAC University

Letter of Transmittal

Mr. Riyashad Ahmed
Assistant Professor,
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Operating Procedure of ICB Unit Funds/ Open-ended Mutual Funds

Dear Sir,

It is indeed a great pleasure to be able to hand over the internship report prepared as a part of the requirement for my Bachelors program under BRAC Business School of BRAC University. I have made sincere efforts and successfully completed my internship program for last three months at Investment Corporation of Bangladesh (ICB).

Working with ICB was a great learning experience for me as it teaches the differences between practical and theoretical work. I hope you will find the report to be objective and reliable. Within a short time, I have to make this report as comprehensive as possible, which is why there may be some discrepancies due to various restrictions. For this reason, I beg your kind consideration in this regard.

I would like to take this opportunity to thank you for all the supports and guidelines that you

have provided, which I hope to continue getting in the future.

Meanwhile, I will be available if you have any query.

Sincerely yours,

Md. Shohanoor Rahman

14204072

BRAC Business School

BRAC University

Date: December 17, 2019

Acknowledgement

First of all, I would like to express my gratitude to almighty Allah to enabling me to complete this report on “Managing Digital Marketing Communications” of Brand Communications & Marketing department at The City Bank Limited.

I convey my sincere gratitude to my academic Supervisor Mr. Riyashad Ahmed from BRAC Business School. Without his kind direction and proper guidance, this study would have been impossible for me. In every phase of the project, his supervision and guidance shaped this report to be completed.

I would like to take this opportunity to thank my supervisor at City Bank Limited, Mr. Jahirul Islam, Senior Officer of Human Resource Department, who has been extremely patient and taken time out of his busy schedule to assign various challenging tasks to me and ensure that I perform my best during the three months of my internship, like an effective leader.

Executive Summary

Mutual Funds have become quite a lucrative option for the average person to invest their money. It is quite known that bank investment is the first option for people to invest their money, second place being mutual funds and other avenues. A mutual fund gathers resources from thousands of different investors and diversifies the investments in stocks, bonds or government securities to provide high and safe returns. My internship report “Operating procedures of ICB Unit Funds/ Open-end Mutual Funds” tries to explain about the history, growth, pros and cons of investing in Mutual Funds. The main objective of my report is to get an overview of the Mutual Fund Industry, its set-up, it’s working and to find the risk and return of investing in them, on various schemes available to customers.

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Chapter 1

THE ORGANISATION

1.1 History of Investment Corporation of Bangladesh

The Investment Corporation of Bangladesh (ICB) was established on 1st October, 1976 under “The Investment Corporation of Bangladesh Ordinance, 1976” (No.XL of 1976) as a result of the rapid functional change in economic policy. By establishing ICB, the government took a major step to speed up the rate of industrialization which also led to the development of a well-structured and vibrant capital market, especially the securities market in Bangladesh. ICB helps companies meet equity gap by providing them with institutional support. ICB also plays a vital role in accelerating the pace of savings and investment in light of national policy to promote a self-relying economy. In present times, ICB is being run under the "Investment Corporation of Bangladesh Act, 2014".

1.2 Corporation Information of Investment Corporation of Bangladesh

Name of the organization	Investment Corporation of Bangladesh (ICB)
Establishment of ICB	1st October ,1976
Chairman	Dr. Mojib Uddin Ahmed
Managing Director	Mr. Md. Abul Hossain
Headquarter	BDBL Bhaban (Level 14-21), 8, Rajuk Avenue, Motijheel, Dhaka, Bangladesh
Telephone	9563455
FAX	+880-2-9563313
E-mail	icb@agni.com
Website	www.icb.gov.bd
Listed year in Dhaka Stock Exchange	1977
No of Branches	7
Number of employees	887 (ICB & its subsidiaries) as on Annual report (2017-2018)
Name of Subsidiary Companies	1.ICB Securities Trading Company Limited(ISTCL) 2. ICB Asset Management Company Limited(IAMCL)

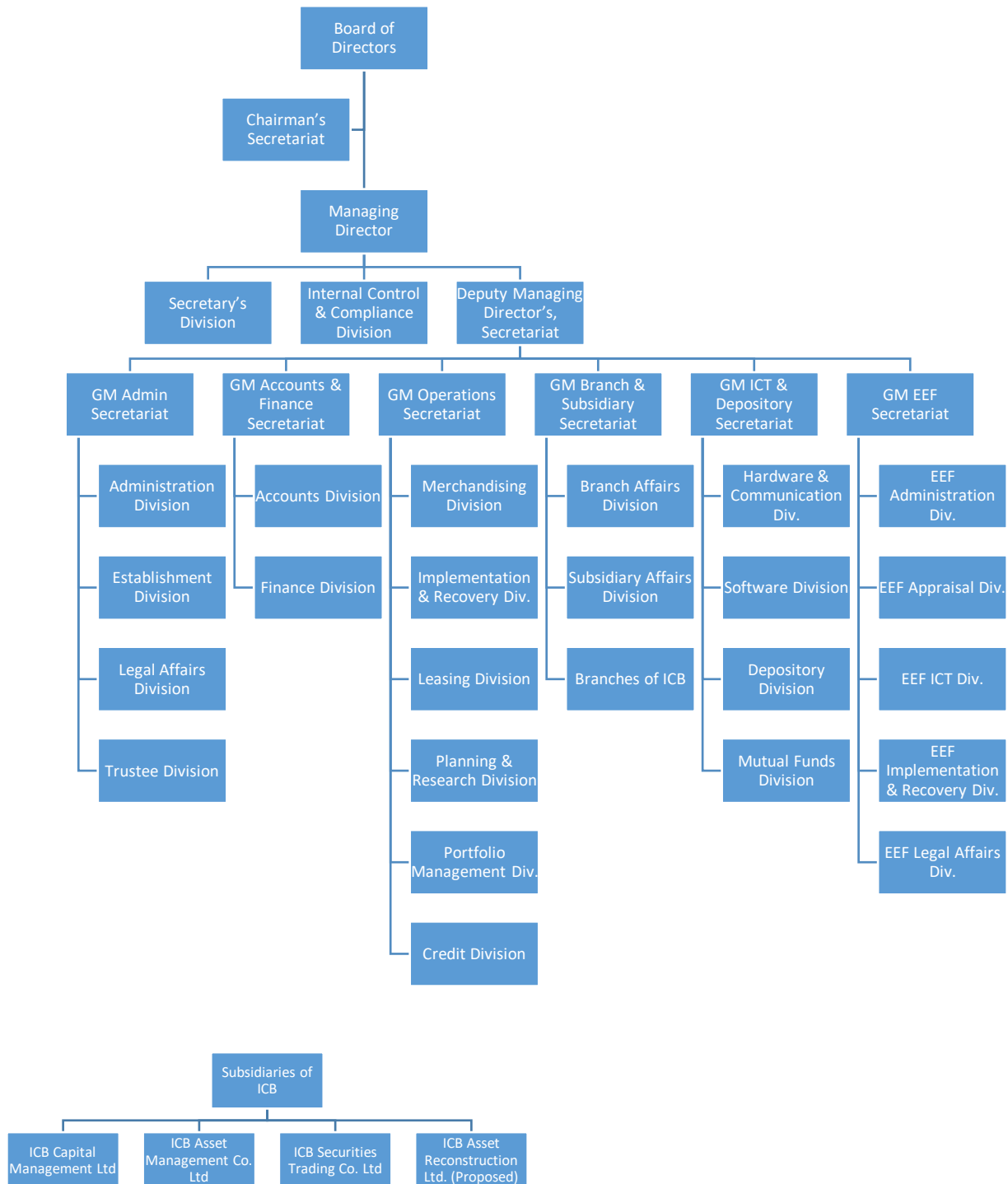
1.3 Vision of ICB

ICB will continue to be the leading, responsible and environment friendly financial institution operating in a way which will be acknowledged, admired and followed by the fellow competitors and the stakeholders and considered as a successful and a model organization in this sector.

1.4 Mission of ICB

The mission of ICB is to transform the corporation into a self-sufficient institution, a financial architect, an innovative solution-provider and a performance-leader.

1.5 Organizational Structure of ICB



1.6 Products & Services of ICB

a) Activities in Capital Market Segment

- **Private Equity & Placement of Shares:** Private equity participation & placement of shares and other schemes have been introduced to diversify the business and enhance rapid industrialization of the country. Through equity participation, ICB invests in various companies, solely or in consortium arrangements of different banks and financial institutions.
- **Margin Loan Accounts:** Under BSEC margin rules, the present Investment Account holders can receive margin loan facilities to purchase securities from both primary and secondary markets.
- **ICB Unit Fund:** ICB Unit Fund is the first ever open-ended mutual fund of the country, launched in April 1981. Through this scheme, small and medium savers receive the chance to invest their savings in a balanced and relatively low-risk portfolio. ICB has so far declared attractive dividends on units annually. Investors of Unit Fund enjoy tax benefits, amount being applicable as per law.
- **Sponsor of Mutual Funds:** ICB acts as sponsor of the different mutual funds for the development of the mutual fund industry.
- **Portfolio Management:** Being the largest institutional investor, ICB contributes significantly to the development of the country's capital market through activation of portfolio management which is one of the important functions of ICB. There are altogether three portfolios which are being managed by ICB- two are ICBs own portfolio and the rest one is unit fund portfolio.
- **Investment in Secondary Market:** To improve the function of ICB for stabilizing the capital market, increased investment has been made inside the secondary marketplace consistent with the market demand.
- **Investment in Preference Shares:** The strength of ICB's investment strategy includes diversified instruments, which is signified by investment in preference shares.

- **Stock Market Operations:** ICB plays a crucial position in both the primary and secondary marketplace which in the end makes the capital marketplace vibrant. Merchant banking operations such as trouble management, fund management, brokerage services, etc. Are being furnished uniquely.

b) Activities in Money Market Segment

- **Subordinated Bond, Zero Coupon Bond:** By investing in subordinated bond and zero coupon bonds, ICB takes part in money market activities.
- **Corporate Financial Advice:** ICB and its subsidiary company ICB Capital management Limited provide professional & financial advices on corporate restructuring & reengineering to Govt. companies to those who are eager to offload shares in the Capital market.

c) Activities of ICB subsidiary Companies:

- **ICB Capital Management Ltd. (ICML):** Government bodies, enterprises, corporation or companies can receive intermediary assistance in the form of underwriting from ICML to uptake long term debt and equity from the primary market.
- **ICB Asset Management Company Ltd. (IAMCL):** IAMCL is involved with investment management. The company manages both open-end and closed-end mutual funds and focuses on developing mutual fund industry and also the capital market of Bangladesh.
- **ICB Securities Trading Company Limited (ISTCL):** ISTCL is a Stock Exchange member and has over-the-counter markets to carry out business broker, CDs broker, jobbers or dealers in stock shares, securities, commodities, papers, bonds obligations, debentures stocks, foreign currencies and treasury bills in Bangladesh and abroad.

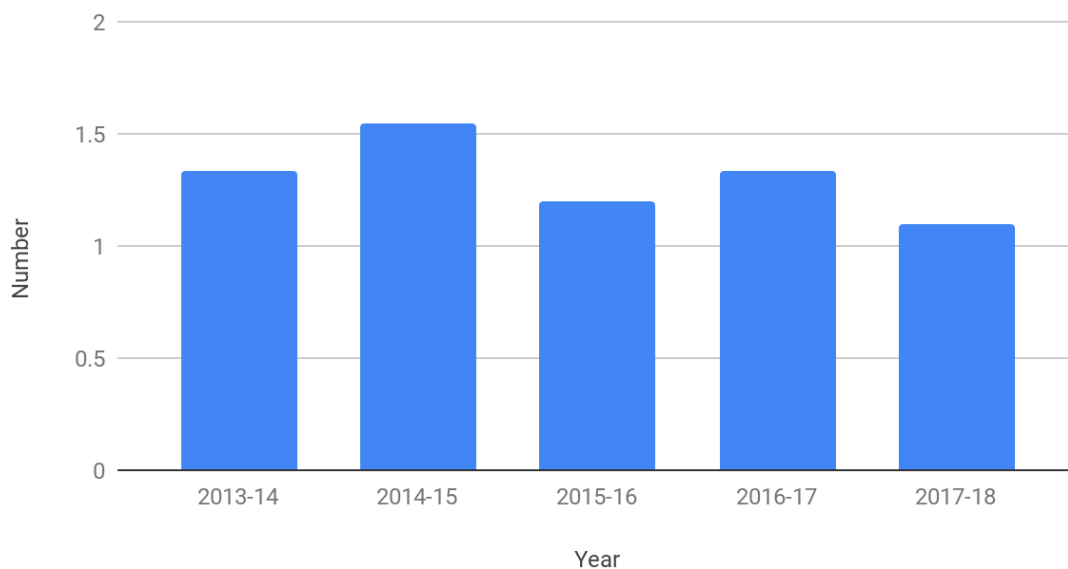
1.7 Financial Performance Analysis of ICB:

Ratio Analysis:

1. Current Ratio

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Number	1.33	1.55	1.20	1.33	1.10

Current Ratio



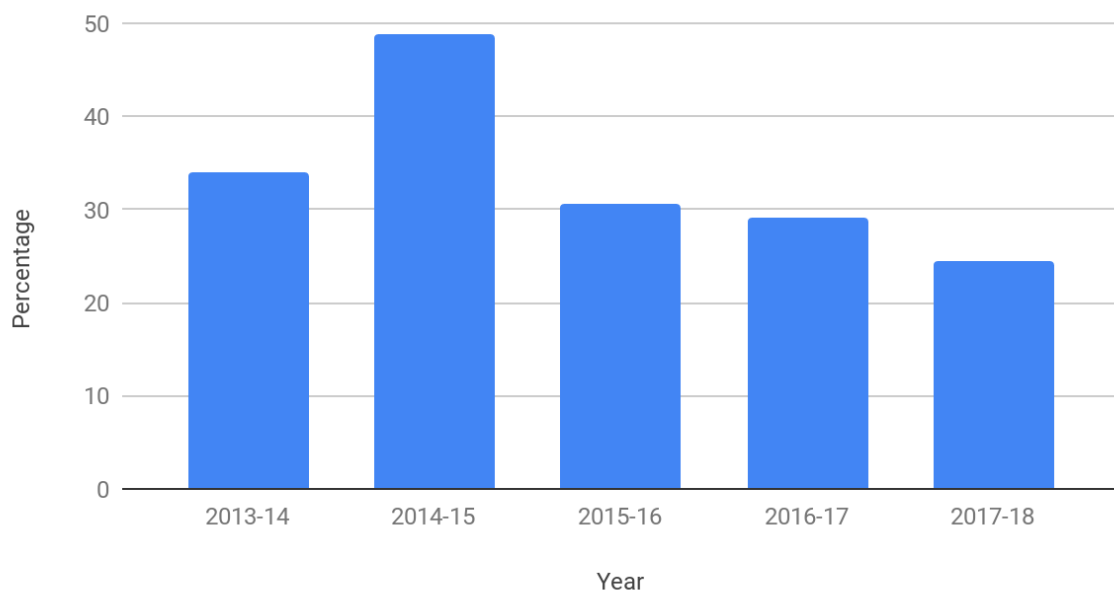
Source: Annual report of Investment Corporation of Bangladesh (2017-2018)

Interpretation: The current ratio is used to measure a company's short-term liquidity position and provides a quantitative relationship between current assets (CA) and current liabilities (CL). Overall the ICB current ratio indicates that short-term liability paying ability is not in a stable situation, meaning that it is shifting over the period of time. The company can also increase its current assets, such as cash.

2. Net Profit to Total Income:

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Percentage	34.02	48.84	30.68	29.05	24.46

Net Profit to Total Income



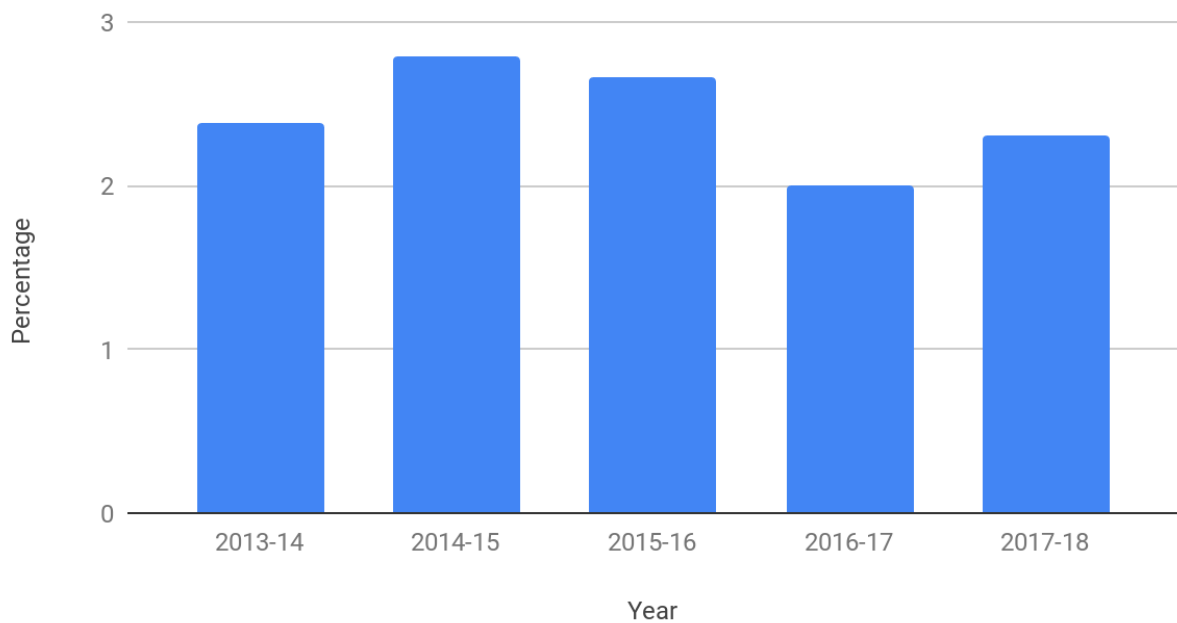
Source: Annual report of Investment Corporation of Bangladesh (2017-2018)

Interpretation: The net profit margin of an entity is defined by the amount of net income is generated as a percentage of it's revenue. We can see that the ratio decreases slowly after the year 2015. Hence, ICB can improve it's performance by generating more revenue, like selling more of its services.

3. Dividend Yield:

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Percentage	2.38	2.79	2.66	2.00	2.31

Dividend Yield



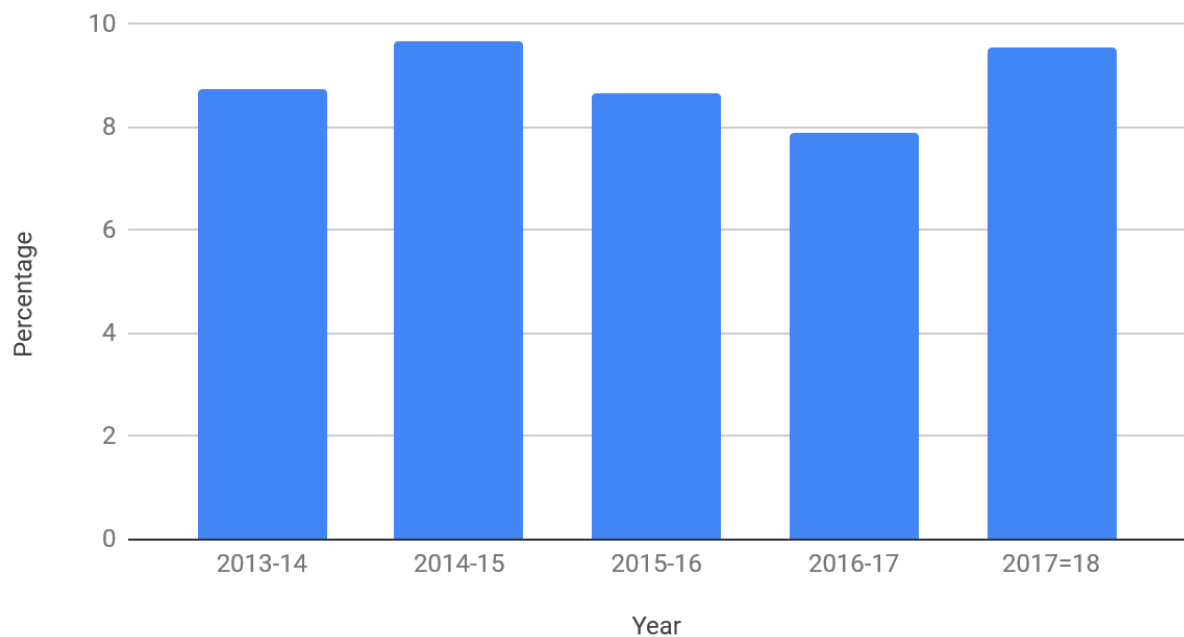
Source: Annual report of Investment Corporation of Bangladesh (2017-2018)

Interpretation: Dividend yield is termed as a stock's annual dividend payment to the shareholders, expressed as a percentage of the stock's current price. It is seen that ICB's dividend yield is fluctuating over the 6 years. The dividend yield can be improved by increasing the net profit of the company out of which the dividends are paid.

4. Return on Investment

Year	2013-14	2014-15	2015-16	2016-17	2017=18
Percentage	8.75	9.68	8.68	7.91	9.57

Capital Adequacy



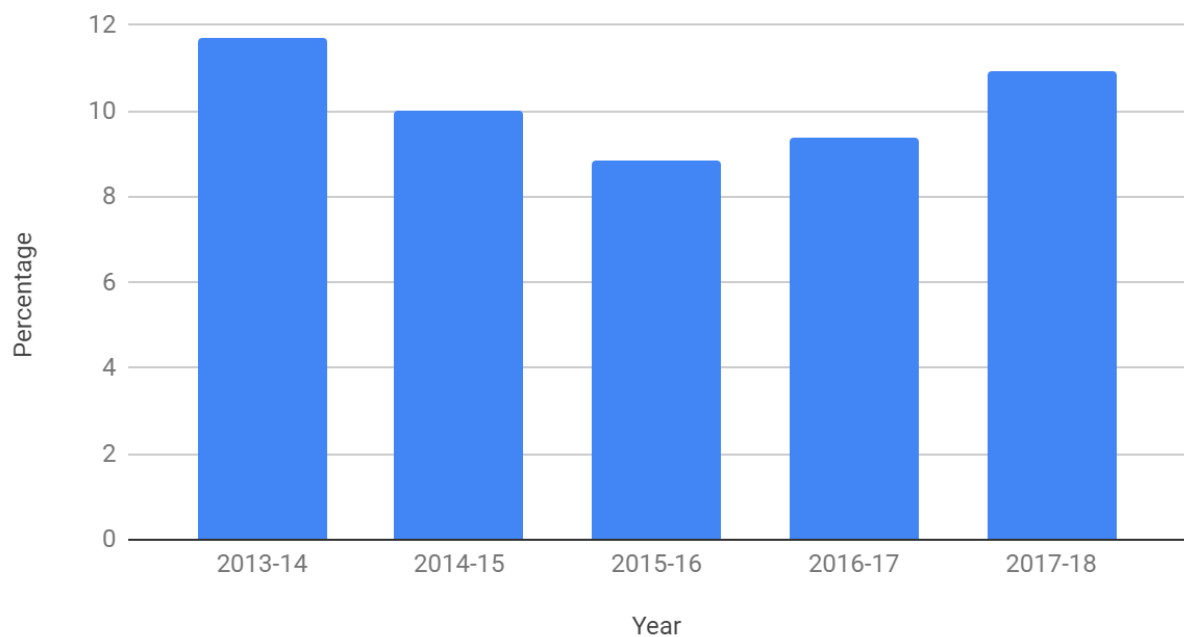
Source: Annual report of Investment Corporation of Bangladesh (2017-2018)

Interpretation: Return on Investment is defined as the gain or loss that is generated through an investment in respect to the amount of money that was initially invested. Through the graph, we can see that ICB's ROI is fluctuating. It can be improved by reducing expenses or creating awareness about the company.

5. Return on Equity:

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Percentage	11.70	10.03	8.84	9.37	10.94

Return on Equity



Source: Annual report of Investment Corporation of Bangladesh (2017-2018)

Interpretation: The return on equity ratio or ROE is a profitability ratio that measures the ability of a firm to generate profits from its shareholders investments in the company. It is seen that the yield is fluctuating over the years. ICB can increase it by increasing its profit margin.

Chapter 2

INTRODUCTION

Industrialisation is one of the primary necessities for development. This requires investment as the nutrient of business is fund. ICB, being the only investment bank involved with operating Investment Scheme virtually in the country, expands the base and possibility of investments by mobilising savings. The company has been operating for about 20 years executing its goals. Small investors receive institutional support through the investors' scheme (IS) for purchase and sales of security which provides the investors with essential advices and services through which the small investors are able to make investment decisions on safe grounds. Throughout its journey of operation, the corporation has achieved its goals successfully in some cases and also had some letdowns. As a final year student of BBA programme, I am doing my internship in Investment Corporation of Bangladesh (ICB) head office (Motijheel). This brings about an great chance for me to learn about the full operating procedure and performance of ICB and its Mutual Funds and Unit Funds. During my time of 90 days in the internship program, I have developed a report on "Operating Procedure of ICB Unit Funds/ Open-ended Mutual Funds".

2.1 Objective of the report

This report is stressed on the operating procedure of (non-CDS) open-end mutual fund. During the time of my internship at Investment Corporation of Bangladesh (ICB), head office (Motijheel), I observed that it is difficult to handle the operating procedure of (non-CDS) open-end mutual fund manually. The investors' information cannot be verified properly for not having BO account. It is also seen that after the expiration of principal holder, improper nominee information becomes a vital issue. Another problem is the transactional errors while calculating dividend payment. The goal of the report is to analyse the relationship between

improper unit holders' information and transitional errors and manual operating system in (non- CDS) open-end mutual funds/unit fund of ICB.

Chapter 3

ICB MUTUAL FUNDS

3.1 Introduction to ICB Mutual Funds

Mutual fund is a useful mechanism amongst the varieties of investment mechanism in a developed capital market. It works through a recognised principle that diversification of investment reduces risk. Mutual Funds have the advantage of gathering the savings of numerous investors and investing in a wide range of securities whereas an individual lacks the time, resources and experience to undertake such diversification. ICB, being one of the largest share market investors of Bangladesh, pioneered Mutual Funds for the investors and the capital market. As a non-banking financial institution, ICB is able to amalgamate wealth holders and deficit units to gather fund. Closed-end (Mutual Funds) and open-end (Unit Funds) Mutual Funds are also names of ICB Mutual Funds and the 23 successfully launched mutual funds of ICB are independent of one another. Similar to corporate stocks, in Closed-end mutual funds a fixed number of shares is issued and traded on major exchanges to the investors. Investments are often made in a specific sector, industry or a certain country by closed-end funds. On the contrary, Open-end mutual funds readily and continuously issue and redeem shares. Shares are bought at net asset value (NAV) and redeemed at present market price by the shareholders. IAMCL (ICB Asset Management Company Ltd), being a subsidiary company of ICB, manages investment funds professionally and is affiliated with investment management which, more specifically, involves floating and handling both open-end and closed-end mutual funds. The company is also focused on the development of mutual fund industry as well as the capital market of Bangladesh.

3.2 Types of Mutual Funds:

1. Open-end Mutual Fund
2. Closed-end Mutual Fund

3.2.1 Open-end Mutual Funds

These types of funds are bought and sold by the investors during the day that is dictated by the fund managers. These are also known as Unit Funds, and it can be purchased at any amount by the investors. Shares are issued into the market as long as there is a demand for it, meaning the company selling these shares creates new, replacement shares once the shares are sold. The prices are fixed at their NAV (Net asset value). NAV also reflects the fund's performance. This value is the fund's assets minus its liabilities, and this is the only price the shares can be bought that day. The shares can be sold at any time. The shareholders receive the NAV at the time of resale. Some of these funds may charge a fee from the investors either at the time of purchase or selling. Moreover, investors pay taxes on any capital gain or income derived from these types of funds.

3.2.2 Close-end Mutual funds

These types of funds are offered in fixed numbers through an investment company in order to raise capital by putting out an initial public offering (IPO). Then the shares are put up for exchange. The shares can be bought through the secondary market through a brokerage firm on the secondary market. These funds can be traded at any time of the day when the market is open. Unlike open-end mutual funds, these shares are not redeemable of their NAV. Close-end mutual funds reflect market values rather than NAV. This means they can be bought or sold at the specific price the fund is trading during the day. The catalyst driving the prices of the stocks is demand and supply.

3.3 Profile of ICB Unit Fund/Open-end Mutual Fund:

3.3.1 Inception:

With the approval of the Government of Bangladesh, ICB Unit Fund (an open-ended Mutual Fund) was formed in the month of April 1981 by the Investment Corporation of Bangladesh under section 21 (2) of the Investment Corporation of Bangladesh Ordinance, 1976 at present Section 17 (Kha) of the Investment Corporation of Bangladesh Act, 2014 and ICB Unit Regulations, 1981).

3.3.2 Objective of ICB Unit Fund/ Open-end Mutual Fund:

The main objective of ICB Unit Fund is to mobilise savings through its sale to small investors. This scheme contributes to the industrial development of the country and also provides a source of equity and debt to industrial and commercial concerns.

3.3.3 List of ICB Unit Funds/ Open-end Mutual Funds

Name of the Funds	Year of Launching	Size of the Fund (Tk. in Crore)
1. ICB AMCL Unit Fund	21 June 2003	350.00
2. ICB AMCL Pension Holders' Unit Fund	18 October 2004	30.00
3. Bangladesh Fund	10 October 2011	5000.00
4. ICB AMCL Converted First Unit Fund	23 February 2014	70.00

5. ICB AMCL Islamic Unit Fund	17 May 2015	80.00
6. First ICB Unit Fund	08 March 2016	142.00
7. Second ICB Unit Fund	17 April 2016	20.00
8. Third ICB Unit Fund	15 May 2016	44.00
9. Fourth ICB Unit Fund	15 May 2016	31.50
10. Fifth ICB Unit Fund	15 May 2016	46.00
11. Sixth ICB Unit Fund	10 July 2016	30.00
12. Seventh ICB Unit Fund	09 October 2016	47.00
13. Eighth ICB Unit Fund	05 February 2017	40.00
14. ICB AMCL Second NRB Unit Fund	25 November 2018	115.00

Source: Annual report of ICB Unit Fund (2017-2018)

3.3.4 Information Sources of ICB Unit Funds/Open-end Mutual Funds:

- **Website** : Investors, general people can get net asset value update and others information about ICB unit funds through the website-www.icbamcl.com.bd
- **Newspapers**: The Financial Express and Daily Samakal newspapers are published the NAV (Net Asset Value) of the per share value on weekly basis.

- **Stock Market Fairs:** Through the stock market fair anyone can get details information about ICB unit fund/open-end mutual fund.
- **Magazines:** Publisher of the magazines are always offering the asset manager to advertise their fund in their magazines by paying commission.

3.4 Operational and Management process of ICB Unit Fund/Open-end Mutual Fund

3.4.1 How to buy/sell an ICB Unit Fund:

A. Unit subscription process:

- Firstly, the paperwork are bought and sold through registered workplace of ICB AMCL and selling agents on all operating days besides Thursday.
- Application has to be made by way of an individual (resident and non-resident), an organization or company (both regional and foreign), a trust or a society (registered in or out of doors Bangladesh) and not a firm, minor or persons of unsound mind.
- Joint application by means of two people is acceptable. In such cases, registration and issuance of Confirmation of Unit Allocation can be in desire of primary applicant even as dividend and other benefits, if any, most important applicant referred to another joint holder call within the software form/ financial institution account. In case of the death of any of the joint holders, just the survivor shall be recognized as having any claim to the Units. On dying of both the joint holders, the Title to the Units will bestow upon the nominee referred to in the utility form.
- Lastly, these applications ought to incorporate BP account number, full name and address of the applicant and the nominees.

B. Forms of ICB unit Fund/ Open-end Mutual Funds:

Name of the Form: Eighth ICB Unit Fund

EIGHTH ICB UNIT FUND
 Asset Manager: ICB Asset Management Company Limited
 (A Subsidiary of ICB)

BLOCK LETTERS PLEASE

JOINT HOLDER



Name (Individual/Institution)	MD. Karimul Hossain
Father's Name	Late Tajul Eddin Ahmed
Spouse's Name	
Mother's Name	Late Rifaqat Begum
** Occupation/Designation	Government Service holder
Nationality	Bangladesh
Date of Birth/Date of Incorporation	01.01.1971
National ID No./Registration No. (Ins)	10345805371
Passport No.	
e-TIN Certificate No.	
Birth Certificate No.	138571228353
Correspondence/Present Address	House #215, Ward #1, Sardarpura Road, Sagardhara, Dohar, Dhaka-1230
Permanent Address/Registered Address(Ins.)	House #215 Ward #1, Sardarpura Road, Sagardhara, Dohar, Dhaka-1230
Telephone No.	
Cell No.	01677554686
E-mail ID	karimulh46@gmail.com

Specimen Signature of Joint Holder (If any)

Eighth ICB Unit Fund is under Central Depository System (CDS) which means that the unit subscribers must need BO account to invest in this unit fund and they must have to fill up the forms properly. The investors are selling or purchasing the fund through over the counter of ICB AMCL or selling agent offices

Name of the Form: BO (Beneficiary Owner) Account



[See rules 8 (D) (ccc)] Price Tk. 200.00
ICB SECURITIES TRADING COMPANY LIMITED
 (A Subsidiary of ICB)
 MEMBER NO. 129
 DHAKA STOCK EXCHANGE LTD.
 SEC Regn No- 3.1/DSE-120/2002-09
 MEMBER NO. 71
 CHITTAGONG STOCK EXCHANGE LTD.
 SEC Regn No- 3.2/CSE-71/120/2002

SL No. **1399**

CUSTOMER ACCOUNT INFORMATION FORM

Customer Code No. _____

Date: **20-11-2019**

1. Name of the Customer **NABATUL FERDOUSE HRIDEE**

2. Father's/Husband's/CEO's (In case of Firm or Company) Name **Ma. Karamat Ali**

3. Mother's Name **Lulu Marzan**

4. Present Address **House # 215, Road # Sardar Para, Dakshin Khan Dhaka-12130**

5. Permanent Address **DO**

7. Contact Number **01677554676** 6. Nationality **Bangladeshi**

8. Name of the Authorized person of the Customer (if applicable) _____

9. Signature of the Authorized person : _____

10. Officer or Director of any Stock Exchange/Listed Company Yes () / No ()

11. If yes, Name of the Stock Exchange/Listed Company' _____

12. Detail of Joint Holder :
 Name : _____
 Father's Name : _____
 Mother Name : _____
 Present Address : _____
 Permanent Address : _____
 Nationality : _____ Contact Number : _____

13. Introducer Detail
 Name of Introducer : _____ Signature : _____
 Address of Introducer : _____ Account no if any : _____

14. Detail of Nominee :
 1. Name : **Ma. Karamat ali** Relation : **Father** Address **House # 215, Rd Sardar Para, Dakshin Khan Dhaka-12130** Percentage: **100**
 2. Name : _____ Relation : _____ Address _____ Percentage: _____

15. Mode of Operation : Jointly Single

16. Initial Deposit : Tk. **50,000 B**

17. Account Type : Cash Margin

18. Any Other Instruction _____
 I/We hereby accept your terms and conditions and I/We declare that the information given is true and correct.

1. **HRIDEE FERDOUSE** (Account Holder) 2. _____ (For joint holders)

CDDBL Bye Laws

BO Account Opening Form
(Bye Law 7.3.3 (b))

Form 02

Please complete all details in CAPITAL letters. Please fill all names correctly. All communication shall be sent only to the First Named Account Holder's correspondence address.

Application No. _____ Date (DDMMYYYY) **20-11-2019**

Please Tick whichever is applicable
 BO Category: Regular Omnibus Clearing BO Type: Individual Company Joint Holder

Name of CDDBL Participant (Up to 99 Characters) **ICB SECURITIES TRADING COMPANY LIMITED**

CDDBL Participant ID _____ BO ID _____ Date Account Opened (DDMMYYYY) _____

I / We request you to open a Depository Account in my/ our name as per the following details:

1. First Applicant
 Name in Full of Account Holder (Up to 99 Characters) **MRS. NABATUL FERDOUSE HRIDEE**
 Short Name of Account Holder (Insert full name starting with Title i.e. Mr/Mrs/Ms/Dr. abbreviate only if over 30 characters) **NABATUL FERDOUSE HRIDEE** Title i.e. M, Mrs, Ms, Dr.
 (In case of a Company/Firm/Statutory Body) Name of Contact Person _____
 In Case of Individual Male Female Occupation (30 Characters) **Student**
 Father's/Husband's Name **Ma. Karamat Ali**
 Mother's Name **Lulu Marzan**

2. Contact Details
 Address **House # 215, Road # Sardar Para, Dakshin Khan**
 City **Dhaka** Post Code **12130** State/Division **Dhaka** Country **Bangladesh** Telephone **01677554676**
 Mobic Phone _____ Fax _____ E-mail _____

3. Passport Details
 Passport No. _____ Issue Place _____ Issue Date _____ Expiry Date _____

4. Bank Details
 Bank Name **J.F.C Bank Ltd** Branch Name **Principal Br** Account No **10011024031**
 Electronic Dividend Credit: Yes No Tax Exemption if any: Yes No TIN/Tax ID _____

5. Others Information
 Residency: Resident Non Resident Nationality **Bangladesh** Date Of Birth (DDMMYYYY) **14/02/1998**
 Statement Cycle Code Daily Weekly Fortnightly Monthly Other (Please Specify) _____
 Internal Ref. No (To be filled in by CDDBL Participant) _____ Date of Registration (DDMMYYYY) _____

In Case of Company:
 Registration No. _____

6. Joint Applicant (Second Account Holder)
 Name in Full (Up to 99 Characters) _____
 Short Name of Account Holder (Insert full name starting with Title i.e. Mr/Mrs/Ms/Dr. abbreviate only if over 30 characters) _____ Title i.e. M, Mrs, Ms, Dr.

7. Joint Applicant (Third Account Holder)
 Name in Full (Up to 99 Characters) _____
 Short Name of Account Holder (Insert full name starting with Title i.e. Mr/Mrs/Ms/Dr. abbreviate only if over 30 characters) _____ Title i.e. M, Mrs, Ms, Dr.

To invest in a fund need to open BO (Beneficiary Owner) Account through any brokerage house. By opening the BO account an investor will be able to invest under ICB unit funds which are under CDS (Central Depository System).

Name of the Form: ICB AMCL Unit Fund

Asset Manager: ICB Asset Management Co. Ltd.
(A Subsidiary of ICB)

APPLICATION FORM TO PURCHASE UNITS

To be filled in by Issuing Office

To Chief Executive Officer ICB Asset Management Co. Ltd. Green City, Dhaka-1205 Issuing Office Stamp	Sale Day: 01.10.2019 (Date of Issue)	Selling Agent's Code: xxx
	Registration No. 00001/AMCL	Sale Number: 103
Certificate Number(s) : 000145		

Signature of the Officer with date

To be filled in by the applicant(s)

Dated:

(Please write clearly and delete words not applicable)

I/We enclose Tk. 5000 (Taka) Five thousand Taka only
 Cash/Cheque/P.O./D.D.No. Date 15.10.2019
 Bank ATC Branch Mohesh and request you to sell to me/us 50 Units of ICB AMCL Unit
 Fund at the price of Tk. 100 per unit (Prevailing on the Sale Date) for application. I/We already hold /do
 not hold 100 Units and my/our Registration Number is 00001/AMCL

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.

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 do hereby undertake that I/We and my/our heirs will not at any time or in any shape claim repatriation from Bangladesh of sale proceeds of these Units and income accrued thereon. I/We the undersigned do also hereby declare that the money which is being invested for the purchase certificates of **ICB AMCL Unit certificate** is not earned /collected directly or indirectly in illegal way.

BLOCK LETTERS PLEASE

Particulars	Principal Holder	Joint Holder (if any)
Name :	<u>Nabatul Ferdous Hossain</u>	
Father's Name :	<u>MD. Karamat Ali</u>	
Mother's Name :	<u>Lulu Marzan</u>	
Spouse's Name :		
Occupation :	<u>Student</u>	
Nationality :	<u>Bangladesh</u>	
Date of Birth :	<u>10.07.1998</u>	
NID No./ PP No./ Birth Certificate No. :	<u>40035806830</u>	
e-TIN Certificate No. :	<u>XXX</u>	
Present Address :	<u>House # 215, Ward # 01, Sardarpara Road, Sayednagar, Dakshin Khan, Dhaka-1230</u>	
Permanent/Registered Address:	<u>House # 215, Ward # 01, Sardarpara Road, Sayednagar, Dakshin Khan, Dhaka-1230</u>	
Telephone/Cell No:	<u>01677564676</u>	
Email:	<u>nabatulferdous76@gmail.com</u>	
Source of Fund:	<u>Relative</u>	

Bank Details of Principal Holder

Account No. 1001118240031 Bank ATC
 Branch Mohesh Routing No.

ICB AMCL Unit Fund is under Non-Central Depository System (Non-CDS) which means that the unit subscribers will get unit certificate by the time of investment in this unit fund and they must have to fill up the all forms properly. The investors are selling or purchasing the fund through over the counter of ICB AMCL or selling agent offices.

C. Importance of Net Asset Value (NAV):

NAV is calculated by means of dividing the difference between assets and liabilities by using the wide variety of shares/gadgets held via the investors. The fund's NAV thereby represents a "per-share" price of the fund, which makes it less complicated for use for valuing and transacting within the fund shares. A Fund will use the subsequent formula to derive NAV in line with unit:

$$NAV = (\text{Assets} - \text{Liabilities}) / \text{Total number of outstanding shares}$$

D. Price fixation Policy and Sale & Re-purchase Procedure:

After initial public subscription, the sale and repurchase/surrender fee of units will be decided with the aid of the Asset Management Company. Difference between sale and repurchase fee shall broadly speaking be Tk. 3.00 (on the premise of net asset value) which can be modified in the future, however not be over 5% of the face cost of the unit.

E. Income from ICB Unit Fund/ Open-end Mutual Fund:

There are three types of income sources from ICB Unit Fund/ Open-end Mutual Fund-

- **Dividend & Interest Income:** At the end of the yearly accounts, claim and distribute dividend if any, to the unit holders according to the ordinance. Being a “Growth Scheme” in nature, a Fund shall distribute a minimum of 70 (seventy) percentage of the full net profit earned in the given year or as found by the Commission in intervals. In the FY 2017-18 the ICB Unit Fund has earned a quantity of Tk. 126.87crore as dividend from 187 organisations and Tk. 4.11 crore as interest from debenture securities.
- **Capital Gain:** Any income or gain that arises from the sale of a ‘capital asset’ is a capital benefit. This gain or income comes underneath the category ‘income’.so unit fund holders or owners also get the advantage of capital income which are realized & distribute in cash or hand. During FY 2017-18 the ICB Unit Fund has earned a quantity of Tk. 295.13 crore as capital profits by selling securities of 171 companies.
- **Interest on bank deposit:** By opening a BO account a unit holder is doing his/her all transaction through bank and also deposits their money in bank which gives interest to the unit holders. so this interest from the bank deposit is comes under the category ‘income’. In the FY 2017-18 the ICB Unit Fund has earned Tk. 3.69 crore as interest on bank deposit.

F. Expenses in ICB Unit Fund/ Open-end Mutual Fund:

- Issue and Formation Expenses: The initial issue & conversion charges respecting the Fund will not rise above 1.3% of the acquired amount. Legal Expenses, Regulatory Expenses, Conversion Fee, Dematerialization Expenses, Printing and Publication Expenses are included in issue and formation expenses.
- Management Fee: The Asset Management Company shall be entitled to fee the Fund an annual management fee for Investment Management at the following rate or in accordance with the section 65 of the ordinance:
 - ✓ 2.50% in keeping with annum of the weekly average NAV of the Fund up to Tk. 5.00 (five) crore.
 - ✓ 2.00% according to annum for additional amount of the weekly common NAV of the Fund over Tk. 5.00 (five) crore up to Tk. 25.00 (twenty five) crore
 - ✓ 1.50% according to annum for additional amount of the weekly common NAV of the Fund over Tk. 25.00 (twenty five) crore up to Tk. 50.00 (fifty) crore.
 - ✓ 1.00% in line with annum for additional quantity of the weekly common NAV of the Fund over Tk. 50.00 (fifty) crore.
- Trustee Fee: The Trustee shall be paid an annual trustee rate 0.10% of the NAV of the Fund all through the life of the Fund.
- Custodian Fee: The Fund shall pay to the Custodian a secure keeping charge 0.10% of balance (dematerialized and non-dematerialized) securities and assets held through the Fund calculated on the premise of average month end cost in keeping with annum.

- Fund Registration and Annual Fee: The Commission has exempted the registration fee for registration of the Fund beneath special attention which changed into payable 0.20% of the initial target size of the Fund in terms of the phase 10 of the ordinance. In addition to that the Fund shall must pay 0.10% of the Fund fee or Tk. 50,000.00 (fifty thousand) best whichever is better as annual charge in terms of the segment eleven of the ordinance or as determined through the Commission from time to time.
- Commission payable to Selling Agent(s) : The Fund shall pay commission to the authorized Selling Agents to be appointed by the Asset Management Company 0.25% on the transaction amount of sales and redemptions which may alternate in destiny with the approval of the Trustee.
- Audit Fee: The audit rate shall be Tk. 25,000.00 (Twenty five) thousand only for the first accounting year and the Trustee shall fix charges for next years.

G. The Common Risk Factors of ICB Unit Fund /Open-end Mutual Fund:

Investment in ICB Unit Fund also entails certain danger factors. The investors need to carefully take into account the following dangers to evaluate the offer and additionally for taking a decision whether or not to invest or not. The overall performance of the Fund is directly associated with the macro monetary situation, mainly the capital market of Bangladesh. Since the capital market of Bangladesh is highly volatile, there may be no guarantee of achieving the stated goal of the Fund. If the businesses wherein the Fund could be invested fail to pay expected dividend may have an effect on the go back of the Fund. For investing in Pre-IPO Placement securities in unlisted securities via the Fund may involve liquidity hazard. Stock marketplace trend suggests that costs of virtually all of the indexed securities move in unpredictable direction, which may have an effect on the cost of the Fund. Moreover, there's no guarantee that the market price of unit of the Fund will fully mirror their underlying internet

asset values. Uncertainties like political and social instability may have an effect on the fee of the Fund's assets. Adverse natural climatic situation may additionally bog down the performance of the Fund.

3.4.2 Investment Objectives and Policies:

The objective of the Fund is to provide appealing dividend to the unit holders by way of investing the proceeds in the capital market and cash market. Some essential policies concerning investment and operation of ICB Unit Fund:

- The Fund shall invest subject to the regulations and handiest in those securities, deposits and investments approved by using the Securities and Exchange Commission and/or the Bangladesh Bank and/or the Insurance Regulatory Authority (IRA) of Bangladesh or any other competent authority on this regards.
- Not less than 75% of the total property of the Scheme of the Fund shall be invested in capital marketplace instruments out of which at the least 50% shall be invested in listed securities or as determined by using the Commission from time to time.
- Not greater than 25% of the total property of the Scheme of the Fund will be invested in Fixed Income Securities or as decided through the Commission from time to time.
- All cash collected under the Fund will be invested in in-cashable/transferable
- Only the Asset Management Company will make the investment decisions and place orders for securities to be bought or offered for the Scheme's portfolio.
- The Asset Management Company will choose broker(s) for the purchase and sale of securities for the Fund's portfolio.

3.4.3 Investment Restrictions:

In making funding decision the subsequent restrictions need to be taken due consideration:

- The Fund shall not invest greater than 10% of its total belongings in someone particular organization.
- The Fund shall no longer spend money on extra than 15% of any business enterprise's paid up capital, not greater than 20% of its total property in shares, debentures or other securities of a single organization or institution and now not greater than make investments 25% of its total belongings in shares, debentures or different securities in someone industry.
- The Asset Management Company on behalf of the Fund shall not give or guarantee term loans for any purpose
The Asset Management Company on behalf of the Fund shall not give or assure term loans for any purpose

Chapter 4

LITERATURE REVIEW

Dr. K. Veeraiah and Dr. A. Kishore Kumar (Jan 2014), performed a research on Comparative Performance Analysis of Select Indian Mutual Fund Schemes. This look at analyzes the overall performance of Indian owned mutual price range and compares their overall performance. The performance of those budget changed into analyzed the usage of a 5 12 months NAVs and portfolio allocation. Findings of the take a look at reveals that, mutual price range out perform naïve investment. Mutual finances as a medium-to-long term funding alternative are desired as a appropriate investment choice through investors. Dr. Ranjit Singh, Dr. Anurag Singh and Dr. H. Ramananda Singh (August 2011), have finished studies on Positioning of Mutual Funds amongst Small Town and Suburban Investors. In the latest beyond the sizeable percentage of the investment of the urban investor is being attracted by using the mutual budget. This has led to the saturation of the market in the urban areas. In order to growth their investor base, the mutual fund groups are exploring the possibilities in the small towns and sub-urban areas. Moreover, Rashmi Sharma and N. K. Pandya (2013), have achieved an overview of Investing in Mutual Fund. In this paper, shape of mutual fund, evaluation among investments in mutual fund and other funding options and calculation of NAV etc. were considered. In this paper, the affects of various demographic factors on investors' attitude closer to mutual fund were studied.

Chapter 5

METHODOLOGY

During the research on “Operating Procedure of ICB Unit Fund/Open-end Mutual Fund” I collected the data from both primary and secondary sources. I designed my report to hold quantitative research because the data was collected by conducting survey. The way of this research is discussed below.

5.1 Primary Data Collection

The principle source of the essential information accumulation of my report was my discussion with the employees of ICB and its subsidiary companies and their conclusions and remarks. It helped me gather the fundamental and indispensable data to make my report. The employees of ICB and their up close and personal data is my essential information.

5.2 Secondary Data Collection

Data has also been accumulated through secondary sources. Necessary data and information has been collected by the following sources:

- Annual report of ICB Unit Fund and ICB AMCL Open-end Mutual Fund (2017-2018)
- Prospectuses of ICB Unit Fund
- Official website of ICB and IAMCL
- Different journals and reports related to ICB unit fund.

5.3 Method of Sampling and Data Collection

For carrying out the research on Operating Procedure of ICB Unit Fund/Open-end Mutual Fund, I chose the employees of ICB head-office (Motijheel) which consists of around 520 employees and approximately 20 employees from IAMCL which made the population size equivalent to 540 employees. Using the Raosoft sample size calculator, my recommended sample size result was 60 out of 540 people by taking margin of error (MOE) 10% and 90% confidence level.

To narrow down the sampling accurately, I chose 10 people from each of the unit fund related departments in ICB and its subsidiary company (IAMCL) which include:

- Unit Fund Department
- Portfolio Management Department
- Trustee Department
- Custodian Department
- Central Accounts Department
- ICB Asset Management Company Limited (IAMCL)

According to my topic, I generated hypotheses to conduct an interview survey on the sample employees. The hypotheses include-

Hypothesis 1: Without BO account, investors' information cannot be verified precisely.

Hypothesis 2: When the ownership is being transferred to the nominee holder after the expiration of principal holder, deficit/absence of information (nominee) brings difficulty to pay dividend.

Hypothesis 3: The operating procedure of (non-CDS) open-end mutual funds is not secured because CDBL is not recording the (non-CDS) investor transaction information.

I wanted to know whether respondents would:

- Strongly disagree
- Disagree
- Neither agrees on disagree
- Agree
- Strongly agree

5.4 Limitation

The record can also suffer from limitations, which are completely accidental. The take a look at had to be completed below sure constraints, which barred it to be greater effective.

Some of these constraints are indexed below -

- ICB has 7 branches and i used to be not able to go to all of them.
- Due to time constraints, the various aspects could not be discussed within the present document.
- I needed to go to each Department of ICB as a part of the Internship application for a brief span of time wherein it is tough to get in-depth information approximately a big employer like ICB.
- For my limited sensible know-how and experience, this report won't cowl all areas and may have unintended errors & omissions.
- All information is unavailable on the internet.

Chapter 6

FINDING AND ANALYSIS

6.1 Survey Results

	Hypothesis 1	Hypothesis 2	Hypothesis 3
Strongly Disagree	9	12	9
Disagree	7	9	14
Neither Agree nor Disagree	10	10	7
Agree	14	9	12
Strongly Agree	20	20	18

6.2 Survey Analysis

In Hypothesis 1, I observed that 15% respondents strongly disagree, 12% disagree, 18% neither agree nor disagree, 24% agree and 34% strongly agree.

In Hypothesis 2, I observed that 21% respondents strongly disagree, 15% disagree, 18% neither agree nor disagree, 15% agree and 31% strongly agree.

In Hypothesis 3, I observed that 15% respondents strongly disagree, 24% disagree, 12% neither agree nor disagree, 28% agree and 21% strongly agree.

Chapter 7

RECOMMENDATION

For Hypothesis 1, it can be seen that 58% of the respondents approved that without BO account, investors' information cannot be verified precisely. Hence, like CDS activities, the operating process of CDS open-end mutual fund should be changed as soon as possible.

For Hypothesis 2, 46% of the respondents have consented to the statement that when the ownership is being transferred to the nominee holder after the expiration of principal holder, deficit/absence of information (nominee) brings difficulty to pay dividend. So the nominee information should be checked and verified properly and if the information is not submitted properly, the assent management company should reject the form.

For Hypothesis 3, 49% of the respondents have agreed that The operating procedure of (non-CDS) open-end mutual funds is not secured because CDBL is not recording the (non-CDS) investor transaction information. Hence, non-CDS open-end mutual fund should be digitalised similar to CDBL.

Chapter 8

MONTHLY JOURNAL

I am submitting monthly journals on experiences that I have gathered in last 90 workdays from 8th September 2019 –December 8th 2019. As an intern, some of the mentionable tasks are shortlisted below:

September:

1. I visited the loan accounts and central accounts department where I learned about their procedures of giving loans.
2. I prepared journals of dividend paying letters.
3. Unit Fund's dividend paying letters are recorded in the entry books.
4. I have prepared instalment paying schedule in M.S Excel.
5. I have visited ICB Asset Management company Limited (IAMCL)
6. I learned about ICB mutual funds
 - ICB mutual fund background
 - ICB mutual fund policy
 - ICB mutual fund types
 - How to provide services through mutual funds
 - Advantages of mutual fund
 - How to deal with expenses of mutual fund
 - Risks of mutual fund
7. I prepared journal of dividend paying letters.

October:

1. I visited ICB Capital Management Limited (ICML)
 - Learned about issue management.
 - Learned about how to deal as a trustee and custodian
 - Managing investor's accounts by ICML
 - How to manage ICML portfolios
2. I visited ICB Securities Trading Company Ltd. (ISTCL)
 - Provided brokerage services information
 - Learned about BO (Beneficiary Owners) account opening and maintenance
3. I visited investor's department
 - Learned about customer's services
 - How to maintain investor's accounts
 - Learned about investor accounts opening process and loan's terms and conditions
4. I visited shares department
 - Learned about shares buying and selling process
 - Provided dividend payout process information
 - Learned about mutual fund and unit fund of ICB
5. Visited Business Development Department
 - Learned about corporate social responsibility service system
 - Learned about business development process
 - Sources of donation and branding system
6. Visited Leison and General Credit Department
 - Provided loan services to the mutual fund investors
 - Learned about loan approve system
7. Visited Appraisal Department

- Learned about customer loan approve procedure
- Collect customer background history to provide loan

November:

1. Visited Audit Department

- Learned about rules and regulations
- Learned about methods of auditing
- Provided information about accounts, how to check or find error of different departments of ICB

2. Visited Secretary's Department

- Arrange meeting of the Board Directors. Executive Committee and others
- Correspond with the shareholders on different relevant matters

3. Visited Trustee department

- Learned about their customer/general public services
- Learned how to maintain well relation with general public

4. Visited Custodian Department

- Learned how to deal with customer buy/sell related activities

CONCLUSION

ICB is popular in our country, being referred to as an investment bank. When it involves investing, there remains a big gap between institutional investors and preferred investors. This is true in the context that they may be superior in technology, dynamic and are also risk takers. ICB have to retain to offer services, such as running and coping with of mutual finances to small traders since they are the company's key clients. ICB ought to additionally play vital role of gaining its investor's confidence, so that the capital market and industrial boom in our country can improve. Through this process, the stabilization and growth of our capital market can be ensured. I am quite optimistic that, if the given pointers of this paper are implemented then ICB Mutual Fund can be able to conquer its present issues and may increase its contribution to the rapid improvement of Bangladesh Capital Market.

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