

June 30, 2015



# Performance Evaluation & Customer Satisfaction on Mutual Funds of Investment Corporation of Bangladesh

MUTUAL  
FUNDS OF  
ICB

INTERNSHIP REPORT

*Approved:*  
*Saifur Rahman*  
*30/6/15*



Performance Evaluation & Customer Satisfaction on Mutual Funds of Investment Corporation of Bangladesh

MUTUAL FUNDS OF

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## Letter of Transmittal

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Date: 30<sup>th</sup> June 2015

To,

Showvonick Datta

Lecturer

BRAC Business School

Subject: **Submission of Internship final report.**

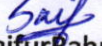
Dear Sir,

This is my great pleasure to submit the Internship report of my three months long Internship program in one of the largest Financial Institution named "Investment Corporation of Bangladesh (ICB)". The title of the report is "Performance Evaluation and Customer Satisfaction on Mutual Fund of Investment Corporation of Bangladesh (ICB)." This report has been prepared to fulfill the requirement of my internship program at my assigned organization in the ICB.

I have put my best effort to make this report a successful one. It has been joyful and enlightening experience for me to work in the organization and prepare this report. However this has been obviously a great source of learning for me.

I would like to express my sincere gratitude to you for your kind guidance and suggestions in preparing the report. It would my immense pleasure if you find this report useful and in formative to have an apparent perspective on the issue. I shall be happy to provide any further explanation regarding this report if you have any query on this report or any other relevant matters.

Yours faithfully,

  
Saifur Rahman

ID: 10204059



## Acknowledgement

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At the beginning, I would like to express my sincere gratitude to the Almighty Allah, the most merciful and beneficial for me to prepare the report within the scheduled time.

This is the final requirement of BBA Program to get attached to an internship for the three months to any organizations. So as a student of the department I got attached to **Investment Corporation of Bangladesh (ICB)** to complete my internship Program at ICB Head Office, BDBL Bhaban, 8, Rajuk Avenue, Dhaka - 1000. At first the report I am very much grateful to Showvonick Datta, Lecturer of BRAC Business School and my Supervisor. According to his valuable guidance and advice I have tried to prepare this report.

At the same time I am also grateful to Human Resource Division, Head office, Investment Corporation of Bangladesh for giving me an opportunity to undergo the Internship Program.

In addition to that, I would like to extend my cordial gratitude Md. UddiptaShahinParag, Senior Officer, Human Resource Department of Investment Corporation of Bangladesh at this branch. Their kind cooperation, guidance and suggestion helped me a lot in gathering knowledge and experience to complete the report finally.

I would also like to take the opportunity to express my wholehearted gratitude to my friends, near and dear ones who offered encouragement, information, inspiration and assistance during the period of construction the internship report.



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## Executive Summary

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Investment Corporation of Bangladesh (ICB) established on 1 October 1976 under the Investment Corporation of Bangladesh Ordinance 1976. It is an investment bank established to accelerate the pace of industrialization and develop a sound securities market in Bangladesh. Initially, the activities of ICB were limited to underwriting public issue of shares, bridge financing, debenture financing and opening/maintaining investors' accounts. ICB had largely expanded its areas and scope of activities and now provides various types of investment and banking services. Added activities include providing debenture loans to companies and loans to investors on margin trading basis, providing advances against ICB unit certificates, leasing of industrial equipment, managing unit fund and mutual funds, and participating in stock exchange for trading securities. Mutual fund comprising of a wide range of securities allows the participants to obtain the benefit of lower transaction costs in purchasing securities enabling the shareholders to hold more diversified portfolios. The demand for ICB mutual funds is also growing fast and persistent price rise in the market reflects the mismatch between demand and supply. ***In Bangladesh ICB has pioneered Mutual Funds for the sake of investors and of the capital market.*** ICB Mutual Funds are independent of one another. To expand its activities and give faculty to small investors ICB first introduced its mutual fund in 1980 with a paid up capital of 50 lac Taka. As this mutual fund was performing well in the capital market ICB started its other seven mutual funds gradually. From the inception till now the Mutual Funds of ICB have proved themselves as very strong and profitable sectors of investment. Their market price and NAV is high even during the bear market. From the history of dividend payment, NAV, P/E ratio, EPS, net profit we can easily understand that ICB mutual funds have a consistency in their performance. The total market capitalization of eight mutual funds is 247.77 crore and total size of fund is 17.75 crore. In 2014 the number of certificate holders of the eight mutual funds is 18724 which were 19799 in 2013. ICB declared record dividend on its eight mutual funds in 2013-2014. The highest dividend of 800% per share was declared on the First ICB Mutual Fund. The dividend declared by the seven other mutual funds are astounding like previous years. ***Strong performance of the funds is reflected in the market prices of the funds. All the mutual funds are traded significantly above per value in both the bourses.*** All of these are on the increase every year for which investors have full confidence in these mutual funds. In 2014 the total portfolio cost of the mutual funds is 155.81 crore where the market value of the portfolio is 401.53 crore Taka and the distributable income per certificate is also increasing every year. As a whole the ICB mutual funds have been a valuable and attractive investment now and always.





## CHAPTER-ONE

### 1.1 INTRODUCTION:

As a part of BBA program, every student has to undergo an "Internship Program" after the twelve semesters and submit an "Internship Report" to the department. I was placed me in the **Investment Corporation of Bangladesh (ICB)** for Internship Program. I had the opportunity to observe the overall aspects of that organization during this Internship Program. My honorable supervisor Showvonick Datta has guided me in this regard and I have put my best effort to make this report a good one. I have prepared a brief report on "**Performance Evaluation and Customer Satisfaction Analysis of ICB Mutual Fund**"

### 1.2 OBJECTIVES OF THE REPORT:

Objectives of the report are:

- i. To investigate the different functions performed by different departments of ICB.
- ii. To fulfill my Graduation Program.
- iii. To relate theoretical learning with the practical situation of capital market.
- iv. To gather knowledge that how investors can do business with ICB and its mutual funds.
- v. To review the practical aspect of the Investment Corporation of Bangladesh.
- vi. To go through all departments of the corporation and observe how the works are going on.

### 1.3 SCOPE OF THE REPORT:

The main focus of the study is "**Performance Evaluation and Customer Satisfaction Analysis of ICB Mutual Fund**". But the report has tried to cover overview of ICB objectives, functions, management, business policy and other things. This report has also mentioned some problems of ICB's mutual fund and its solutions. The empirical parts include only the published information and current practices of the Investment Corporation of Bangladesh.





#### **1.4 LIMITATIONS OF THE REPORT**

Limitations are obvious in any study so do here. Since this is an internship report, the limitations regarding the internship program have acted as the limitations of the study.

Among others the main limitations are:

- I had to go to almost every Department of ICB as part of the internship program. There is a very short span of time to get in-depth knowledge about a massive organization like ICB.
- Officials of ICB maintain a very busy schedule. So they were not always able to provide enough time to enlighten the internee students every time, even if they had the intention to do so.
- The area covered by the report "Performance Evaluation and Customers satisfaction on ICB mutual Fund" concerns a huge number of activities, and it is very difficult to sketch a total picture of the financial activities in a report of this scale.
- People are not that much interested to answer the survey questioners specifically the 14<sup>th</sup> no of question which is open ended question.

In spite of all these limitations, we have tried to put in my efforts as far as possible.





## **CHAPTER-TWO**

### **INVESTMENT CORPORATION OF BANGLADESH (ICB)**

#### **2.1 BACKGROUND OF ICB:**

Investment Corporation of Bangladesh (ICB) is a statutory corporation. It is mainly an investment bank. An investment bank is a financial institution, which mobilized fund from the surplus economic units by savings securities and developed funds to the deficit economic unit also by buying or underwriting securities. After liberation in view of social economic changes, the scope for private sector investment in the economy was kept limited by allowing investment in projects up to Tk. 25 lac. The new investment policy, which was announced in July 1972 provides for an expanded role of private sector by allowing investment in a project up to Tk. 3 crore. The ceiling has further being raised to Tk.10 crore in spite of the adequate facilities and incentives provided to the private sectors encouraging response was not for the coming. One of the reasons among other was the lack of institutional facilities, which provides underwriting support (Like former ICB) to industrial enterprise that was required to raise much need equity fund. Thus, the need for reactivation for capital market, stock market was keenly felt.

The Investment Corporation of Bangladesh was established on 1<sup>st</sup> October 1976, under "The Investment Corporation of Bangladesh Ordinance, 1976 "(NO. XL of 1976). The establishment if ICB was major step in a series of measures undertaken the Government of accelerate the pace of industrialization and to develop a well-organized and vibrant Capital market particularly securities market in Bangladesh ICB caters to the need of institutional support to the need of institutional support to meet the equity gap of the industrial enterprises. In view of the national policy of accelerating, the rate of savings and investment to foster enactment of the Investment Corporation of Bangladesh (Amendment) Act 2000 (No. XXXIV of 2000), reforms in operational strategies and business policies have been taken place by establishing and operating subsidiary companies under ICB.





## **2.2 OBJECTIVES OF ICB:**

The main objectives of ICB are as follows:

- a. To encourage and broaden the base of investment.
- b. To develop the capital market.
- c. To mobilize savings.
- d. To promote and establish subsidiaries for business development.
- e. To provide for matters ancillary thereto.

## **2.3 BUSINESS POLICIES OF ICB:**

The Corporation has adopted a realistic business policy framework within which its operation is conducted. The corporation in its operating acts on commercial considerations with regard to the interest of industry and commerce, investment climate, capital market depositors, investors and to the public interest generally

The operational policies of the Corporation are as follows:

- a) To provide financial assistance to projects subjects to their economic and commercial viability.
- b) To arrange consumption of financial institution including merchant banks to provide.
- c) Equity Support to projects and there by spreads the risks of understanding,
- d) To develop and encourage entrepreneurs.
- e) To diversify investments.
- f) To include small and medium sobers for investment in securities.
- g) To encourage investment in Agro-based and ICT sectors.
- h) To create employment opportunities





## 2.4 FUNCTIONS OF ICB:

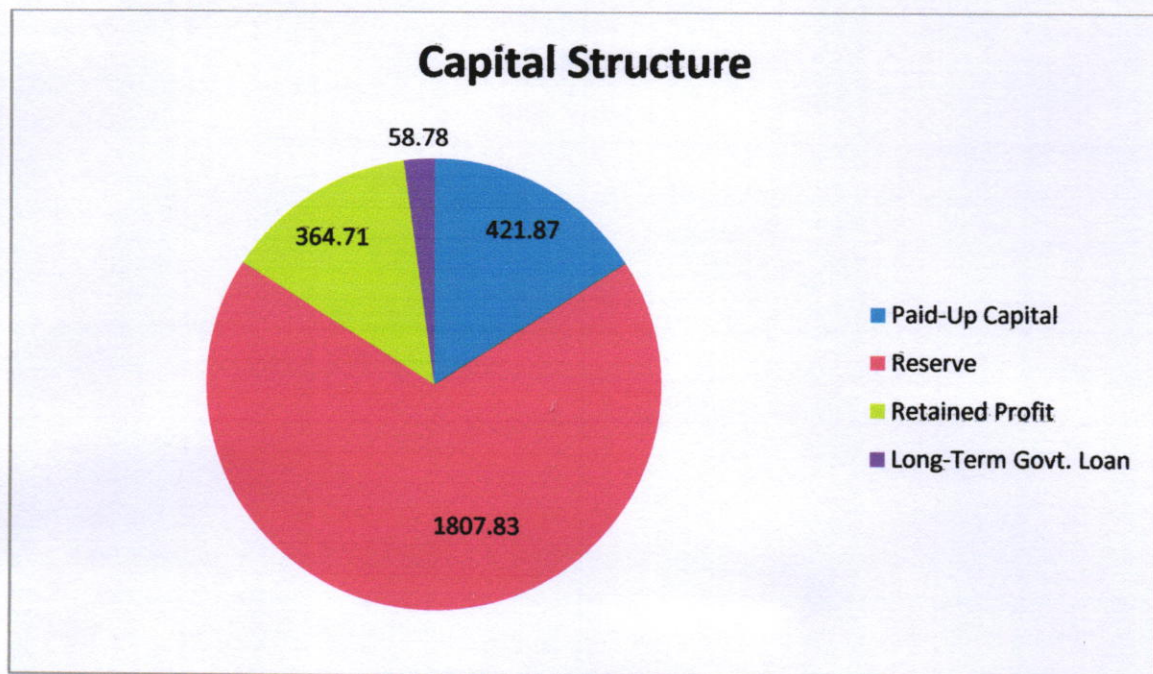
- Direct purchase of shares and debentures including placement and equity participation
- Participating in and financing of joint-venture companies
- Providing lease finance singly and through syndication
- Managing existing Investment Accounts Managing existing mutual funds and unit fund Managing Portfolios of existing businesses Conducting Computer Training Programs
- Providing advance against ICB Unit and Mutual Fund certificates
- To act as Trustee and Custodian
- Providing Bank Guarantee
- Providing Consumer Credit
- Providing investment counseling to investors
- Participating in Government Divestment Program
- Introducing new business products suiting market demand
- Dealing in other matters related to Capital Market
- To supervise and control the activities of the subsidiary companies

## 2.5 CAPITAL STRUCTURE OF ICB:

Particulars	As on 30 June		Increase/ decrease
	2014	2013	
Paid-Up Capital	421.87	421.88	-0.01
Reserves	1807.83	1382.21	425.62
Retained Profit	364.71	307.95	56.76
Long-Term Govt. Loan	58.78	2.45	56.33

Source: Annual report of ICB 2014





Capital Structure as on 30 June, 2014.

**Graph 01**

## 2.6 SHARE CAPITAL WONERSHIP PATTERN OF ICB:

### Shareholder's position

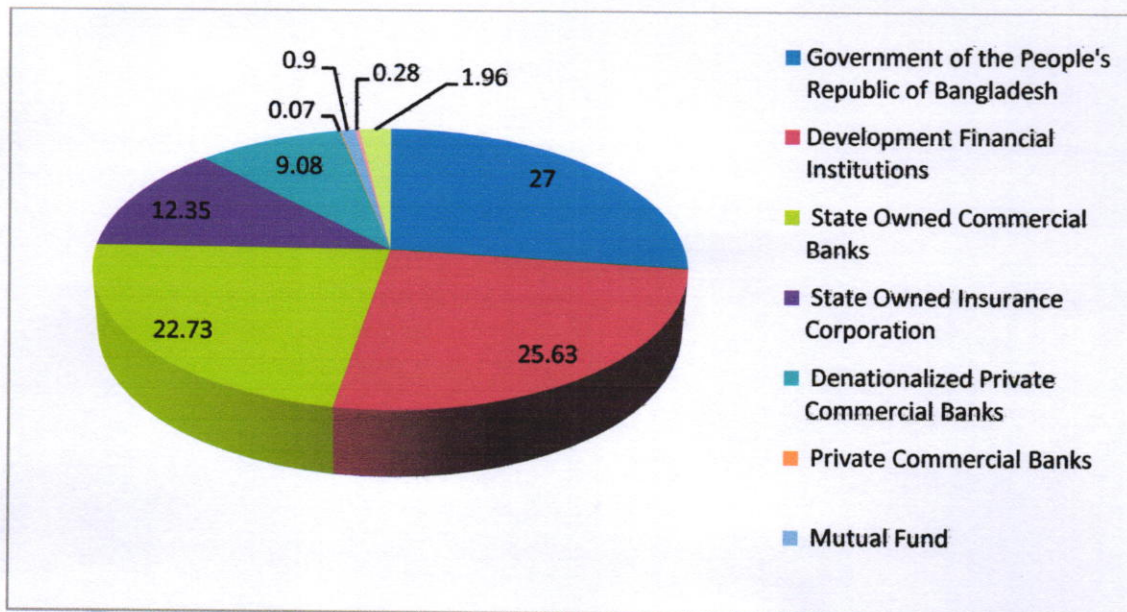
The shareholding position as on 30 June 2014 was as follows:

**Table 02**

Sl. No.	Shareholders	No. of Shares	% of Shareholders
1.	Government of the People's Republic of Bangladesh	11390625	27.00
2.	Development Financial Institutions	10813074	25.63
3.	State Owned Commercial Banks	9587947	22.73
4.	State Owned Insurance Corporation	5212524	12.35
5.	Denationalized Private Commercial Banks	3832836	9.08
6.	Private Commercial Banks	28043	0.07
7.	Mutual Fund	378429	0.90
8.	Other Institutions	118668	0.28
10.	General Public	825354	1.96
<b>Total</b>	<b>Total</b>	<b>42187500</b>	<b>100.00</b>

Source: Annual report of ICB 2014





Graph 02

## 2.7 MANAGEMENT OF ICB:

The Head office of the corporation as per the requirement of the ordinance of ICB is located at Dhaka. The general direction & superintendence of the corporation is created in a board of directors, which consists of 11 directors including the chairman & managing Director of ICB. The Board of Directors consists of the following directors:

- Chairman to be appointed by the government.
- The Directors to be appointed by the government from among persons servicing under the Government.
- The Directors nominated by Bangladesh Bank.
- The Managing Directors, Bangladesh Development Bank Limited.
- Four other directors to be elected by the shareholders.
- The managing directors of ICB to be appointed by the government. The board is discharging its functions acts on commercial considerations with due regard to the interest of the industry & commerce, investment climate, capital market, depository, investors & to the public interest. The managing director is the Chief Executive of the corporation. The corporation has an executive comprised of 5 persons including Managing Director.





## **2.8 REGULATORY FRAMEWORK OF ICB**

As mentioned earlier the regulatory framework of ICB is the, Investment Corporation Bangladesh Ordinance, 1976. This ordinance and regulations laid under the authority of the ordinance is the source of all power and authority of ICB. Through the recent enactment of " The Investment Corporation of Bangladesh (Amendment) Act, 2000" ((XXIV) of 2000 scope of ICB's activities through the formation of subsidiaries have been expanded .In addition to these, to resume its duties and functions, it has to compelled by Companies Act 1994, trust Act 1882, Insurance Act 1983, security and exchange commission Act 1993, Banking Companies Act 1993, Foreign Exchange Regulation 1974 Income Tax Act etc.

It is to note that no provision of laws relating to the winding up of companies or bank shall apply to the corporation and the corporation and the corporation shall not be wound up save by order of the government and in such manner as it may direct.

## **2.9 NUMBER OF BRANCHES OF ICB:**

ICB is a statutory corporation & selling securities. In order to perform these activities effectively ICB has group of skilled manpower. For these purposes ICB has established seven branches in Bangladesh. Total branches are as follows:

- Chittagong Branch
- Sylhet Branch
- Barisal Branch
- Khulna Branch
- Bogra Branch
- Rajshahi Branch
- Local office, Dhaka

## **2.10 TRAINING OF EMPLOYEES:**

There are two types of training

1. Local Training
2. Foreign Training





### **2.10. (A) Local Training:**

During 2008-09, as part of human resource development programmer, ICB took steps to develop skill, knowledge and professional competence of its manpower by arranging various in-house and local training courses. During the year, 35 officers and 24 employees of ICB received local training on different subjects including Grassroots Training Course, Financial Institutions Development Project (FIDP), IDA Credit no. 3285 BD: Securitization Workshop, Financing Homeownership Experience with Public-Private partnership, Leadership Training Course for Women, International workshop on the Development of Bond Market in Bangladesh, Joint Leadership Training Course for Finance Sector, Trade Union Course for Youth Member, National Training Course on Public Procurement Management, Marketing of Bank Products, Corporate Governance, Departmental Inquiry, Asset Securitization Role of Trustee, Database Administration with SQL Server-2000, Securitization, Bond Market and Commercial Papers: Primary and Secondary Market Development, Factoring for SME Financing, The Stock Market in Bangladesh with Particular Reference to the Operation of the Exchanges and Regulatory Issues Related to Market Safety, etc.

### **2.10. (B) Foreign Training**

During 2008-09, 5 officers participated in a training course held in India on Identification and Rehabilitation of Sick Projects.

## **2.11 Products of ICB**

### **A. Private Placement:**

ICB is authorized to act as an agent of issuers and investors for private placement of securities. Under this arrangement, ICB places securities to individuals or institutions on behalf of the issuer for which it charges fees. ICB also acquires shares or securities for its own portfolios.

### **B. Underwriting:**

In order to raise long term debt equity from the primary market, the Government bodies, enterprises, corporation or companies may seek intermediary assistance from ICB in the form of underwriting. Because of its long and proven experience, reputation, asset back up and established network of regional offices, ICB is in an excellent position to attract the potential investors to the proposed issue of shares, debenture and other securities for successful floatation of IPO & placement.





**C. Custodian and Bank to the Issues:**

To act as the custodian to the public issue of open-end & mutual Funds, ICB provides professional services. It also acts as the Banker to the issues and provides similar services through the network of its branches. Fees in this regard are negotiable.

**D. Merger and Acquisitions:**

Companies willing to expand their business through mergers or acquisitions or to divest projects that no longer fit into present scale of operation contact the corporation. ICB provides professional services & advice in respect of shaping up the cost and financial structures to ensure best possible operation results.

**E. Corporate Financial Advice:**

Companies and Government enterprises intending to go public often seek professional & financial advice on corporate restructuring & reengineering. ICB through its expertise provide such services.

**F. Lease Financing:**

ICB provides lease finance mainly for machinery, equipment and transport. ICB is in a position to provide professional advice and financial to the intending clients. The period of lease, rental, and changes and other terms and conditions are determined on the basis of assets and the extent of assistance required by the applicants.

**G. Advanced against ICB Mutual fund Certificates Scheme:**

Advanced against ICB Mutual Fund Certificates Scheme was introduced in 2003, designed for the ICB Mutual Fund certificate holder to meet their emergency fund requirement. One can borrow maximum of 50% value of last one year's weighted average market price of certificates at the time of borrowing by depositing his or her certificates under lien arrangement from any of the ICB's offices. The rate of interest on the loan is reasonable and also competitive.

**H. Bank Guarantee Scheme:**

As part of ICB's business diversification Program, the corporation introduced bank guarantee scheme during the year 2002-2003 ICB provides (i) bid bond for enabling the business people to participate in any tender or bidding, (ii) performance bond for helping the business community to continue their business smoothly by fulfilling their





obligations promised by them to their clients, (iii) customs guarantee to solving different disagreements between the customs authority and the business classes at the initial stage. The maximum limit of guarantee is tk.2.00 Crore and would be issued against at least 20% cash and 820% easily excusable securities or against 100% cash margin. Re-guarantee from other financial institutional is required for guarantee against the amount exceeding Tk. 2.00 Crore.

#### **I. ICB Mutual Fund:**

ICB has so far floated eight close-ended Mutual Funds. The first ICB Mutual Funds was floated on 25 April 1980, while the Eight ICB Mutual Fund was floated on 23 July 1996. The aggregate size of these funds is Tk. 17.5 Crore. As on 30 June 2004, 33646 certificate holders own these funds. Dividends declared on the funds were very attractive ranging from 14.0 to 200.0 per certificate for 2003-2004. Investors show overwhelming interest in all the ICB mutual funds. One can invest in such funds through the stock exchanges with which these funds are listed. Through corporate restructuring, new mutual funds are being floated through "ICB Asset Management Company Ltd." –a subsidiary of ICB.

#### **J. ICB Unit Fund:**

It is on open-end mutual fund scheme launched in April 1981, through which the small and medium savers get opportunities to invest their savings in a balanced and relatively low risk portfolio. ICB has so far declared attractive dividends on units every year ranging from Tk. 11.5 to Tk. 25.0 per unit. Investment in units enjoys tax benefits, amount being applicable as per law. However, under the ICB's restructuring programmed new unit certificates are being sold by ICB's subsidiary company, the ICB Asset Management Company Ltd.

#### **K. Investors' Scheme:**

The Investors' Scheme was introduced in June 1977. Over the years, this scheme has grown tremendously. ICB, at its discretion, may grant up to two times loan against the assets of an account subject to a maximum limit of Tk. 3.0 lac. An accountholder may use the combined balance of his or her equities and loan to buy shares or securities. To help the investors to develop diversified and balanced portfolio to minimize risk and





earn a reasonable return, ICB provides professional advice and other support services. Under the restructuring Program, ICB operates and manages only the old accounts and new accounts are being opened and managed by the ICB Capital Management Ltd.-a subsidiary of ICB.

## **2.12 ACTIVITIES OF SUBSIDIARY COMPANY'S:**

### **2.12. A. ICB Capital Management Limited:**

ICB Capital Management Limited can act all types of merchant banking business and to act as a member of financial markets, portfolio managers issuer, underwriting, co-underwriters, sub-underwriters, lending activities, to finance venture capital leasing activities, bridge financing and provide long-term loan, discounting bill of exchange, providing credit facilities through credit cards, internet counsel regarding investment and industrial entity.

### **2.12. B. ICB Asset Management Company Limited:**

ICB Asset Management Company Limited can manage assets of any trustee or funds of any type and/or character and to hold, acquire, sell or deal in such assets or any trusts or funds, to manage and administer provident or pension funds, to organize various schemes of different types for trusts or funds, to take part on the management of mutual fund operations, to operate, conduct, accomplish and establish services for industrial, trading and commercial activities, to invest funds in shares and securities, to carry on business as financial and monetary agents to merchandise shares and other securities.

### **2.12. C. ICB Securities Trading Company Limited:**

ICB Securities Trading Company Limited acts as a member of Stock Exchange 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, and foreign currencies, treasury bills in Bangladesh and abroad. To open and maintain investors account or margin accounts and purchase and sell shares. To carry on business as financiers, promoters, capitalists, financial and monetary agent to merchandise shares and other securities and to provide professional counsel regarding investment and manage industrial entity.





2.13: ORGANIZATIONAL STRUCTURE

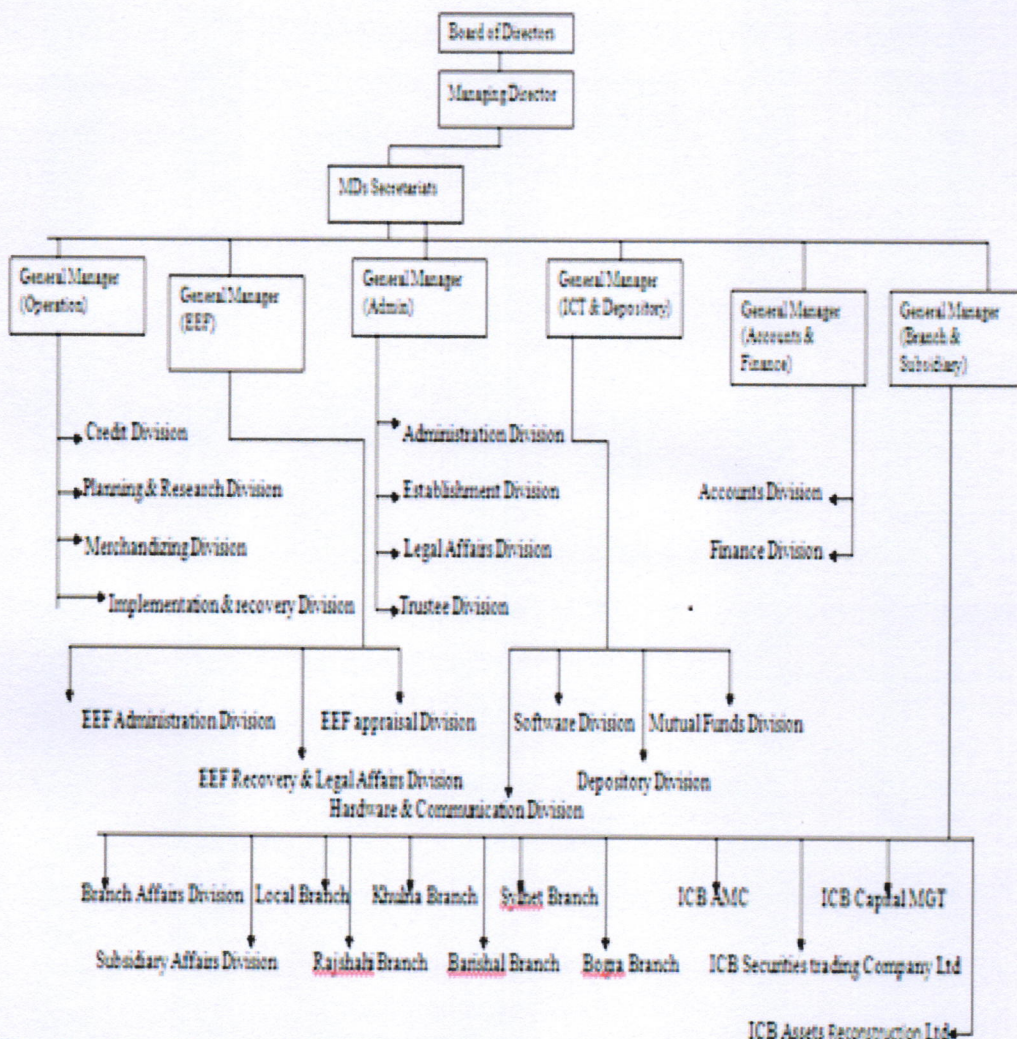


Table: Organizational Structure of ICB





## **2.14: VISION**

The vision of ICB is to be the leading, responsible and environment friendly financial institution operating in such a way that our fellow competitors and the society watch, acknowledge, admire and emulate us as a successful model organization in the sector.

## **2.15: MISSION**

- ✓ Transform the ICB into a responsible institution, a financial architect, an innovative solution provider and a performance leader;
- ✓ Being responsible institution created by law, they will act in accordance with the mandates of their ordinance for fostering rapid growth of Bangladesh economy.
- ✓ Being a financial architect, they will strive to establish a benchmark of values, attitudes, behavior and commitments with earnest endeavors in generating optimum profits and growth for their shareholders by efficient use of resources.
- ✓ Being an innovative solution provider, they put emphasis on formulating total solutions to foster mobilization of all domestic and NRB savings into potential investment.

So, ICB has been providing diversified services to the investors and financial institutions. It has proved that it is worth of doing these types of actives better than the other intuitions working in the capital market in Bangladesh. For this reason it trains its employees so that it can keep its performance levels as before and improve in future. Its subsidiaries are also doing well in the capital market. The management of ICB is regulated with an active and effective regulatory framework. As a whole ICB seems to influence the whole capital market and many important things are impossible without ICB.





## **CHAPTER-THREE**

### **ACTUAL JOB**

#### **3.1 INTERNSHIP EXPERIENCE**

I did my three month internship program in Investment Corporation of Bangladesh (ICB). During my internship program, I gained lots of experience about corporate environment. My internship experiences are given below-

#### **3.2 NATURE OF THE JOBS**

The report has been prepared on the basis of experience gathered during the period of internship. Within this time of period, I mainly worked almost every department of ICB as it was the rules for the internship students given by ICB. Mainly I have done many works including important documents arranging, photocopy papers. Besides that I have done different types of tasks in different desks whenever they assigned me to do.

#### **3.3 RESPONSIBILITIES**

##### **3.3. A. Collecting IPO Forms**

Though I was an internship student, I was assigned in a very important job from which I have learned lots of things. I was assigned in ICB's another office in NSC tower for collecting the IPOs of BSRM. There were two divisions for collecting the IPO, one was cash department where all the forms were taken in cash and another was cheque division. I worked in the cheque division. I had collected IPO forms and check all the information that is filled up by IPO holders. If there is any problem with the information I corrected all the wrong information or if someone needed help to fill up the form I was there for the IPO holders. After that, I took their forms and bank cheque along with the form and calculate the amount of money in terms of number of forms. There were some rules of taking cheque. Those are given bellow-

- ✓ If the cheque amount were more than 50000tk then had to take 10tk charge per check.
- ✓ If the cheque amount were more than 100000tk then the charge is 20tk.
- ✓ There were no charges for bellow 50000tk cheque.
- ✓ If the cheque is from IFIC Bank then there were no charges whatever the amount was.

Finally after all these, I sealed the serial number and signed all the forms. At 3 pm the form collection was closed and I rearrange all the forms according to the serial number. That is how the work had finally done.





### **3.3. B. Briefing Session**

Before starting work in any department we had to attend in a briefing session. The departmental heads let us know how the work has to be done. Beside this they also gave us the important information about the department such as their achievements, what are the objectives of their department etc.

### **3.4 CRITICAL OBSERVATIONS AND RECOMMENDATIONS**

It was a great journey of three months internship program in ICB. The employees and other staffs were very much helpful and also caring to us. However I had some negative observation as well. My findings are given below-

- ✓ As internship students we had to go in different department and the department head gave us a brief description on their individual department. We had to attend as a group of internship students but there were not enough space to sit. So they should improve their sitting capability.
- ✓ Some department heads were not so friendly to answer our questions. So they should be more friendly and cooperative with the internship students.
- ✓ ICB's office was very large but there were only one photocopy machine in which results we had to stand in line for photocopy.
- ✓ In NSC tower office where we collected IPO forms, the chairs were not so comfortable, as we had to sit for the day long it should be more comfortable.
- ✓ The seals quality was not so good; as a result the ink was split most of the time.
- ✓ There was lack of using technology. For example, when we collected check we write down the cheque number and name in a diary. It should be computerized for better output.





## **CHAPTER-FOUR**

### **MUTUAL FUNDS OF INVESTMENT CORPORATION BANGLADESH**

#### **4.1 WHAT IS MUTUAL FUND?**

Mutual funds has been defined by different authors in different words meaning one & the same thing i.e., it is a non-deposition or non-banking financial intermediary which acts as important vehicle for bringing wealth holders & deficit units together indirectly.

Mutual funds “are corporation which accepts dollars from savers & then use these dollars to buy stocks, long-term bonds, and short-term debt. Instruments issued by business or Govt. unit, these corporations pool funds & thus reduce risk by diversification.”

Mutual funds sell equity shares to investors & use these funds to stocks and/ or bonds. They tend to specialize in denomination & default risk intermediates. Mutual funds sell relatively small denomination securities to wealthy holders & use the proceeds to purchase the market securities of deficit units. These also gain economics of scale, which lower the cost of analyzing securities managing portfolio & trading in stocks & bonds.

Mutual funds earned income by way of interest or dividend or both from the securities it holds. It deducts fee, operating expenses & a management income & then passes the remainder to wealth holder through dividends on the mutual fund share. The dividend fluctuates with the income on mutual funds investment

#### **4.2 TYPES OF MUTUAL FUNDS:**

There are 2 types of Mutual Fund:

- a) Open-end mutual fund
- b) Close-end mutual fund





#### **4.2. A. Open-end Mutual Fund:**

The holders of the shares in fund can resell them to the issuing mutual fund company at any time. They receive in turn the net assets value (NAV) of the shares at the time of resale. Such mutual funds companies place their funds in the secondary securities market. The open-end mutual fund companies buy or sell their own shares. These companies sell new shares at NAV plus a loading or management fee & redeem shares at NAV.

#### **4.2. B. Close-end Mutual Fund:**

Close-end fund Investment Company has a definite target amount for the funds & cannot sell more shares after its initial offerings. Its shares are issued like any other company's new issue listed & quoted at stock exchange. The shares of close-end fund are not redeemable of their NAV as are in open-end fund. These shares are traded in secondary market prices that may be above or below their NVA. The objectives of close-end funds may differ as compared to open-end fund. The prices of close end mutual fund shares are denominated by demand & supply & not by NAV. The examples of close-end funds include can stock, can share, master-share, magnum etc. which have the above figures.

#### **4.3 MUTUAL FUND RETURNS:**

There are three types of mutual fund returns:

- I. **Dividends:** The dividend income to mutual fund company from investments in shares, both equity & preference, are passed on to holders. Their dividends are subject to tax deduction as per income Tax Laws.
- II. **Capital gains:** Mutual fund holders or owners also get benefits of capital gain, which are realized & distribute in cash or hand. There are subject to tax in the same way as gain or uses of directly hold securities.
- III. **Increase or decrease in net assets value:** The increase or decreases in net assets value are the results of unrealized gains & losses on portfolio holdings. They are not tax until released.





#### **4.4 INTRODUCTION OF ICB MUTUAL FUNDS**

It is a recognized principle that diversification of investment reduces risk. An individual may not have the time, expertise and resources to undertake such diversification. Here arises the advantage of a Mutual Fund. Mutual Funds pool the savings of a great number of investors and make investments in a wide array of securities. In Bangladesh ICB has pioneered Mutual Funds for the sake of investors and of the capital market. Country's first Mutual Fund the "First ICB Mutual Fund "was floated on 25<sup>th</sup> April 1980. Since then ICB has, over the years, floated 8 Mutual Funds with the total capital of Tk. 17.50 crore. ICB Mutual Funds continued to command the confidence and attraction of investors as lucrative and rewarding investment in terms of steady dividend performance.

ICB has been able to declare attractive dividends on its Mutual Funds during 2011-2012 as previous year. Among the 8 Mutual Funds the highest dividend of 600 percent was declared on the First ICB Mutual Fund. The dividend declared by seven other mutual funds ranged from 300 percent followed by 200 percent on the Second and Third ICB Mutual Funds. The rates dividend for the previous year ranged from 500 percent to 90 percent. Strong performance of the funds is reflected in the market prices of the funds. All the mutual funds were traded significantly above par value in both the bourses.

The portfolios of all the mutual funds were managed with diligence and prudence to ensure maximization of return of risk in the interest of investors.





#### 4.5 LAUNCHING OF ICB MUTUAL FUNDS:

Name of the fund	Date of launching	Paid-up capital (Tk. in lac)
First ICB Mutual Fund	25 April, 1980	50.00
Second ICB Mutual Fund	17 June, 1984	50.00
Third ICB Mutual Fund	19 May, 1985	100.00
Forth ICB Mutual Fund	06 June, 1986	100.00
Fifth ICB Mutual Fund	08 June, 1987	150.00
Sixth ICB Mutual Fund	16 May, 1988	500.00
Seventh ICB Mutual Fund	30 June, 1995	300.00
Eighth ICB Mutual Fund	23 July, 1996	500.00
	Total=	1750.00

Source: Annual report of ICB

#### 4.6 REGULATORY SET-UP OF ICB MUTUAL FUND:

When ICB took the initiative of floating mutual fund in Bangladesh, there was no organized and recognized regulatory set-up for managing of mutual funds in Bangladesh. ICB had to formulate the necessary regulatory set-up and rules for the management of mutual funds; the regulatory set-up for ICB Mutual funds is explicitly explained in the ICB Regulation-1977. The main features of th8is regulatory set-up are mentioned below:

- The corporation might form the ICB mutual funds of such denominations and securities in such each case as the board may determine.
- ICB Mutual Fund certificates will be listed and quoted in the stock exchange in Bangladesh and the board may determine subject to the permission of the stock exchange.
- ICB Mutual funds certificate shall be movable property and freely transferable.
- ICB Mutual fund certificates may be offered for sale or subscription to the general public or to institution, individuals or class individuals or to all or some of them and in such manner as the board may in case determine.
- ICB Mutual fund certificate will be sold or offered for subscription with the prior consent of the government.





#### **4.7 MUTUAL FUND MANAGEMENT:**

There is a decision making board in order to manage different mutual funds. As per board's decision securities are sold brought under different mutual funds. At the same way securities are sold. In case of new mutual fund subscribes for public issue. ICB authority is made portfolio earlier by its own finance & given it name. After that it is published on any newspaper as prospectus, which shares & debentures have been, brought under these mutual fund shows in the prospectus. By studying this prospectus public response whether they will buy the mutual fund or not.

#### **4.8 HOW TO BUY OR SALE MUTUAL FUNDS:**

Mutual fund is a close-end fund. So anybody that wants to buy mutual fund he/she has to buy it from Dhaka Stock Exchange or Chittagong Stock Exchange through any stockbroker. In the same way he/she can sale it.

#### **4.9 REGISTRATION OF MUTUAL FUND:**

In order to receive dividend or to be shareholder of mutual funds anybody who has purchased it must registrar his then name & address to company registration book without book closing date. Mutual fund department register shareholders name & address. As per the name & address Mutual Fund Department sent dividend warrant to shareholders.

#### **4.10 CAUSES BEHIND INVESTING IN ICB MUTUAL FUND.**

ICB mutual fund is regarded as the most trusted medium of investment in the country & it is very much popular with the small & medium of investment in the country & it is very much popular with small & medium investors. The reasons of investing in ICB mutual fund are as follow:

- i. **Free from Tax:** Investment in mutual fund free from income tax.
- ii. **High Return:** Most small & medium investor seeks a smooth return from their investment. The dividend payment against each certificate was very much attractive. This brings satisfaction to the investors.





- iii. **Free from Harassment:** Investment want to avoid harassment in the investment process. Mutual fund of ICB reluctant the investors from such type of pressure.
- iv. **Risk Free:** Small & medium investors are very much cautions about the security of their investment & they found that there is not chance to loss their savings & no doubt about the institution that is will not close its operation without any notification.

#### **4.11 HOW MUTUAL FUNDS WORK:**

A mutual fund is a separate company. It has a structure that offers several safeguards for investors. The structure is stated in the following.

- i) **Shareholder ownership:** Since the investors bear the fund's investment risk so they are owners of the corporation.
- ii) **Board of Director:** Shareholders elect Board of Directors.
- iii) **Management Company:** Management Company handles daily administration. It may serve as the investment advisor, buying & selling of portfolio.
- iv) **Adviser:** According to the objects of the funds adviser runs the portfolio.
- v) **Independent Custodian:** The funds asset (stock, Bond's cash) is kept by an independent custodian. This protects shareholders against theft by management.
- vi) **Transfer agent:** The transfer agent handles sales & redemption of fund shares; handle dividend & capital gain distribution.
- vii) **Principal underwriter (fund distributor):** The underwriter helps to distribute fund shares to investing public.





#### 4.12 PERFORMANCE EVALUATION & ANALYSIS OF ICB'S MUTUAL FUNDS

##### MUTUAL FUNDS OF ICB

In the developed countries like Bangladesh, mutual funds are popular & gained confidence of not only the investors but also Government. In Bangladesh mutual fund came through ICB in 1980. The total paid up capital of mutual funds is Tk. 17.50 crore. The ICB mutual fund is more than other funds. Other funds divided rates are attractive.

##### COMPARATIVE PERFORMANCE OF ICB MUTUAL FUNDS 2013-2014

Name of Mutual Funds	Size of fund (Tk crore)	2013-14			2012-13		
		Per certificate		As on 30 June 2014	Per certificate		As on 30 June 2013
		Distribute-able Income Tk	Dividend Payment Tk	Market price per certificate Tk	Distribute-able Income Tk	Dividend payment Tk	Market price per certificate Tk
First Mutual Fund	ICB 0.75	193.91	80	913.00	161.71	70	932.00
Second Mutual Fund	ICB 0.50	101.91	40	265.00	90.14	37.5	305.50
Third Mutual Fund	ICB 1.00	65.64	25	226.50	61.55	24	208.90
Fourth Mutual Fund	ICB 1.00	75.50	25	211.00	66.33	24	200.00
Fifth Mutual Fund	ICB 1.50	54.08	22.5	184.90	46.79	20	193.10
Sixth Mutual Fund	ICB 5.00	21.77	11	65.10	20.53	10.5	61.30
Seventh Mutual Fund	ICB 3.00	33.95	13	100.00	29.87	12	112.00
Eighth Mutual Fund	ICB 5.00	28.63	12	67.70	25.99	11	68.40





The above table shows the cooperative performance of the eight mutual funds of ICB in 2013 and 2014. Here the size of the fund shows that the second mutual fund has the lowest size of fund compared to the others and the highest fund that is 5 crore taka for the 6<sup>th</sup> and the 8<sup>th</sup> mutual funds. But in case of dividend payment the 1<sup>st</sup> mutual fund gave the highest income that is 800.00 taka per certificate which was 700.00 in 2013. The lowest dividend is paid by the 6<sup>th</sup> mutual fund that is 110.00 taka only and in 2013 it was 61.30. In case of income per certificate the 1<sup>st</sup> mutual fund also earned the highest income that is 193.91 that was 161.71 in 2013 and the lowest income per certificate is for the 6<sup>th</sup> mutual fund that is 21.77 taka where the 2<sup>nd</sup> lowest was 28.63 taka for the 8<sup>th</sup> mutual fund. As the 1<sup>st</sup> mutual fund shows its better performance in all cases its market price per certificate is the highest of all other mutual funds that is 913.00 in 2014 which was 932.00 in 2013 and the lowest of all the mutual fund is 6<sup>th</sup> mutual fund that is 65.10 taka which was 61.30 taka for the 8<sup>th</sup> mutual fund.

**PORTFOLIO POSITION**  
(As on 30 June 2014)

Name of the Fund	Cost of Portfolio (Tk. in crore)	Market Value of the Portfolio (Tk. in crore)	Market price Per Certificate (Taka)	No. of Certificate-holders
1 <sup>st</sup> ICB Mutual Fund	17.44	118.28	913.00	805
2 <sup>nd</sup> ICB Mutual Fund	11.55	21.25	265.00	894
3 <sup>rd</sup> ICB Mutual Fund	13.46	38.53	226.50	1214
4 <sup>th</sup> ICB Mutual Fund	14.86	36.15	211.00	1036
5 <sup>th</sup> ICB Mutual Fund	19.26	47.68	184.90	2118
6 <sup>th</sup> ICB Mutual Fund	23.10	41.08	65.10	5125
7 <sup>th</sup> ICB Mutual Fund	26.09	47.68	100.00	1859
8 <sup>th</sup> ICB Mutual Fund	30.05	50.88	67.70	5673
<b>Total</b>	<b>155.81</b>	<b>401.53</b>	<b>2033.2</b>	<b>18724</b>

Source: Annual report of ICB 2014





The portfolio position has been shown by the cost of portfolio, its market value, market price per certificate and no. of certificate holders. The highest cost of portfolio is for the 8<sup>th</sup> mutual fund is 30.05 crore where the lowest cost of portfolio is for the 2<sup>nd</sup> mutual fund is 11.55 crore. The market value of the portfolio shows that the 1<sup>st</sup> mutual fund's portfolio has the highest value in spite of having lowest cost that is 118.28 and the lowest one is 21.25 for the 2<sup>nd</sup> mutual fund. The most certificate holders are in the 8<sup>th</sup> mutual fund and the lowest no of certificate holders are for the 1<sup>st</sup> mutual fund.

**OPERATIONAL RESULTS**  
(2013-14)

Name of the Fund	Net Income (2013-2014)	Net income (Tk. in Lac) (2012-2013)	Distributable income per Certificates (Taka) (2013-2014)	Ex-dividend intrinsic value per Certificate (Taka)(2013-2014)
1 <sup>st</sup> ICB Mutual Fund	102.19	75.63	193.91	1470.10
2 <sup>nd</sup> ICB Mutual Fund	49.27	44.10	101.91	267.21
3 <sup>rd</sup> ICB Mutual Fund	28.10	26.16	65.64	301.65
4 <sup>th</sup> ICB Mutual Fund	33.17	29.24	75.50	274.29
5 <sup>th</sup> ICB Mutual Fund	27.29	23.45	54.08	231.99
6 <sup>th</sup> ICB Mutual Fund	11.74	10.99	21.77	56.92
7 <sup>th</sup> ICB Mutual Fund	16.08	13.53	33.95	102.93
8 <sup>th</sup> ICB Mutual Fund	13.64	12.47	28.63	68.29

The operational result of the mutual funds show that in 2013 the 1<sup>st</sup> mutual fund has earned the highest net income that is 75.63 where in 2014 it was 102.19 and the lowest net income has been earned by the 6<sup>th</sup> mutual fund that is 10.99 in 2013 and in 2014 it was 11.74. The ex-divided intrinsic value shows that 1<sup>st</sup> mutual fund has highest and the 6<sup>th</sup> mutual fund has the lowest value in both years.





### FORMULA USED FOR EVALUATION

- Average price= (Year high price+ year low price)/2
- 
- Pay-out Ratio= {Dividend per share (DPS)/Earnings per share (EPS)}×100
- Dividend Yield Ratio= {Dividend per certificate (DPC)/ Market price per certificate (MPC)}×100
- Chagrining dividend % = current year dividend – previous year dividend)/ value of previous year×100
- Growth Rate (Based Year) = {Value of current year – value of previous year}/value of previous year×100
- Net Asset = Total Assets – Total liabilities.
- Expense Ratio = Total Expense/ Net Assets.
- Price- Earning (P/E) Ratio = (MPC/EPC)
- Dividend pay-out Ratio = (DPC/EPC)× 100



## CALCULATION OF LAST TWO YEARS PERFORMANCE OF ICB MUTUAL FUNDS

### 1<sup>st</sup> Mutual fund

Year	CP Portfolio Tk. in Crore	MV of Portfolio Tk. in Crore	GR of MV Base Year (%)	MP / Certificate Tk.	EPC Tk.	DPC Tk.	Number of Shares	P/E Ratio	DP Ratio (%)	Dividend Yield (%)	Net Asset Value per share	Avg. MP/ Certificate Tk.	No. Certificate Holders
2014	17.44	118.28	60.34	913.00	102.13	80	750000	8.93	78.33	8.76	1550.10	944.6	805
2013	16.10	73.77	45.55	932.00	75.63	70	750000	12.32	92.56	7.51	872.30	853.5	815





The above table shows the two year performance of the 1<sup>st</sup> mutual fund. In this table it is visible that the cost of portfolio has been increasing every year so as the market value. In 2014 the market value of the portfolio has increased most that is 60.34%. The earning per share in 2014 is 102.13 that is highest of the previous years and the lowest was in 2013 which is 75.63. In case of dividend the mutual fund also is improving its payment every year. In 2013 and 2014 the number of shares was 750000. The P/E ratio in 2014 is 8.93 but in 2013 it was 12.32. The highest dividend payout ratio was in 2013 and in 2014 it decreased to 78.33%. The most important fact is that the NAV of the 1<sup>st</sup> mutual fund increased much in 2014 compared to the year of 2013 which is 1550.10. The average market price has been found by dividing the 52 weeks highest and lowest price by two and it is also highest in 2014. The no. of certificate holders decreased to 805 in 2014 than 2013.



## 2<sup>nd</sup> Mutual Fund

Year	CP Portfolio Tk. in Crore	MV of Portfolio Tk. in Crore	GR of MV Base Year (%)	MP / Certific ate Tk.	EPC Tk.	DPC Tk.	Number s of Shares	P/E Ratio	DP Ratio (%)	Dividen d Yield (%)	Net Asset Value per share	Avg. MP/ Certific ate Tk.	Certific ate Holders
2014	11.55	21.25	22.55	265.00	49.27	40	500000	5.38	81.19	15.09	267.21	297.3	894
2013	9.76	17.34	19.24	305.50	44.10	37.5	500000	6.93	85.03	12.27	215.61	252.75	858





The above table shows the two year performance of the 2<sup>nd</sup> mutual fund. In this table it is visible that the cost of portfolio has been increasing in 2014 from 2013 to 11.55 crore where the market value in this year increased that is 21.25 crore which was 17.34 crore in 2013. In 2014 the market value of the portfolio has increased most that is 22.55%. The earning per share in 2014 is 49.27 that is higher than 2013 which was 44.10. The no of shares has remained stable so far that is 500000. The P/E ratio in 2014 is 5.38 but in 2013 it was 6.93 despite the no of shares was stable. So the P/E ratio decreased from the last years. The dividend payout ratio was also higher in 2013 compare to 2014. The most important fact is that the NAV of the 2<sup>nd</sup> mutual fund increased much in 2014 compared to the year of 2013 which is 267.21. The average market price has been found by dividing the 52 weeks highest and lowest price by two and it is also highest in 2014. The no. of certificate holders increased to 894.



### 3<sup>rd</sup> Mutual Fund

Year	CP Portfolio Tk. in Crore	MV of Portfolio Tk. in Crore	GR of MV Base Year (%)	MP / Certifica te Tk.	EPC Tk.	DPC Tk.	Numbers of Shares	P/E Ratio	DP Ratio (%)	Dividen d Yield (%)	Net Asset Value per share	Avg. MP/ Certifica te Tk.	Certifica te Holders
2014	13.46	38.53	40.06	226.50	28.10	25	1000000	8.06	88.97	11.04	326.65	210.50	1214
2013	11.19	27.51	35.73	208.90	26.16	24	1000000	7.99	91.74	11.49	235.16	176.95	1202





The above table shows the two year performance of the 3<sup>rd</sup> mutual fund. In this table it is visible that the cost of portfolio has been increasing from 2013 to 2014. It has increased to 13.46 crore where the market value in this year increased that is 38.53 which was 27.51 in 2013. In 2014 the market value of the portfolio has increased most that is 40.06%. The earning per share in 2014 is 28.10 that is higher than 2013 which was 26.16. The no of shares has remained stable so far that is 1000000. The P/E ratio in 2014 is 8.06 but in 2013 it was 7.99 despite the no of shares was stable. So the P/E ratio increased from the last years. The dividend payout ratio was 91.74 in 2013 and 88.97 in 2014 that mean dividend payout ratio decreased in the given no. of shares. The most important fact is that the NAV of the 3<sup>rd</sup> mutual fund increased much in 2014 compared to the last year which is 326.65. The average market price has been found by dividing the 52 weeks highest and lowest price by two and it also higher in 2014 than 2013 and it was 210.50 in 2014. The no. of certificate holders increased in this year that is 1214 in 2014 and 1202 in 2013.



## 4<sup>th</sup> Mutual Fund

Year	CP Portfolio Tk. in Crore	MV of Portfolio Tk. in Crore	GR of MV Base Year (%)	MP / Certificate Tk.	EPC Tk.	DPC Tk.	Numbers of Shares	P/E Ratio	DP Ratio (%)	Dividend Yield (%)	Net Asset Value per share	Avg. MP/ Certificate Tk.	No. Certificate Holders
2014	14.86	36.15	33.30	211.00	33.17	25	1000000	6.36	75.37	11.85	299.29	202.00	1036
2013	11.92	27.12	29.08	200.00	29.24	24	1000000	6.84	82.08	12	229.24	170.75	1378





The above table shows the two year performance of the 4<sup>th</sup> mutual fund. In this table it is visible that the cost of portfolio increased in 2014 which is 14.86 crore compare to 2013. The market value in this year also increased that is 36.15 which was 24.12 in 2013. In 2014 the market value of the portfolio has increased than 2013 that is 33.30%. The earning per share in 2014 is 33.17 that are higher than the previous year and in 2013 it was 29.24. The no of shares has remained stable so far that is 1000000. The P/E ratio in 2014 is 6.63 but in 2013 it was 6.84 despite the no of shares was stable. So the P/E ratio decreased from the last year. The highest dividend payout ratio was in 2013 that is 82.08 and in 2014 it was 75.37 that mean dividend payout ratio decreased in the given no. of shares. The most important fact is that the NAV of the 4<sup>th</sup> mutual fund increased much in 2014 compared to the last year which are 299.29. The average market price has been found by dividing the 52 weeks highest and lowest price by two and it is also highest of the last years. The no. of certificate holders decreased in this year that is 1036 in 2014 and 1378 in 2013.



## 5<sup>th</sup> Mutual Fund

Year	CP Portfolio Tk. in Crore	MV of Portfolio Tk. in Crore	GR of MV Base Year (%)	MP / Certificate Tk.	EPC Tk.	DPC Tk.	Numbers of Shares	P/E Ratio	DP Ratio (%)	Dividend Yield (%)	Net Asset Value per share	Avg. MP/ Certificate Tk.	No. Certificate Holders
2014	19.26	47.68	36.15	184.90	27.29	25.5	1500000	6.78	93.44	13.79	254.49	177	2118
2013	15.35	35.02	31.05	193.10	23.45	20	1500000	8.23	85.29	10.36	188.92	165.55	2126





The above table shows the two year performance of the 5<sup>th</sup> mutual fund. In this table it is visible that the cost of portfolio has increased in 2014 than 2013 and the market value in this year also increased that is 47.60 which was 35.02 in 2013. In 2014 the market value of the portfolio has increased most that is 36.15% from the previous year. The earnings per share in 2014 is 27.29 that is higher than of the previous year which was 23.45 in 2013. The no of shares has remained stable so far that is 1500000. The P/E ratio in 2014 is 6.78 but in 2013 it was 8.23 despite the no of shares was stable. So the P/E ratio decreased from the last year. The dividend payout ratio in 2014 was 93.44 and in 2013 it was 85.29 that mean dividend payout ratio increased in the given no. of shares. The most important fact is that the NAV of the 5<sup>th</sup> mutual fund increased much in 2014 compared to the last year which are 254.49. The average market price has been found by dividing the 52 weeks highest and lowest price by two and it is also highest of the last year. The no. of certificate holders decreased in this year that is 2118 in 2014 and 2126 in 2013.



## 6<sup>th</sup> Mutual Fund

Year	CP Portfolio Tk. in Crore	MV of Portfolio Tk. in Crore	GR of MV Base Year (%)	MP / Certificate Tk.	EPC Tk.	DPC Tk.	Numbers of Shares	P/E Ratio	DP Ratio (%)	Dividend Yield (%)	Net Asset Value per share	Avg MP/Certificate Tk.	No. Certificate Holders
2014	23.10	41.08	16.54	65.10	11.74	11	5000000	5.55	93.70	16.90	67.92	60	5125
2013	20.53	35.25	13.68	61.30	10.99	10.5	5000000	5.58	95.54	17.13	60.14	53.6	5154





The above table shows the two year performance of the 6<sup>th</sup> mutual fund. In this table it is visible that the cost of portfolio has increased in 2014 than 2013 and the market value in this year also increased that is 41.08 which was 35.25 in 2013. In 2014 the market value of the portfolio has increased that is 16.54% from the previous year. The earnings per share in 2014 are 11.74 that are little bit higher than of the previous year which was 10.50 in 2013. The no of shares has remained stable so far that is 5000000. The P/E ratio in 2014 is 5.55 but in 2013 it was 5.58 despite the no of shares was stable. So the P/E ratio decreased from the last year. The dividend payout ratio in 2014 was 93.70 and in 2013 it was 95.54 that mean dividend payout ratio decreased in the given no. of shares. The most important fact is that the NAV of the 6<sup>th</sup> mutual fund increased much in 2014 compared to the last year which are 67.92. The average market price has been found by dividing the 52 weeks highest and lowest price by two and it is also highest of the last year. The no. of certificate holders decreased in this year that is 5152 in 2014 and 5154 in 2013.



## 7<sup>th</sup> Mutual Fund

Year	CP Portfolio Tk. in Crore	MV of Portfolio Tk. in Crore	GR of MV Base Year (%)	MP /Certificate Tk.	EPC Tk.	DPC Tk.	Numbers of Shares	P/E Ratio	DP Ratio (%)	Dividend Yield (%)	Net Asset Value per share	Avg MP/Certificate Tk.	No. Certificate Holders
2014	26.09	47.68	23.20	100.00	16.08	13	3000000	6.22	80.85	13	115.93	91	1859
2013	21.08	38.70	21.15	112.00	13.53	12	3000000	8.28	88.69	10.71	98.60	102	2471





The above table shows the two year performance of the 7<sup>th</sup> mutual fund. In this table it is visible that the cost of portfolio has increased in 2014 than 2013 and the market value in this year also increased that is 47.68 which was 38.70 in 2013. In 2014 the market value of the portfolio has increased that is 23.20% from the previous year. The earnings per share in 2014 are 16.08 that are higher than of the previous year which was 13.53 in 2013. The no of shares has remained stable so far that is 3000000. The P/E ratio in 2014 is 6.22 but in 2013 it was 8.28 despite the no of shares was stable. So the P/E ratio decreased from the last year. The dividend payout ratio in 2014 was 80.85 and in 2013 it was 88.69 that mean dividend payout ratio decreased in the given no. of shares. The most important fact is that the NAV of the 7<sup>th</sup> mutual fund increased much in 2014 compared to the last year which are 115.93. The average market price has been found by dividing the 52 weeks highest and lowest price by two and it is the lower from the last year. The no. of certificate holders decreased in this year that is 1859 in 2014 and 2471 in 2013.



## 8<sup>th</sup> Mutual fund

Year	CP Portfolio Tk. in Crore	MV of Portfolio Tk. in Crore	GR of MV Base Year (%)	MP / Certificate Tk.	EPC Tk.	DPC Tk.	Numbers of Shares	P/E Ratio	DP Ratio (%)	Dividend Yield (%)	Net Asset Value per share	Avg. MP/Certificate Tk.	No. Certificate Holders
2014	30.05	50.88	20.83	67.70	13.64	12.00	5000000	4.96	87.98	17.73	80.29	63.5	5673
2013	25.07	42.11	17.35	68.40	12.47	11.00	5000000	5.49	88.21	16.08	70.07	59.3	5795





The above table shows the two year performance of the 8<sup>th</sup> mutual fund. In this table it is visible that the cost of portfolio has increased in 2014 than 2013 and the market value in this year also increased that is 50.88 which was 42.11 in 2013. In 2014 the market value of the portfolio has increased that is 20.83% from the previous year. The earnings per share in 2014 are 13.64 that are higher than of the previous year which was 12.47 in 2013. The no of shares has remained stable so far that is 5000000. The P/E ratio in 2014 is 4.96 but in 2013 it was 5.49 despite the no of shares was stable. So the P/E ratio decreased from the last year. The dividend payout ratio in 2014 was 87.98 and in 2013 it was 88.21 that mean dividend payout ratio decreased in the given no. of shares. The most important fact is that the NAV of the 8<sup>th</sup> mutual fund increased much in 2014 compared to the last year which are 80.29. The average market price has been found by dividing the 52 weeks highest and lowest price by two and it is the higher from the last year. The no. of certificate holders decreased in this year that is 5673 in 2014 and 5795 in 2013.





#### 4.13 TEN YEAR PERFORMANCE ANALYSIS OF ICB' MUTUAL FUND

Tables and Graph used for Analysis:

##### a) Price Earnings Ratio

Year	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>
2014	8.93	5.38	8.06	6.36	6.78	5.55	6.22	4.96
2013	12.32	6.93	7.99	6.84	8.23	5.58	8.28	5.49
2012	12.47	5.27	5.95	5.93	5.99	4.03	6.90	4.03
2011	16.17	12.19	10.41	9.66	8.99	6.36	9.19	5.57
2010	15.42	10.12	10.70	12.04	12.39	7.15	10.65	8.15
2009	15.01	16.56	10.37	10.82	15.66	13.59	17.85	14.77
2008	24.08	31.46	17.54	20.21	33.57	20.87	33.17	24.47
2007	14.26	11.83	9.47	9.95	11.06	10.73	10.30	12.30
2006	11.62	10.90	7.19	9.69	8.24	7.52	6.70	8.64
2005	12.85	9.57	11.30	7.17	8.19	7.86	8.85	8.68

Source: Stockbd.com and dsebd.org/

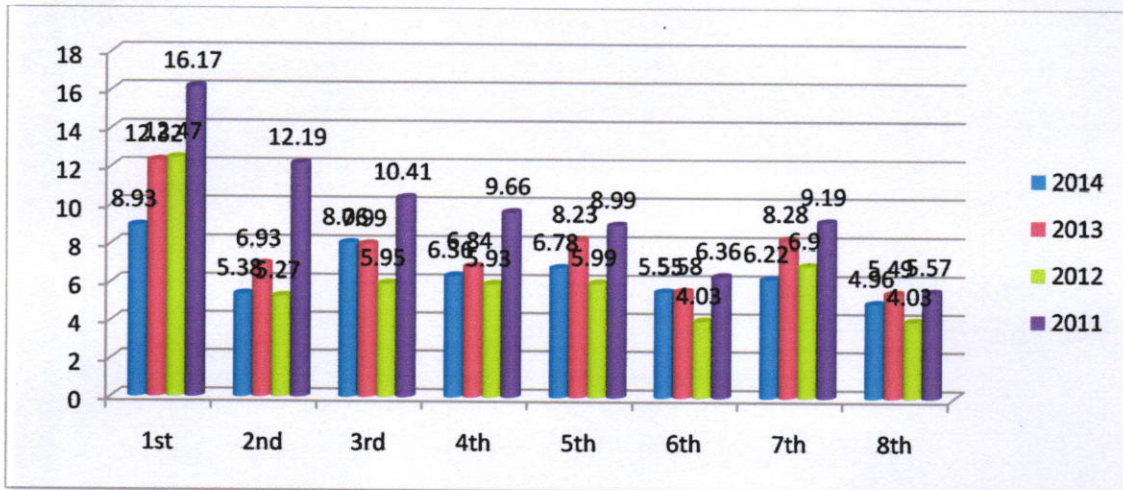
##### Graph: Price Earnings Ratio

The P/E gives an idea of what the market is willing to pay for the company's earnings. The higher the P/E the more the market is willing to pay for the company's earnings. Some investors read a high P/E as an overpriced stock and that may be the case, however it can also indicate the market has high hopes for this stock's future and has bid up the price.

Conversely, a low P/E may indicate a "vote of no confidence" by the market or it could mean this is a sleeper that the market has overlooked. Known as value stocks, many investors made their fortunes spotting these "diamonds in the rough" before the rest of the market discovered their true worth.

From the last ten years' history of P/E ratio we can see that in 2010 the P/E ratio of the 1<sup>st</sup> Mutual Fund has decreased than that of 2009 but it is also visible that in 2008 it reached at a highest point that was 24.08. So comparing with the P/E of 2008 it could not do better in the last few years. But most importantly the eight mutual funds P/E ratio is also lower in 2014 and other mutual funds also have a decreasing P/E ratio in 2014 than the previous year, only except 3<sup>rd</sup> mutual funds.





The above graph shows the last four years P/E ratios of the eight mutual funds.

### b) Net Assets Value (NAV)

**Net asset value (NAV):** The NAV is the dollar value of one share of a fund. It's calculated by totaling the value of the entire fund's holdings plus money awaiting investment, subtracting operating expenses, and dividing by the number of outstanding shares. A fund's NAV changes regularly, though day-to-day variations are usually small.

The NAV is the price per share an open-end mutual fund pays when you redeem, or sell back, your shares

(Taka)

Years	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>
2014	1550.10	307.21	326.65	299.29	254.49	67.92	115.93	80.29
2013	942.30	253.11	235.16	229.24	188.92	60.14	98.60	70.07
2012	1096.75	243.59	197.19	162.11	169.15	61.81	105.8	78.96
2011	1104.71	291.83	220.80	236.47	218.90	81.57	121.39	93.60
2010	10277.68	2972.12	2330.38	2512.84	2136.43	823.85	1250.13	929.95
2009	617.22	148.40	112.21	125.19	118.93	45.48	69.42	51.37
2008	4461.15	1005.52	807.94	978.45	998.04	345.50	503.42	401.37
2007	3217.58	480.33	415.05	586.36	508.06	196.03	271.70	215.35
2006	2269.54	278.08	215.15	219.37	128.54	115.45	123.02	118.77
2005	530.71	267.03	201.04	213.67	122.12	109.41	113.35	113.86





**% Change in Net Assets Value (NAV)**

Years	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>
2014	65%	21%	39%	31%	35%	13%	18%	15%
2013	-14%	4%	19%	41%	12%	-3%	-7%	-11%
2012	-0.7%	-17%	-11%	-31%	-23%	-24%	-13%	-16%
2011	-89%	-90%	-91%	-91%	-90%	-90%	-90%	-90%
2010	1565%	1902%	1976%	1907%	1696%	1711%	1701%	1710%
2009	-86%	-85%	-86%	-87%	-88%	-87%	-86%	-87%
2008	39%	109%	95%	67%	96%	76%	85%	86%
2007	42%	13%	93%	167%	295%	70%	121%	81%
2006	328%	4%	7%	3%	5%	6%	9%	4%
2005	-1%	11%	0.15%	12%	13%	4%	5%	6%

The NAV of the eight mutual funds have increased in 2010 in terms of the previous years and the growth is doubled. Again the growth had fall down in 2011 but in 2014 all the mutual funds NAV growth had increased.





### C) Earnings per certificate

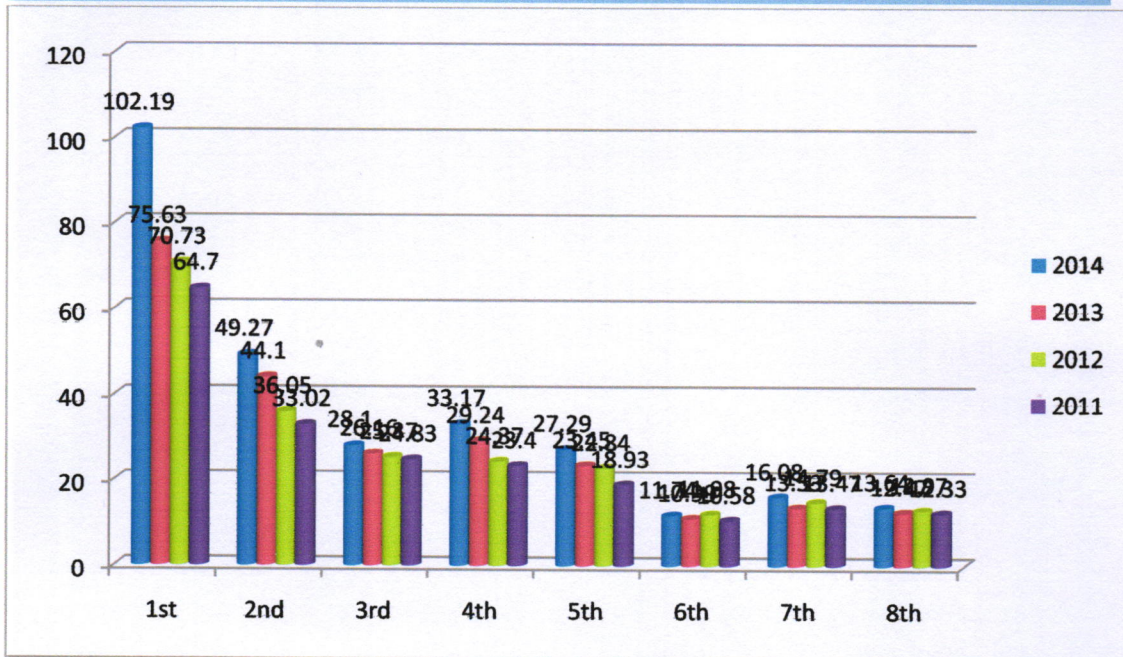
Earning per certificate means that how much mutual fund is earning from a particular certificate within a year. When the performance of mutual funds is well than it is automatically increase the earning per share.

(Taka)

Year	1st	2nd	3 <sup>rd</sup>	4th	5th	6th	7th	8th
2014	102.19	49.27	28.10	33.17	27.29	11.74	16.08	13.64
2013	75.63	44.10	26.16	29.24	23.45	10.99	13.53	12.47
2012	70.73	36.05	25.37	24.37	22.84	11.98	14.79	12.97
2011	64.70	33.02	24.83	23.40	18.93	10.58	13.47	12.33
2010	564.44	254.86	184.38	177.72	142.34	90.67	99.87	92.73
2009	38.52	13.55	12.14	11.43	7.86	5.00	5.00	4.28
2008	331.03	107.14	92.86	85.73	64.26	42.64	42.86	35.70
2007	240.82	76.15	69.11	63.10	41.00	26.05	27.52	22.13
2006	229.72	66.05	66.10	53.69	33.43	24.53	25.67	19.91
2005	203.44	80.75	52.31	71.30	40.67	23.16	20.91	21.31

Source: Stockbd.com and dsebd.org/





Graph: Earnings per certificate

The ratio of Mutual fund has increased in 2008. From the investor's point of view, if EPC increase, dividend per share will increase & the investors will be benefited from both capital gain & dividend. But, if EPC decreases then price per certificate will decrease, dividend per share will decrease & it will be bad for the investors.

From the funds point of view, increase of EPC is also good because the investors will have confidence on the fund & management team for their efficiency on the maintenance of the portfolio. If EPC decrease then it is bad because, investors will have no confidence on the fund & management team. In 2010 the Earnings per Certificates of all he mutual funds have increased that means they have done well in this year.





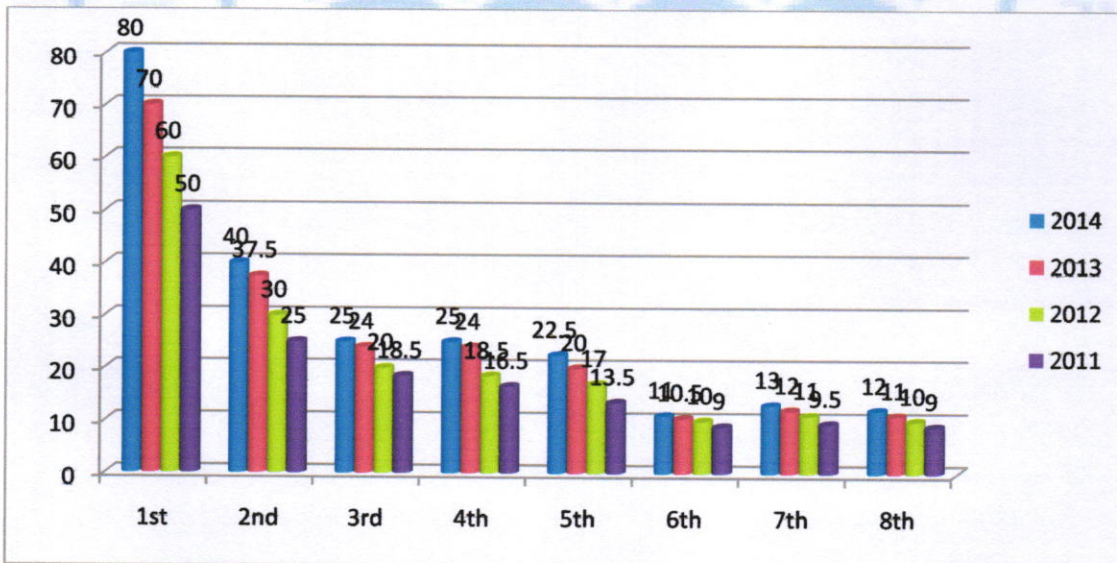
d) Dividend per Certificate

(Taka)

Year	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>
2014	80	40	25	25	22.5	11	13	12
2013	70	37.5	24	24	20	10.5	12	11
2012	60	30	20	18.5	17	10	11	10
2011	50	25	18.5	16.5	13.5	9	9.5	9
2010	40	20	14	12.5	10	7.5	7	6.5
2009	31	9.5	8.5	8	5.6	3.7	3.5	3.2
2008	26.5	7.5	6.5	6	4.5	3	3	2.5
2007	19	6.2	5.6	5.2	3.3	2.3	2.25	1.8
2006	21	5.5	5.2	4.8	2.7	1.85	1.6	1.5
2005	21	5.5	5.2	4.8	2.7	1.85	1.6	1.5

Source: Stockbd.com and dsebd.org/

DPC means that how much dividend a mutual fund is declaring against per certificate for a particular period. DPC is generally depends upon EPC. It is because when earning is up it is automatically leads to a better payment to shareholders as divided.



Graph: Dividend per Certificate





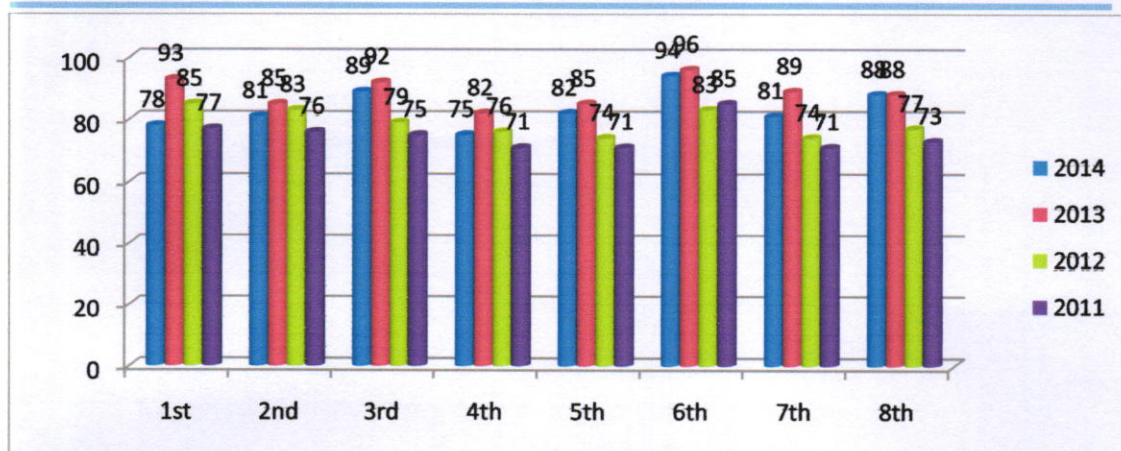
We see that 1<sup>st</sup> mutual fund declared highest rate of dividend i.e., Tk. 80 per certificate and 6<sup>th</sup> mutual fund declared lowest rate dividend i.e., Tk. 11 per certificate in 2014. 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, & 4<sup>th</sup> mutual funds are good and dividend declared for these funds are high. Whereas, earnings per share 8<sup>th</sup>, 7<sup>th</sup>, 6<sup>th</sup> & 5<sup>th</sup> are low and dividend declared for the funds are also low compared to others. So, the dividend policy of ICB mutual funds is not fair.

e) Dividend Pay-out Ratio (%)

Year	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>
2014	78	81	89	75	82	94	81	88
2013	93	85	92	82	85	96	89	88
2012	85	83	79	76	74	83	74	77
2011	77	76	75	71	71	85	71	73
2010	7	8	8	7	7	8	7	7
2009	80	70	70	70	71	74	70	75
2008	8	7	7	7	7	7	7	7
2007	8	8	8	8	8	9	8	8
2006	9	8	8	9	8	8	6	8
2005	10	7	10	7	7	8	8	7

Dividend payout ratio is the percentage of dividend per certificate distributed to the shareholders against earnings per certificates. If dividend payout ratio is low, then generally it is good for the mutual fund because, the fund may reinvest the earnings, which is not distributed to the securities. But it depends on industry-to-industry & other factors, such as fund's income or its dividend policy.





**Graph: Dividend Payout Ratio**

The dividend payout ratio of 6<sup>th</sup> mutual funds is the highest among all other mutual funds. The dividend payout ratio of all mutual funds increased in 2013 and again decreased somewhat in 2014.

**f) Dividend Yield Ratio (%)**

Dividend yield ratio is the relationship between dividends per share and the market value of the shares. Shareholders are real owners of a company and they are interested in real sense in the earnings distributed and paid to them as dividend. Therefore, dividend yield ratio is calculated to evaluate the relationship between dividends per share paid and the market value of the shares.

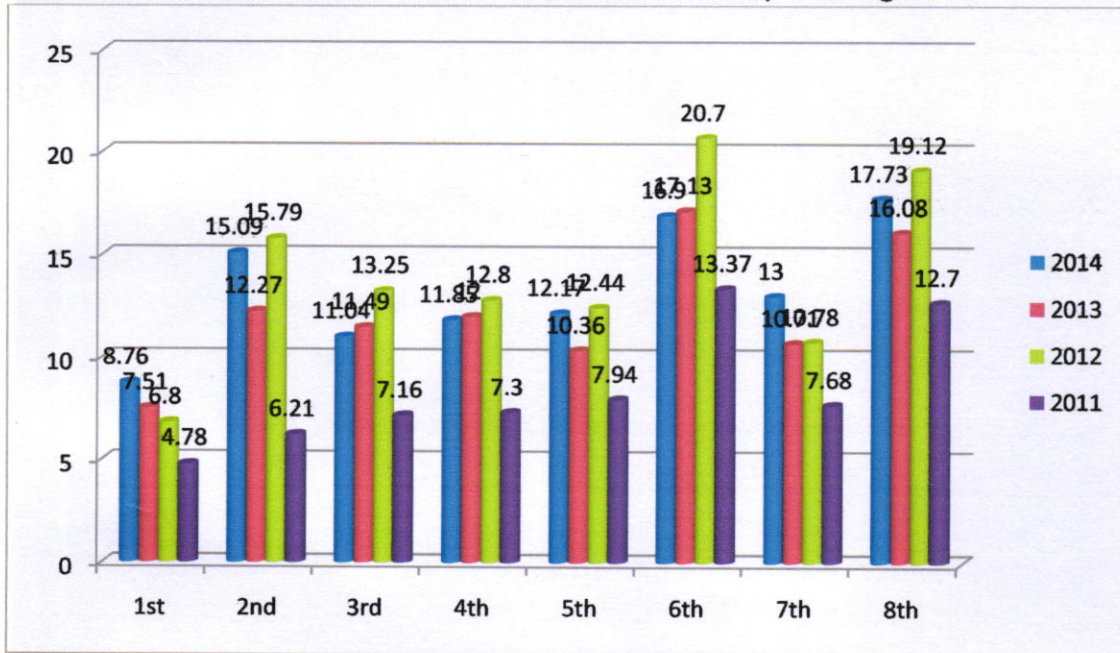
(Taka)

Year	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>
2014	8.76	15.09	11.04	11.85	12.17	16.90	13.00	17.73
2013	7.51	12.27	11.49	12.00	10.36	17.13	10.71	16.08
2012	6.80	15.79	13.25	12.80	12.44	20.70	10.78	19.12
2011	4.78	6.21	7.16	7.30	7.94	13.37	7.68	12.70
2010	5.00	8.00	7.00	6.00	6.00	12.00	7.00	9.00
2009	5.36	4.23	6.75	6.47	4.55	5.45	3.92	5.06
2008	3.32	2.22	3.99	3.46	2.09	3.37	2.11	2.86
2007	5.53	6.89	8.55	8.28	7.28	8.83	7.94	6.61
2006	7.87	7.64	10.95	9.23	9.81	10.03	9.30	8.72
2005	8.03	7.12	8.80	9.39	8.11	10.16	8.65	8.11





It evaluates the shareholder return in relation to the market value of the share. The investors always will show his/her interest the share, which dividend yield is high.



Graph: Dividend yield ratio

In 2008 all the mutual funds have paid the lowest dividend yield of the previous years.

So, it can be seen that the mutual funds of the ICB have been able to keep their performance stable in the market. Investors demand for its shares have become an attractive source of investment. The NAV of the mutual funds have increased much and the dividend performance is also satisfactory. The most important thing is that the 1<sup>st</sup> mutual fund is doing better than the other seven mutual funds. Therefore, the other seven mutual funds should strive to enhance their performance level. As investors expect at least consistent dividend payment, the mutual funds have to focus much on this issue to preserve the confidence of investors.





## CHAPTER-FIVE

### Customer Satisfaction on ICB Mutual funds

#### 5.1 SUMMARY

Investment Corporation of Bangladesh (ICB) is a well government organization in Bangladesh and its Mutual Funds are also well known. However, sometimes the customers may or may not very much satisfied on the mutual funds activities or their performance as well. This research part is discussed about the customer's perception on ICB Mutual Funds.

#### 5.3 SOURCE AND METHODOLOGY OF DATA COLLECTION:

The scope of the report was basically the operation and practice of Investment Corporation of Bangladesh and the performance of their Mutual funds. On the other hand, methodology can be termed as underlying principles and rules of organization or the philosophical systems that work at the backdrop of any study. It clarifies the problems involving the research in a very ordered and systematic fashion. Strategic are determined at this stage for future implementation. In this report decisions and calculations have been made basing on past experiences and the available data of past activities. These data can be collected in any one or more of the following ways.

Approaches and the methods that have been used to prepare the report are as follows:

##### 6.3. A. Primary Data

**Personal Interview:** I interviewed some departmental officials especially those related to the financial operations of ICB.

**Briefing sessions:** Departmental heads or their approved officials gave briefs about their respective departments. Information gathered from these sessions has been used in this report.

**Questionnaire Survey:** I used different types of survey questionnaire to better attain the objective of the research project. I used 14 different questionnaires to attain the objective of this report by asking investors form different age.





### 5.3. B. Secondary Data

- ✓ Annual reports of ICB
- ✓ Dhaka Stock Exchange
- ✓ Stock Bangladesh
- ✓ Internet

### 5.4 DATA COLLECTION PROCEDURE

**A. Target Population:** ICB has eight mutual funds and all the ICB Mutual Funds customer are my target population.

**B. Sample Size:** A total 30 respondents have been conducted where all of the respondents are ICB Mutual Funds investors.

**C. Sampling Type:** I had survey on the mutual funds customers who comes in ICB main branch where I worked

### 5.5 SURVEY QUESTIONNAIRE ANALYSIS

- 1) ICB mutual funds play a vital role in the development of capital market.

Key	Male	Female	Total
Strongly disagree	1	–	1
disagree	1	1	2
Neutral	2	1	3
Agree	5	1	6
Strongly agree	15	3	18
Total	24(80%)	6(20%)	30 (100%)

Table: plays role in the development of capital market





The answers of the respondents showed how ICB mutual funds play a vital role in the development of capital market. As the question was in the liker scale form started from strongly disagree and ends with the strongly agree. The respondents gave their opinion by ticking on these available options in the questionnaire. Majority of the respondents think that, ICB mutual funds play a vital role in the development of capital market. Findings of the survey showed that, 60% of the respondents strongly agree with the statements. 20% of the respondents agrees with this statement, 10% percent of the respondents were neutral in their opinion, 7% of the respondents showed this agreement with this statement and 3.33% of the respondents were strongly disagree with these statements.

2) ICB mutual funds contribute to the creation of brand value and loyalty of ICB.

A common question has been asked to all the interviews regarding the contribution of mutual funds in the creation of brand value and loyalty of Investment Corporation of Bangladesh which benefits the company in the long run to sustain in the competitive market place. The answers were mixed from the part of the respondents. Some respondents strongly agreed with the statements where as some gave disagreement with these statements.

Key	Total
Strongly disagree	2
disagree	3
Neutral	4
Agree	12
Strongly agree	9
<b>Total</b>	<b>30 (100%)</b>

Table: ICB mutual funds contribute to the creation of brand value and loyalty of ICB

6.66% of the respondents strongly disagreed with the statement, 10% of the respondents disagreed, 13.33% of the respondents were neutral about the contribution of ICB mutual funds to the creation of brand loyalty and value of ICB, 40% of respondents agreed, and 30% of the respondents strongly agreed with the statements.





3) The ICB mutual funds have a good credit policy towards investors.

ICB mutual funds always try to maintain a good relationship with investors by providing flexible credit facilities to the investors. This reputation of the mutual funds attracts the new investors, to the different department of the company as investors are getting more facilities in this organization.

There answers were just to give opinion about the statements by strongly disagree, neutral, agree and strongly agree. Majority of the respondents agreed with statements at ICB mutual funds as a good credit policy towards investors. 10% of the respondents showed disagree, 6.66% showed strongly disagreement, 16.66% showed neutral opinion, 60% showed agreement and 36.6% of the respondents showed strong agreement with the statement.

Key	Total
Strongly disagree	2
disagree	3
Neutral	5
Agree	9
Strongly agree	11
Total	30 (100%)

Table: ICB mutual fund has a good credit policy towards investors

In case of financial institution people will rush to that organization where they will get more benefits and the charge for their accounts or other services will be comparatively low. I just wanted to find out the perception of investors about the ICB mutual funds if charge fairly or not. I got the mixed answers from the respondents. Most of them agreed with the statement but the disagreement and strong agreement was also there.

4) Service quality of ICB mutual fund is good enough.

Every customers wants good service and co-operative behavior from the employees of the organization as well as good advice in the time of problems. It is very important for every organization to serve its customer so that it create a loyal customer base who will repeatedly buy its product and carry a long time relationship with the company as well as works as a spoken person to promote the products of the company to peers, friends, relatives etc. So it is very important for every organization to provide good service to the customers of its product. To figure out the service quality of ICB mutual funds I have designed the questionnaire in a way so that investors can give their opinion about the service level of ICB mutual funds.





Key	Total
Strongly disagree	2
disagree	5
Neutral	2
Agree	13
Strongly agree	8
Total	30 (100%)

Table: Service qualities of ICB mutual funds are good enough

Most of the respondents agreed with these statements and believe that ICB mutual funds have satisfactory service quality. 6.66% of the respondents showed strongly disagreement. 16.66% of the respondents' showed disagreement. 6.66% showed neutral opinion. 43.33% showed agreement and 26.66% of the respondent showed strong agreement with the statement.

5) The investors of ICB mutual funds are very loyal to the ICB.

Customers are very price and quality sensitive; if they are satisfied they carry a long time relationship with the company and become loyal which help the company to achieve brand loyalty which also helps the other product line of the company. So, customers' loyalty is very crucial to the company if they want to sustain in the competitive world and to maintain long term relationship worth the loyal customers.

Key	Total
Strongly disagree	3
disagree	3
Neutral	4
Agree	9
Strongly agree	11
Total	30 (100%)

Table: the investors of ICB mutual fund are very loyal to ICB

10% of the respondents showed disagreement, 10% showed strongly disagreement, 13.33% showed neutral opinion, 30% showed agreement and 36.66% of the respondent showed strong agreement with the statement.





6) ICB mutual funds are free from risk.

Investors are always risk averse and want to invest in the safe capital market where the chance of getting money high. People want high return with little risk. Here, I also conducted the survey to understand the brand value of ICB mutual funds and investor's perception about the ICB mutual funds.

Most of the customers exchange their view about these questions and I found out that most of the customers said yes that means ICB mutual fund is free from risk, because it sometimes gives 800% dividends to its investors which make it to occupy a discrete position in the minds of customers.

Number of respondents	Answer choice		
	Yes	No	Neutral
30	15	9	6

Table: ICB mutual funds are free from risk

50% percent of the respondents said yes to these question, whereas, 30% of the respondent said no these question and 20 % of the respondents remain neutral in case of giving answer to these question.

7) ICB mutual fund contributes most to the reputation of ICB.

As a governments organization Investment Corporation of Bangladesh is doing its business profitably. Most of its subsidized departments makes its operation smooth and bring reputation to the overall activities of ICB. ICB mutual funds are continuously contributing to the overall performance of the ICB where the loyalty base of customers is very high.

Number of respondents	Answer choice		
	Yes	No	Neutral
30	13	9	8

Table: ICB mutual funds contribute most to the reputation of ICB





8) Dividend of ICB mutual funds is higher than any other funds in the market.

People always hear about the return on the invested money and wants to invest in the less risky scheme where the probability of getting money back is high. ICB mutual funds are giving higher dividend to its investor though the return on invested money is low. There was a record of giving up to 800% dividend to the investor which make the investor very loyal and make ICB about to create a long customer base that are continuously doing business with the ICB. I conducted the survey to figure out the customer satisfaction regarding the dividend giving scheme of ICB mutual funds. Most of the respondents said yes to the question that ICB mutual funds are giving higher dividends to other competitors who are offering same facilities to the investors.

Number of respondents	Answer choice		
	Yes	No	Neutral
30	17	8	5

Table: Dividend of ICB mutual fund is higher than other competitors in the market

9) ICB mutual provide core advocacy to the investors.

Customers are always right, if customer is wrong read the rule once again. So, here we find that customers are the main focusing point for any organization. If customers divorce the company then the company will be nothing but an unprofitable business which may phase out anytime due to customers dissatisfaction. One of my survey question was to know the counseling facilities and employee friendliness of the company, whether ICB practice internal marketing or not. Here I tried to know whether ICB mutual funds provide poor advocacy to the investors or not. And I found significant response from the respondents. The answers were mixed some said yes where ads some said no.

Number of respondents	Answer choice		
	Yes	No	Neutral
30	13	11	6

Table: ICB mutual funds provide poor advocacy to the investors

Here, we see that the respondents' percentage to this statement is 43.33%, percentage of no is 36.66% and percentage of neutral or no comments is 20%.





10) Which name of the following usually comes to your mind when you want to invest in the mutual funds?

People are very much conscious about the money they invest; they want a safe and secure investment organization where they can get the easy return less fear of losing the invested money. People always compare to get more benefit and choice the organization which will give more return at less investment.

To know the brand liquidity and loyalty of ICB mutual funds, I asked the respondents a question about which organization they prefer most in case of investing their money. Most of the respondent answered they prefer ICB mutual funds most because they feels secured here and large scale dividend scheme help them to take decisions to invest in ICB mutual fund. 53.33% of the respondents said ICB mutual fund, 30% said AIMS and 16.33% said about the BSRS mutual fund.

11) Which one from the below gets to top priority while you choosing ICB mutual funds.

Number of respondents	Answer choice				
	Trust	Safety	Good amount of Dividend	All of the above	None of the above
30	2	4	3	21	0

Table: Which one from the below gets top priority while you choosing ICB mutual funds

People want to invest into his organization whether they will get security, safety, reliability, response, higher dividend, credit facility etc. But I wanted to know the supportive response of respondent about these variable so that i can measure the crucial factor that an organization should give most priority in case of developing strategic plan. Here we see that 2 respondents said that they choose ICB mutual fund because of trust. 4 respondents said that they choose ICB mutual fund because of safety. 3 respondents said they choose because of good amount of dividend. 21 respondents said they choose because of trust, safety and good amount of dividend. There is no respondents said they do not give priority to these variables in case of choosing ICB mutual fund.





12) What do you think about the performance of ICB in managing the dividend and portfolio?

I asked question about the perception of customers about the performance of ICB in managing dividend and portfolio. The answers were mixed. Some of the respondents said strong and steady, some said weak and steady, some said strong and fast and some said average.

Number of respondents	Answer choice			
	Strong and steady	Weak and steady	Strong and fast	Average
30	7	11	8	4

Table: The performance of ICB in managing the dividend and portfolio

23% of the respondent strong and steady 37% said quick and steady, 27% said strong and fast 13 % said average which indicate that the management of the dividend of ICB is not that much effective because it is weak.

13) Which kind of problem do you face regarding the payment of dividend?

Here the answer choices of the respondents were also mixed and some of the respondents said both choices of the options. Some said that it is time consuming, some said lengthy process and some said it as both time consuming and lengthy process.

Number of respondents	Answer choice			
	Time consuming	Lengthy process	Both time consuming and lengthy process	None of the above
30	9	7	11	3

Table: problems faced regarding the payment of dividend

30% of the respondent said that it is time consuming, 23.33% said these lengthy process, 36.66% said it as both time consuming and lengthy process and 10% of the respondent said none of these variables affect them in getting the payment of dividends.





14) Do you think ICB mutual fund has a great contribution in building brand image of Investment Corporation of Bangladesh?

It is the most burning question of my survey questionnaire because this question is related to my aims of my report. I tried to figure out what actually people think of ICB mutual funds in contribution to the building of brand image of Investment Corporation of Bangladesh. As this was open ended question the respondents were highly encouraged to answer what they actually think about the contribution of ICB mutual funds creating brand image of Investment Corporation of Bangladesh.

63.33% of the respondents think that ICB mutual funds have a great contribution in building brand image of Investment Corporation of Bangladesh. 23.33% don't think that ICB is not contributing in building the brand image of ICB. 13.33% of the respondents do not comment about these issues because actually they are confused about the contribution of ICB mutual funds in buildings the brand image of ICB.





## **CHAPTER-SIX**

### **FINDINGS FROM ANALYSIS**

- a) According to the customers' response, ICB mutual fund is playing a vital role in the developing of capital market.
- b) ICB mutual Funds have a strong contribution to the creation of brand value of ICB.
- c) ICB Mutual funds have a good credit policy towards investors.
- d) Service quality is very much satisfactory to the ICB Mutual Funds investors.
- e) The survey shows that the investors are very much loyal to ICB.
- f) Most of the customers think ICB mutual funds are free from risk than any other mutual fund.
- g) Investors are very much aware about trust, safety and good amount of dividend as well, while they chose ICB mutual Fund.
- h) The survey shows that getting the dividend payment it is both time consuming and lengthy process.





## **CHAPTER-SEVEN**

### **CONCLUSION**

Investment Corporation Bangladesh (ICB) has become an important entity in the capital market. ICB investor's scheme helps to boost up domestic economy through facilitating to invest into the capital market. The purpose with which it launched its operation after the birth of this country has been almost achieved. The whole capital market is largely affected by ICB. The mutual funds have added a new dimension to it. These eight mutual funds performing very well in the capital market since they were launched and the investors to it are able to get their expected profit from their investment. Their history of performance proves that they are absolutely an attractive source of investment. Though there are some problems inherit in mutual fund like the services provided by the related personnel are not prompt, it is taking more than required time for giving the service, withdrawal of any funds of securities is also very lengthy and complicated process and inefficiently managed, these mutual funds seem to try hard to reduce them. The portfolio of all the mutual funds are managed with diligent and prudence to ensure maximization of return and minimization of risk in the interest of investors with due regard to growth of capital market in the country. Strong performance of the funds is reflected in the market price of the funds. All the mutual funds are traded significantly above per value in both the bourses. The floatation of mutual funds and issuance of unit certificates by the ICB strengthens the supply of attractive securities in Bangladesh capital market. Mutual fund management can manage the activities of mutual fund. ICB should concentrate to increase the performance of its mutual fund and way to find out the path for overcoming the problems of operations

ICB mutual funds are now perceived by investors as rewarding and relatively safe investment vehicle because of its strong and relatively steady performance in terms of dividend and portfolio management.





## **CHAPTER-EIGHT**

### **RECOMMENDATION**

Dividend policy should be fair so that the investors may be satisfied. Dividend policy should be earnings basis, not year basis. There should be quick execution of orders ICB mutual funds should focus more on internal marketing so that customer satisfaction investing in costly borrowing funds should be reduced. Management may look for sources of less costly funds and reduce expenses and increase income. ICB mutual funds should make credit policy more flexible ICB mutual funds should introduce online transaction facilities so that investors can make transaction by sitting anywhere around the world. ICB may take initiative and decision to float more funds for the stabilization of capital market and for gaining of investor's confidence to invest in the capital market. ICB Mutual Funds should reduce service charge of the account holders. Investing in costly borrowing funds should be reduced. Managing of ICB Mutual dividend and ICB portfolio should be strong and fast, ICB mutual funds Should improve the advocacy to the investors, ICB should create customers database and continuously informing the investors about the available facilities or opportunities which will work to achieve twin goal at a time; one is direct marketing and another is large pool of customers database ICB mutual funds Can involve itself in creating awareness about social causes, ICB mutual funds can take project to make this living planet sustainable like tree plantation project. ICB mutual funds should transform the activities from manual to online and digital can introduce the SMS system to inform the investors about the updated price of share, Should increase the benefits of the employees because employee satisfaction is directly related with the customer.





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