

Report on
Portfolio Investment and Management Approach of ICB AMCL
Mutual Funds

By

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An internship report submitted to the Brac Business School in partial fulfillment of the requirements for the degree of Bachelor of Business Administration (BBA)

Brac Business School
Brac University
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Declaration

It is hereby declared that

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

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Letter of Transmittal

27th September, 2020
Mr. Mahmudul Haq
Associate Professor
Brac Business School
Brac University
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report

Dear Sir:

I would like to submit this report titled, “Investment and Portfolio Management of ICB AMCL Mutual Fund” is done as the fulfillment of the requirement of the Bachelor of Business Administration program of Brac Business School in the Brac University.

I have accomplished my internship program from Investment Corporation of Bangladesh. I have tried my best to make an effective and relevant internship report. This report is based on the Mutual Funds portfolio management of ICB. In this report I have tried to apply the knowledge and guidelines from my internship experience to find out the extent to which ICB manages its mutual funds.

I have make an effort my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible. I trust that the report will meet the desires.

I also thank for your supervision, support and time and should you require any elaboration on any issue, I shall be glad to oblige.

Sincerely yours,

Debjit Roy
Student ID: 16304127
BRAC Business School
BRAC University
Date: 27th September, 2020



Acknowledgement

I express my deep gratitude to the creator, who created us and nurtured in this momentary world. I also express my gratitude to him for giving me an opportunity to successfully complete my internship program with a well and organized corporation as a partial requirement of BBA program.

I acknowledge my sincere gratitude to my honorable supervisor Mr. Mahmudul Haq, instructor of Brac Business School, BRAC University. His proper guidance, encouragement and advices throughout the semester made me possible to prepare this internship report.

Moreover, I would like to thank the AGM of Business Development department at Investment Corporation of Bangladesh, Md. Shariqul Anam. His kindness and the support for giving me the opportunity to work in the corporation and work on this report. Furthermore, I also express my gratitude to all the PO, SPO, AGM, DGM and GM of ICB for all the support and guidance. I am very humble to the entire executive who discussed with me and share with me in various issues. Lastly, I would like to say that I am very pleased to have the opportunity to do an internship with this giant corporation in Bangladesh.



Executive Summary

Investment Corporation of Bangladesh (ICB) was set up in 1976 with the goals of quickening industrialization and financial advancement of the nation through the improvement of capital market by mobilizing investment funds and empowering and progressing the scheme climate within the nation with specific prominence set on broadening the base and scope of speculations as well as pull in speculators. Throughout 44 years of operational activities, ICB has originated onward as a reliable, faithful and trustworthy public-sector division corporation. This internship report based on, one of the products of ICB named ICB Mutual Fund.

The foundation of ICB was a challenging, thought-provoking and amazing choice occupied by the government, which helps to accelerates the speed of development of industrialization. Alternatively, ICB helped to create sound-organized, systematized and dynamic capital markets, fundamentally this is call the security market.

ICB established three subsidiary companies on the date of July 1, 2002. ICB has incorporated this unexploited and idle line of trade approach for giving superior administration, superior, immediate and speedy client service and administrations.

The objective of this internship report is to know that how ICB is operating and managing their portfolio of their Mutual Funds. In this internship report, in chapter 02, I emphasis on ICB and its historical background. Here I explained ICB's products and services and functions. In chapter 03, I explained my experience on the job field of ICB. I elaborately emphasis my internship experiences and what type of activities I did in my internship program. Then, I analyzed ICB mutual funds and unit funds and tried to find out how they manage their portfolio and maintained this portfolio. Finally, I successfully completed my internship report by giving recommendations to ICB after analyzing different part of activities.



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List of Acronyms

ICB	Investment Corporation of Bangladesh
NRB	Non-Resident Bangladeshi
IAMCL	ICB Asset Management Company Limited
ICML	ICB Capital Management Limited
ISTCL	ICB Securities and Trading Company Limited
CIP	Cumulative Investment Policy
IPO	Initial Public Offering
NPV	Net Present Value
EPS	Earnings Per share
BO	Beneficiary Owners Account
IRR	Internal Rate of Return
GDP	Gross Domestic Product
GNP	Gross National Product
CMDP	Capital Market Development Program
SPO	Senior Principal Officer
AGM	Assistant General Manager
DSE	Dhaka Stock Exchange
CSE	Chittagong Stock Exchange
BB	Bangladesh Bank



Chapter: 01
[Portfolio of Corporation]



1.1 Background of ICB

Investment Corporation of Bangladesh (ICB) is primarily an investment bank which for the most part bargains with the capital market. The ICB is the corporation of speculation that is producing a request for securities and separated from that to guarantee the supply of securities within the capital markets of Bangladesh. From the foundation, ICB has been taking numerous steps to mobilize industrialization and to mobilize investment funds within the economy and to encourage the development of reserve funds into speculations. ICB acts like a middle person between those who look for reserves and those who are willing to loan reserves. Since the ICB beginning, the ICB has risen as a productive organization among the segment of open substances. Each year it contributes a parcel to the government in terms of revenue collection and this organization is one of the biggest tax-payers within the open segment. Subsequently, this organization is an imperative source of income for the Government of Bangladesh.

The Investment Corporation of Bangladesh (ICB) was established on October 1, the year of 1976 under "Regulation of the Investment Corporation of Bangladesh, 1976 (No. XL of 1976) and through the enactment of the Investment Corporation of Bangladesh (Amendment) Act of 2000 (No. 24 of 2000), reforms of operational strategies and business policies were implemented through the establishment and operation of subsidiaries under the ICB" [1]. This corporation is nowadays occupied under the Investment Corporation of Bangladesh Act, 2014. The foundation of ICB was a major step in an arrangement of measures embraced by the government to quicken the pace of industrialization and to create a well-organized and dynamic capital market, especially the securities market in Bangladesh. ICB gives regulation back to meet the value gap of the companies. In the basis of the national course of action of quickening the rate of investment reserves and speculation to develop a self-reliant economy, ICB acknowledge an fundamental and critical portion. "Through the enactment of the Investment Corporation of Bangladesh (Amendment) Act 2000 (No. 24 to 2000), reforms in operational strategies and business policies have been implemented by establishing and operating subsidiary companies under ICB"[1].



1.2 The functions of ICB

- ICB purchases stocks and bonds in a straight line or directly, including setting up and participating in pre-Initial public offering (IPO).
- ICB delivers lease business for manufacturing machines and other equipment.
- Subscription to the initial public offering of stocks and bonds.
- Manage investor accounts.
- The management of Equity and Source Fund (ESF) and other important programs stated by the Bangladesh Government.
- They deal with all the matters which is related to the capital market.
- Practice in the state disposal program
- Monitoring the activities of the subsidiaries as a holding company.
- Investment advice for investors and issuers.
- Act as a confidant and administrator
- Act as an asset manager.
- They manage of mutual funds.
- Introducing a new business that meets the market demand.
- They do the Venture Investment Financing

1.3 Management of ICB

The head office of the ICB is found in Dhaka, as per the prerequisites of ICB regulations and control. The administration and supervision of this corporation were made up of a board of directors comprising of the Chairman and Managing Director of ICB.

The board of directors consists of the following board members:

- The Chairman of the ICB is appointed by the government,
- The government has appointed Managing Director of ICB,
- The directors to be selected by the government from between the portion of people under the administration
- The Director is designated by Bangladesh Bank



- The Managing Director, of Bangladesh Development Bank Limited
- Four additional managements are elected by the shareholders in accordance with ICB law.

1.4 The organizational hierarchy of ICB

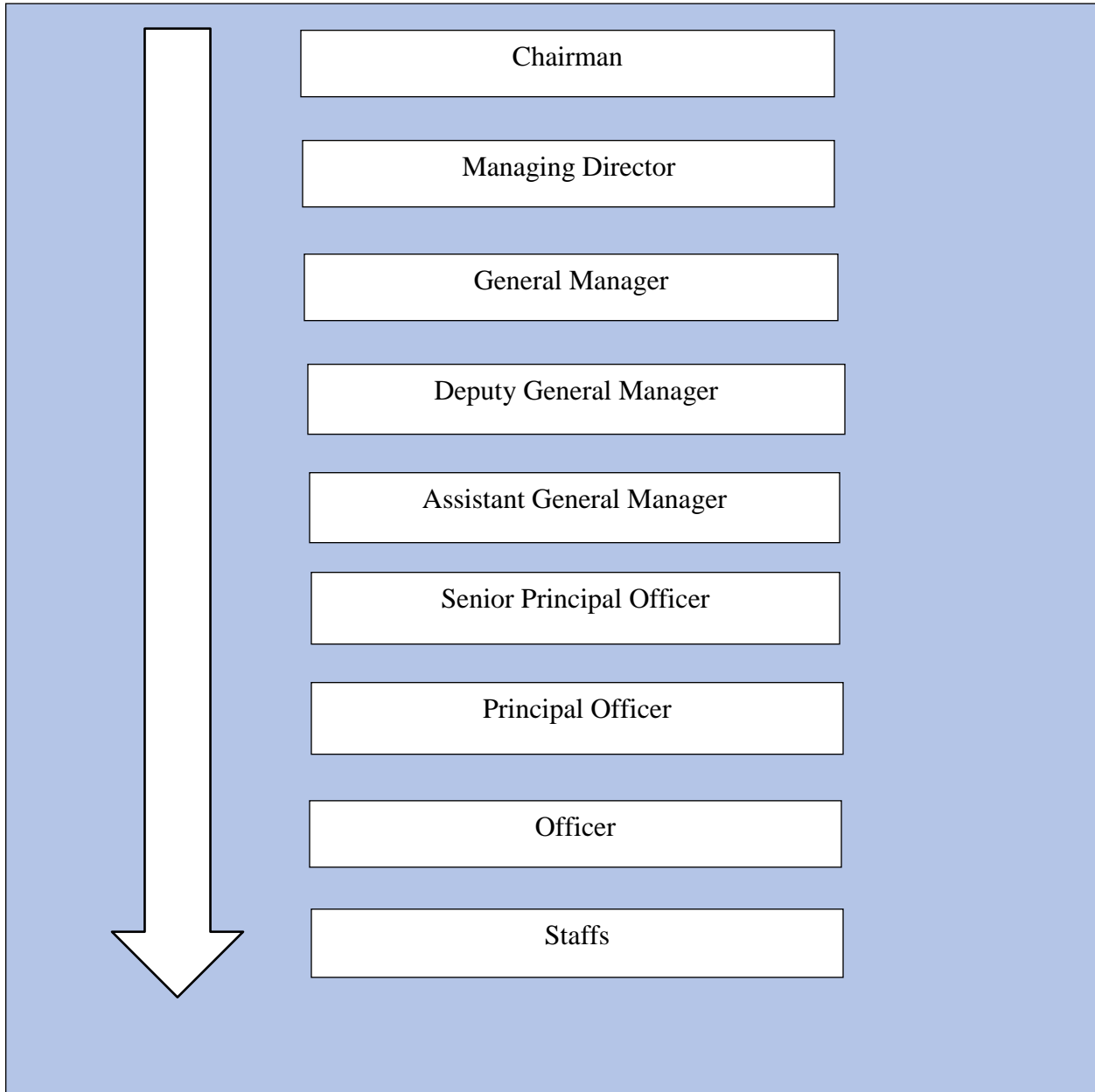


Figure 1: The organizational Hierarchy of ICB



1.4 Sources of Capital of ICB

Each corporation or organization raises funds from a variety of sources. It can be internal source or external source. The main source of ICB's capital is paid-up investment, assets, and profit making from investments. Moreover, this organization is approval of take funds including government and other agencies such as International organizations in both domestic and foreign currencies.

1.5 Capital Structure of ICB

Capital Structure as on 30 June, 2018 and 30 June, 2019:

Particulars	2019	2018	Increase or Decrease (%)
Paid up Capital	697.67 Cr.	697.67 Cr.	0.00%
Share Premium	843.75 Cr.	843.75 Cr.	0.00%
Reserves	936.06 Cr.	1144.42 Cr.	-18.2%
Retained Earnings	433.89 Cr.	423.69 Cr.	2.4%
Total	2911.37 Cr	3109.53 Cr.	-6.37%

Figure 2: Capital Structure of ICB

1.6 Share Details of ICB

Share details as on 18th September, 2020:

Particulars	Details
Year of listing	1977
Market Categories	A
Electronic stock	Yes
Face value per share	BDT 10
Current Earning per share	0.86
Market price	BDT 104.30

Figure 3: Share details of ICB



1.7 Products and Services of ICB

ICB have so many products and do offer so many services to capital market investors. They are playing a great role in capital market by giving services and also by offering different types of products for capital market investors. About of the facilities or the services and products of ICB are given bellow:

- **Underwriting and Issue**

ICB subscribes to initial public offerings (IPO) of stocks and bonds to raise long term equity portions from the capital market. ICB has proven to be a successful underwriter from the very beginning, which is why government agencies, agencies, agencies and organizations are most interested in supporting ICB mediation.

- **Lease Financing**

ICB provides leasing money for industrial equipment, tools and transportation. This corporation provides professional advice and financial support to targeted customers. The rental time, rent, fees and other conditions and regulations are strongminded constructed on candidate property and the type of candidate required. Since this system was launched in 1999, the intentional creditors have responded well.

- **Corporate Financial Advice**

Different kind of businesses and organizations sometimes need financial advice on how to restructure and transform their business in this competitive market. ICB has a lot of experience and expertise in providing this type of service. There was a time when money was provided for bridges that covered 50% of the company's equity to go public.

- **Mergers and Acquisition**

Merger means a combination of two companies and an acquisition on the other hand. When a company buys another existing company, the company occasionally agrees to spend on their business through mergers and acquisitions, which is not enough in the current situation. In this case, ICB offers professional services and advice for developing a new corporate structure that brings together buyers and sellers to assist in final negotiation agreements.



- **Portfolio Management**

Portfolio means a combination of different types of stocks. ICB manages its huge portfolio with care and efficiency. ICB is the largest institutional investor through active portfolio management which makes a significant contribution to the development on capital market of Bangladesh.

- **Entrepreneur and Equity Fund (EEF)**

ICB Entrepreneur and Equity Fund is a really good initiative of the Government of Bangladesh. It encourages investors to invest in promising sectors, the IT sector and the agricultural sector. Initially, the fund was managed by Bangladesh Bank, in 2009 Bangladesh Bank transferred this fund to ICB. Previously it was an interest free loan but now ICB is taking 2% interest from their loan taker.

- **Custodial and Banker to the Issues**

As a custodian bank, ICB provides professional services for public disclosure of open and close-end mutual funds. This department also acts as a banker for issuers and they also provide similar services through their branch network. Related commission and fees are subject to negotiation.

- **ICB Unit Fund**

The open-end Unit fund program that allows small and medium-sized investors to invest on their savings in unbalanced and relatively less-risk portfolios. Moreover, ICB shares attractive dividends every year for their investors. They also provide tax benefits to invest in shares, this amount is applicable by law.

- **ICB Mutual Fund**

The ICB has launched 9 close-end mutual funds and 14 open-end mutual funds. The ICB 1st mutual fund was launched on April 25, 1980, while their ICB 8th mutual fund was launched on July 23, 1996. Their 9 mutual funds are listed in DSE out of 23 mutual funds. All the mutual funds are under ICB Asset Management Company Ltd, which is one the subsidiary of ICB.



Chapter: 02
[Job Description and the Internship Experience]



2.1 Nature of Internship:

Throughout my internship at Investment Corporation of Bangladesh, I was allotted as an apprentice under the department of Finance and Accounts. It was a boundless opportunity for me to get the chance to do internship under ICB. In spite of the fact that my specialization was in Finance, and I have got the chance to learn some relatable and practical things and experienced how the feasible association works. I also got the opportunity to learn how the ICB and its subsidiaries departments exertion in the capital markets and how ICB serve and assist their clients. In addition, I also got the opportunity to know about the capital markets that how portfolio and fund managers invest in and how they work in this sector. Above and beyond, I furthermore learned a few things about organizational behavior. First, I learned about teamwork. I learned about interdependence, satisfying our work, and making each other's work easier through collaboration. Apart from this, I also faced some difficulties throughout my internship. Regardless of the heavy workload, this internship program facilitated me learn how to work under compression and overwhelmed it to complete tasks on time. Furthermore, I learned about time and how to be at workplace, how to complete a task on a specific deadline and schedule, and this experience also assisted me to improve my time management. Besides, to be honest, I used to be a very calm and introverted person. Here I learned to communicate with my colleagues and more seasoned individuals. It made a difference in me move forward my communication abilities. I have to be obliged to know what the corporate culture, values and morals, vision and quality of work are corresponding. This internship program made a difference me get it how to keep the office property hygienic and well prearranged. The ICB is additionally very delicate to security issues, so the office staff appeared to us how to require precautions against any sort of occurrence.

I had been working as an intern at an Investment Corporation in Bangladesh for about two and a half months and had a very awfully great experience so distant. The ICB extravagances their employees as a respected resource of the organization and treats them like other organization working to realize their purposes. In expansion, ICB often enroll internships for a restricted period of time to provide internships with hands-on involvement and to serve an assortment of purposes. Throughout this time, I moreover got the assistance of my workforce pioneers in understanding the esteem of the organization and how it made a difference me overcome my fears and worries. In below there I described some of the assignments completed during my internship program.



2.2 Job responsibilities and Role of an Intern:

To be an intern I had several responsibilities and had to do day to day operations at ICB. Some of those responsibilities are described below:

- **Fill the forms for stockholders:**

One of my fundamental duties is to fill within the forms of the BO Account for investors who send their different reports through distinctive Relationship Supervisors. There are many ICB workplaces completely different places in Bangladesh. The Asset Management Company Limited is reaching out to a few prominent speculators over Bangladesh to teach them on ICB and mutual fund items so they can contribute. Investors come from inside and exterior of Dhaka and they as it were ought to sign the shapes when fundamental and send their documents besides the check to the ICB head office found in Motijheel, Dhaka. My duty is to accurately fill in all the data on the account opening shape so that the venture can be gathered month to month and the investor's offers can be exchanged accurately.

- **Usual operations:**

As an intern, there are some usual responsibilities in Finance and Accounts department. The main duties of an intern at ICB is to visit all ICB departments and branch offices. In addition, regular duties and responsibilities include generating and analyzing annual reports, taking notes during seminars and meetings, preparing and assisting in statements, and accessing data. Moreover, my responsibilities are simply to inspect all the departments maintaining the given schedule and report back to the advisor weekly basis.

- **Input the information in Excel:**

The financial and accounting group has participated in trade illustrations to inform organizations and individuals about how they have used the mistaken investments in proper financial education and investment vehicles to improve human well-being. The department receives information about the names, numbers, projects and establishment of the authorized customers in a paper format, which I entered in Excel. This help to communicate easily and this fluent service encourage the clients to invest in ICB mutual funds.



2.3 Departments of ICB

To complete this internship program, I visited entire departments of ICB and also subsidiaries of ICB. The ICB has 51 different departments including three subsidiary companies, here I tried to discuss about some departments which are deals with their offering of financial products and services.

2.3.1 Funds Management Department

This Funds Management department operates the funds of the corporation including inside and outside of the ICB. They calculate and forecast the inflow and outflow of funds on a daily, weekly and monthly basis and use to require decision supported their calculation and forecast.

When the daily transaction shows a surplus of funds, this department decides whether to carry the fund during a bank or to lend it within the call market or to lend it for a long-time investment. On the opposite hand, if there's a shortage in fund than the Funds Management Department decides the sources from which to get the specified fund. It could take loan or enter the decision market to borrow the specified fund.

2.3.2 Portfolio Management Department

The portfolio of stocks means, a mixture of various sorts of stocks. The stock of ICB has a diversified portfolio that is efficiently managed by the Portfolio Department of ICB. This department buys and sells stock on the idea of marketing research, but it is sure to ministry of finance. the share of ICB's revenue composed by the financial gain and dividend income prove the importance of the portfolio department.

2.3.3 Investors Department

This investor department of ICB manages investors account of ICB. This section maintains the account opened by the investors in ICB before the establishment of ICML. The foremost work of this department is to the administration of speculator accounts and advertising edge advance to the speculators. Offering margin loan is extremely important for this department because margin loan creates a large portion of ICB's asset section. This loan also particularly associated with this report as they are presumably to possess been suffering from the stock exchange crash since they are offered to investors who usually leverage themselves while investing within the stock exchange.



2.3.4 Mutual Funds Department

To form an open-end fund its need four pillars like, sponsor, asset manager, trusty and custodian. ICB has eight close end mutual funds which issued once, these mutual funds manage by the ICB AMCL. In recent years these mutual funds are offering attractive dividend against each certificate. The open-end fund department undertakes the operational and transactional activities on day to day basis. This department collects the investment dividend and also capital gains on the sale of investment from counterparties. This department also distributes the dividends to the shareholder of the funds.

2.3.5 Unit Fund Department

ICB unit fund is an open-end mutual fund. The activities of unit fund and open-end fund is nearly similar. This department also maintains its transactional and operational activities on day to day basis as open-end fund but the unit funds make sure that maximum Net Asset Value is achieved. The unit fund repurchase certificate at Net Asset Value from those shareholders who want live their position within the investment. This department also collects its income like financial gain, dividend income earned by the fund.

2.3.6 Loan Accounts Department

ICB Unit Funds and Mutual Funds are provided to the shareholders by the department of Loan and Accounts. Shareholders interested in availing this loan must submit their certificates. Unitholders can borrow the most extreme sum of cash 85 Taka per unit by submitting its unit certificate to the ICB head office where the certificate was acquired by a unit less a lien. At the time of borrowing, unit holders of mutual funds can borrow up to a maximum of 50% of the weighted average market value of the previous year's certificate by submitting its certificate to this department. The existing interest rate on the loan is 16% per certificate. The shareholder surrenders his certificate in exchange for the loan, if the relevant fund determines the dividend. He or she will reactivate the dividend.



2.3.7 Subsidiary Companies of ICB

As portion of the ICB's restructuring program started by the Government of Bangladesh and Asian Development (ADB) as a portion of the Capital Market Development Program (CMDP), three subsidiaries were founded and put into operation through several of the previously granted by tasks which was operated by the ICB. Those are:

- ICB Capital Management Limited (ICML)
- ICB Asset Management Company Ltd. (IAMCL)
- ICB Securities and Trading Company Ltd. (ISTCL)

Afterward the issuance of government paper announcements, ICB Capital Management Limited and ICB Asset Management Company Ltd. commenced their capacities from 1 July 2002 and ICB Securities Trading Company Ltd. from 13 Admirable 2002. The subsidiary companies are worked by their claim notice and articles of association, Companies Act 1984, SEC's rules and controls, and other appropriate guidelines. The subsidiary companies have an autonomous Board of Officials and separated supervision. However, given ICB is the holding company of these subsidiaries, top officials from ICB feature on the Board of the subsidiaries.

▪ ICB Asset Management Company Limited

ICB AMCL is one of the subsidiaries of Investment Corporation of Bangladesh. This company is one the best dynamic investment administration. In specific floating and management of open-end mutual fund and close-end mutual and unit funds. This company is committed to creating the mutual fund manufacturing and the capital market in Bangladesh. Their main functions are:

- Issuing Mutual and Unit Funds
- Managing Mutual Fund as an Asset Manager

▪ ICB Capital Management Limited

ICB Capital Management Limited has been playing a leading part in dealer managing an account in Bangladesh since its beginning. This company has played a vital part in the advancement of the capital market by performing the capacities which is noted below:

- Underwriting Services
- Issue Management
- Portfolio Management of clients



- Placement of shares
- Investment advice
- Management of Investment Accounts

Their all these activities help the capital market to promote and expand the savings and investment base in the market.

▪ **ICB Securities Trading Company Limited**

ICB Securities Trading Company Limited (ISTCL) got to be a public-sector stock brokerage company before long after the presentation of the computerized exchanging framework in the nation. The operation division then became ISTCL, which introduced an electronic trading system and improved technology in service delivery to investors. At the right time, ISTCL be situated and set up the extraordinary trusts and desires of the country's investors in securities trading. The company has begun with an authorized capital of BDT 50 crore and a paid-up capital of BDT 25 crore. ICB Securities Trading Company Limited (ISTCL) provides coordinate trading chances for purchasing and offering securities recorded on the DSE and CSE. This company acts as a full service orientated DP at CDBL and carries out other brokerage services as one of the most active brokers on the DSE and CSE. The company has expanded its online trading and other brokerage services to institutional investors as well as general investors through its headquarters and offices in Dhaka, Rajshahi, Khulna, Chittagong, Sylhet, Barisal and Bogra. They are now trying to expanding their services on other cities.



2.4 Individual Expertise Development

It was an incredible opportunity for me to work as an intern within the capital market corporation. This major operation by the ICB offers freshmen who are about to enter the professional field a wider range of learning and development skills. I was probably fortunate enough to work in this organization. The list of attributes is as follows:

- I learned about the corporate principles and organizational behavior
- I worked in a group of bunch individuals and the significance of group coordination
- If essential, hold the nerve and work beneath pressure
- I learned to explain the shortcoming and work on it
- I learned from the mistake and should not give up ever
- I develop my communication and interpersonal skills
- I realized the significance of working together and keeping up influences with the individuals around the organization
- I learned to be empathetic rather than appearing consideration

2.5 Challenges in the Job Field during Pandemic

As an intern in Capital Market we need to travel a lot for meetings as well as in subsidiaries of Investment Corporation of Bangladesh. For this we need frequent transports but in this pandemic situation sometimes it is quite difficult for interns to manage vehicles as the requisition slot for vehicles are not available all time.



Chapter: 03
[Introduction]



3.1 Origin of the Report

Internship means applied training program by participating in physically specific tasks. For all intents and purposes, training means a way for an individual or learner to pick up an encounter in related determination and be able to apply his or her hypothetical encounter in real-life work. Practical preparation is required to pick up total information around something. The internship program is really a frame of practical preparation.

As a student of Bachelor of Business Administration and concentration in Finance, from Brac Business School an internship is an academic prerequisite. Moreover, Internship report is fundamental and essential part of BBA program. Internship report enhance the practical knowledge and practical life experiences of a student.

I did my internship at Investment Corporation of Bangladesh (ICB), under the supervision of respectable professor Md. Mahmudul Haque. My respective supervisor advised me to make an internship report on “Portfolio Management of ICB AMCL Mutual Fund “.

3.2 Objectives of the Study

The furthestmost targets of this internship report are to recognize and familiarize themselves with the organizational goals, capacities, administration, and analyzed execution of Mutual Funds of ICB. Other destinations of this report are as takes after:

- To focus on the performance of ICB Mutual Fund portfolio management.
- To narrate our practical situation to our theoretical and academic learning.
- To review on historical background of ICB Mutual Funds
- To review on historical background of ICB Unit Funds
- To acquire the applied characteristics of the ICB.
- To gather proper knowledge of how ICB manages and operates the Mutual Funds.



3.3 Methodology

This study and the research work of this internship report may perhaps be an expressive and descriptive one. The inquire about included both qualitative and quantitative analysis. All the information's has been collected from the taking after sources.

- I took personal interview for collecting this type of data. This is the most efficient method to assemble initial and primary data. Through this process the I got the opportunity to face several officials of ICB such as Senior Officers, AGM, DGM, GM and other stockholders. I questioned them asking about the portfolio management activities of ICB.
- In the circumstance of in commercial organizations, briefing session method is very effective. Throughout the internship period I visited quite a lot of departments of ICB and participated in meeting and conference sessions. The head of the divisions gave all the brief description which was very useful for us and I have collected some valuable information from their briefing sessions.

In addition, with I had to take secondary data for this internship report. It was challenging enough to take all those data from reliable sources. I collected the data from:

- Annual reports of ICB,
- Annual report of ICB Mutual funds and Unit funds.
- Different websites, books, journals, and articles, etc.
- Monthly review of Dhaka Stock Exchange, Bangladesh Bank Monthly Economic Development, SEC regulations, etc.
- ICB annual reports from three ICB subsidiaries.



3.4 Limitations of the Report:

In spite of the fact that the inner environment of the ICB was much way better and the workers were so cooperative. Separated from that like there were a few restrictions I confronted at the time of my internship to go up against and get ready for the internship report. I have visited and also worked all of the ICB offices and subsidiaries one after the other. But ICB could be an enormous organization and 3 months internship program is as well brief to know the exercises of the ICB and a comprehensive report on the ICB Mutual Fund Portfolio Management. I have confronted a few other confinements are as takes after:

- The time provision of submitting the internship report is not suitable enough for this because had to complete this internship report inside very little period of time.
- I had to go to almost every department and subsidiaries of Investment Corporation of Bangladesh for completing the internship program schedule. Three months may be a exceptionally petite sum of period to induce in-depth information of a massive organization like ICB and platform like Capital Market, and this has been the main limitation of my internship program.
- I had faced difficulty of collecting primary data and secondary data was also not available. In primary data, some people were unable to provide proper information and the maximum secondary data was not organized
- The ICB has its own library, but relatively it is very much little and there were insufficient books, articles, published research and documents such as previous year annual report and a sample internship report.



Chapter: 04
[An Overview of Mutual Funds of ICB]



4.1 Outline of Mutual Fund:

The mutual fund is an investment instrument that accumulates a support pool of person and organization investors in arrange to contribute the fund in securities such as stocks, bonds, cash marketplace insubordinate and other securities. Mutual funds are the cheapest way to differentiate an investor's investment portfolio over distinctive source classes. In expansion, mutual funds offer professional know-how within the zone of cash management at a sensible fetched. Particularly in a developing nation like Bangladesh, where the masses are insensible of venture administration techniques, the significance of such proficient administration services is beyond interrogation. Mutual funds are overseen by proficient asset superintendents in arrange to attain the speculation targets of the fund's investors.

The beginning of mutual funds is regularly cited as the cause of 19th century in Europe. At the time, the mutual fund industry developed massively with the development of different investment methodologies to meet the wants of diverse sorts of investors.

In Bangladesh, the mutual fund was beginning with presented in 1980 by the Investment Corporation of Bangladesh (ICB), an open sector financial institution. In the year of 2000 private companies afterward started entering the industry. According to the Securities and Exchange Commission Mutual Fund Regulations, "Mutual fund formed in 2001 as a confidence under Trust Act, 1882 and the Trust Deed is to be registered under Registration Act, 1908. Before registration of the Trust Deed it has to be approved by the Securities and Exchange Commission"[1].

4.2 Significant group of actors involved in Mutual Fund Operation

Under the Securities and Exchange Commission's 2001 Mutual Fund wheels, there are four parties included in a mutual fund's beginning public offering. Those are:

- **Sponsor:** The banks and money related institution, or additional constrained obligation an organization that starts the fund subscribes at the slightest 10% of the entire fund size. Likewise, they support shapes the finance on the premise of the belief deal.



- **Trustee:** The banks and money related institution, or other constrained risk substance that's enrolled as a trustee by the Securities and Exchange Commission (SEC). Additionally, the trustee is the supervisor of the support and holds all the capital resources of the support arrange for sake of the unit-holders.
- **Asset Manager:** The banks and money related institution, or other, Securities and Exchange Commission (SEC) enlisted constrained company that acts as a resource administration intervention. In addition, with the resource administration company supervises and works schemes financed by the Trustee and the commission in understanding with the arrangements of the contracts and rules.
- **Custodian:** To act as the custodian of a bank, financial institution, depositor, or other Securities and Exchange Commission (SEC) registered limited company; Trustees and custodians can be the same body with distinct endorsement from the Securities and Exchange Commission. Their main role is to keep safe of the securities of client funds.

4.3 Objectives of the Mutual Funds

- Mutual funds give consistent, unchanging and attractive dividends
- Speculation of the assets in investment and money market instruments
- Mutual fund helps to stable the capital market condition
- It helps to promotion and expansion of the investment base
- It helps to develop the conditions of capital market
- It provides insignificant substances.
- It mobilizes the savings.
- Promotion and establishment of subsidiaries for the business development purposes.

4.5 Categories of Mutual Fund:

There are two categories of Mutual funds. Those are:

- Open-end Mutual Fund
- Close-end Mutual Fund



4.5.1 Open-end Mutual Fund:

An open-ended mutual fund supervised by a professional administrator has no obligation on the number of shares the fund can issue. Investors discover it as a appreciated and helpful investment vehicle, which is why the larger part of common reserves are open-ended. Most mutual funds must be willing to purchase and offer shares at the calculated Net Asset Value (NAV) at the assumption of each trade day. On the off chance that a fund's Investment Supervisor confirms that a fund's investments have ended up as well extensive to effectively accomplish its expressed objective, the fund will be closed to recent investors and, in other cases, existing fund investors will near down unexploited investments.

4.5.2 Close-end Mutual Fund:

The closed-end fund is established by the Bangladesh Securities and Exchange Commission (BSEC) as a publicly traded investment company. Closed-end fund is like a mutual fund, maybe a collective mutual fund with a supervisor supervision the portfolio. A settled the sum of capital is raised as it were once through an IPO. The fund is at that point organized, recorded, and exchanged like a share on the Dhaka Stock Exchange (DSE). In closed-end funds, investors cannot offer their units to the fund but must offer them to another financial specialist in an advertisement with distinctive net resource esteem. Closed-end funds can be exchanged at the NAV, additionally more or less than the NAV.

Advantages of Mutual Funds

- **Risk diversification:** Mutual funds significantly reduce the speculation risk of retail investors by diversifying investments in diverse segments. The point of the stores is to maximize the return for a given risk.
- **Liquidity:** Mutual funds organize the investment funds of little risk-takers and divert them into profitable assumption opportunities. As a result, mutual funds addition the liquidity of the advertisement. In expansion, since the funds are long term investment vehicles, they decrease advertise uncertainty by supporting scrip values.
- **Accessible:** The mutual funds give retail investors access to the entire marketplace, which would remain hard for entities to accomplish.



- **Reduction in operational costs:** Investors can be excluding on operation costs by purchasing a single share of a mutual fund.
- **Flexibility:** The investors can select a mutual fund that suits their specific needs. They have the ability to move their inventory from one system to another, get updated information, and so on.

Disadvantages of Mutual Funds

- **Economic scenario:** Commercial and financial conditions do not stay consistent, the mutual fund may appearance some challenges within the future. Particularly in case, the supervisor does not balance the assumption portfolio over time or a few other foremost unanticipated tragedy or instance changes the investment situation.
- **Management:** Mutual fund's portfolio is operated by the fund managers, stockholders have no say within the issues of a mutual fund even though they own the fund.
- **Overdiversification:** There is a risk of overdiversification, which could inevitably lead to a decline in the portfolio.

4.6 Mutual Funds of ICB Asset Management Company Ltd.

ICB operates total 23 mutual funds. The subsidiaries of ICB Asset Management Company Ltd has supported the mutual fund industry and as of this day and age built up itself as one of the rapid-growing Asset Management Company in Bangladesh. They have both close-end mutual fund, and open-end mutual funds. This company floated 13 closed end mutual funds and one of them redeemed. This company is also supervision 14 open ended mutual funds. AMCL floated 5 mutual funds and converted 9 mutual funds. The AMCL operates these funds and also continuous to accomplish its particular portfolio. Those are:



Close-end Mutual Funds (as on 30 June, 2019)

Particulars	Floataion date	NAV per unit (Tk)
Prime Finance First Mutual Fund	January 2009	17.83
ICB AMCL Second Mutual Fund	August 2009	13.89
ICB Employees Provident Fund One	November 2009	12.13
Prime Bank 1st AMCL Mutual Fund	December 2009	12.12
Phoenix Finance 1st Mutual Fund	March 2010	12.17
ICB AMCL Third NRB Mutual Fund	March 2010	11.87
IFIL Islamic Mutual Fund-1	September 2010	11.50
ICB AMCL Sonali Bank Limited 1st Mutual Fund	April 2013	11.56
ICB AMCL 1st Agrani Bank Mutual Fund	September 2017	11.01

Figure 4: Close end Mutual Funds as on 30 June, 2019

Open-end Mutual Funds (as on 30 June, 2019)

Particulars	Floataion date	NAV per unit (Tk)
ICB AMCL Unit Funds	June 2003	209.70
ICB AMCL Pension Holders Unit Fund	October 2004	192.99
Bangladesh Funds	February 2014	88.36
ICB AMCL Converted First Unit Fund	May 2015	9.53
ICB AMCL Islamic Unit Fund	March 2016	9.17
First ICB Unit Funds	April 2016	10.17
Second ICB Unit Funds	May 2016	11.27
Third ICB Unit Funds	May 2016	11.63
Forth ICB Unit Funds	May 2016	11.07
Fifth ICB Unit Funds	May 2016	11.44
Sixth ICB Unit Funds	June 2016	12.19
Seventh ICB Unit Funds	September 2016	11.96
Eighth ICB Unit Funds	February 2017	11.96
ICB AMCL 2nd NRB Mutual Fund	December 2019	11.18

Figure 5: Open end Mutual Funds as on 30 June, 2019



4.7 Other Relevant Information of ICB Mutual and Unit Fund

- If dividend coupons are not received or lost, a double dividend coupon is required issued after compliance with the necessary formalities.
- Unitholders should immediately notify the Issuing offices so that no problem with the distribution of dividends and Handover of the certificates.
- Units can be redeemed at the currently valid repurchase price by the Mandatory handover forms duly completed and contracted by the listed holders and no previous announcement is essential.
- Daily transactions take place during banking hours, except on Thursday. Holidays and in the month of July every year.



Chapter: 05
[Analysis of ICB Mutual Fund's Portfolio Management]



5.1 Formation of Portfolio

Management of portfolio is one of the critical exercises of the commercial banking activities of ICB. By means of the features of the secondary financial market, ICB has been supervision their portfolio with awesome victory in view of long term schemes. In expansion, as a powerful endeavor institution, ICB is playing a key part in creating the country's capital market through its dynamic and energetic portfolio supervision. Portfolio supervision exercises are worked by inaccessible division with the proposals of Portfolio Supervision Committee speculation approaches. This contributed to expanding the capital market and further improving the corporation core earnings. At the same time, professionalism of the corporation for the Portfolio Management has been established an un-debatable and unparalleled role.

ICB Asset Management Company forms their portfolio by:

- 14 Mutual funds
- Unit funds
- Equity participation shares
- Investors account and
- Government holdings.

5.2 Guidelines for Portfolio Management of Mutual Funds

ICB Asset Management Committee always do follow some guidelines on investment which is imposed from Securities Exchange Commission:

- No mutual company may invest more than 5% of its capital in shares of any company
- Asset Management Company have to invest more than 60% shares of capital market. Other 40% investment they can invest on Money Market.
- Investments in previously placed debt, securitized debt and other unlisted debt may not exceed 10% of the entire assets of the scheme for growth programs besides 40% of the entire assets of the system for income systems.
- No single mutual fund scheme should invest more than 5 percent of a company's stock.
- No mutual deposit under its overall package should own additional 5% of a corporation's paid-up voting investment



- No mutual fund should capitalize more than 10% of the assets in stocks, bonds or other securities of any single corporation under any of its lists combined.
- No mutual fund in its entire system should invest more than fifteen percent of its fund in stocks and bonds in any sector, unless this provision applies to a system that has been set up for investments in one or more specific sectors and a corresponding declaration has been made in the letter of offer.

5.3 Portfolio Management Methodology of ICB Asset Management

With sound securities portfolio management by ICB, the risks of the securities portfolio are carefully managed and controlled through evaluating the numerous issues such as the value of the securities, the variation of the portfolio, the duration, the volatility, the type of marketability and the liquidity of the security. ICB Asset Management Ltd. follow some effective process for managing the securities portfolio includes:

- Fundamental, Market and Technical analysis of listed securities
- Systematic process of monitoring the type, features, superiority and advantage of the stocks detained in the portfolio collection
- Analysis the performance of the investor
- Analysis of the fiscal, economic and industrial policies of the government
- Analysis of the macroeconomic and external commercial situation

5.4 Portfolio Investment

The acquisitions of stocks, and money marketplace equipment by external administration as a result of foreign administration, ownership, or legal control, known as portfolio investment.

Some instances of portfolio investments are:

- Buying shares in an external company.
- Buying bonds from a foreign government.
- The procurement of assets abroad.
- Buying shares in an external company.



Flexible influence international portfolio investments:

- Tax charges on interest or dividends. The investors more often than not lean toward nations where charge rates are moderately low and adaptable enough.
- Interest rates: Money be disposed to go to countries with high interest charges
- Exchange rates: Foreign stockholders can be involved if the local currency is predictable and expected to strengthen
- Portfolio assumptions are a percentage of the capital account within the adjust of installments measurements. Investing in a portfolio is the inverse of underwriting directly.

Portfolio Investment Criteria of ICB:

ICB Asset Management Ltd. follow some effective process for managing the securities portfolio.

Mostly the Asset Managers of ICB do follow two categories of analysis. Those are:

- Fundamental Analysis
- Technical Analysis

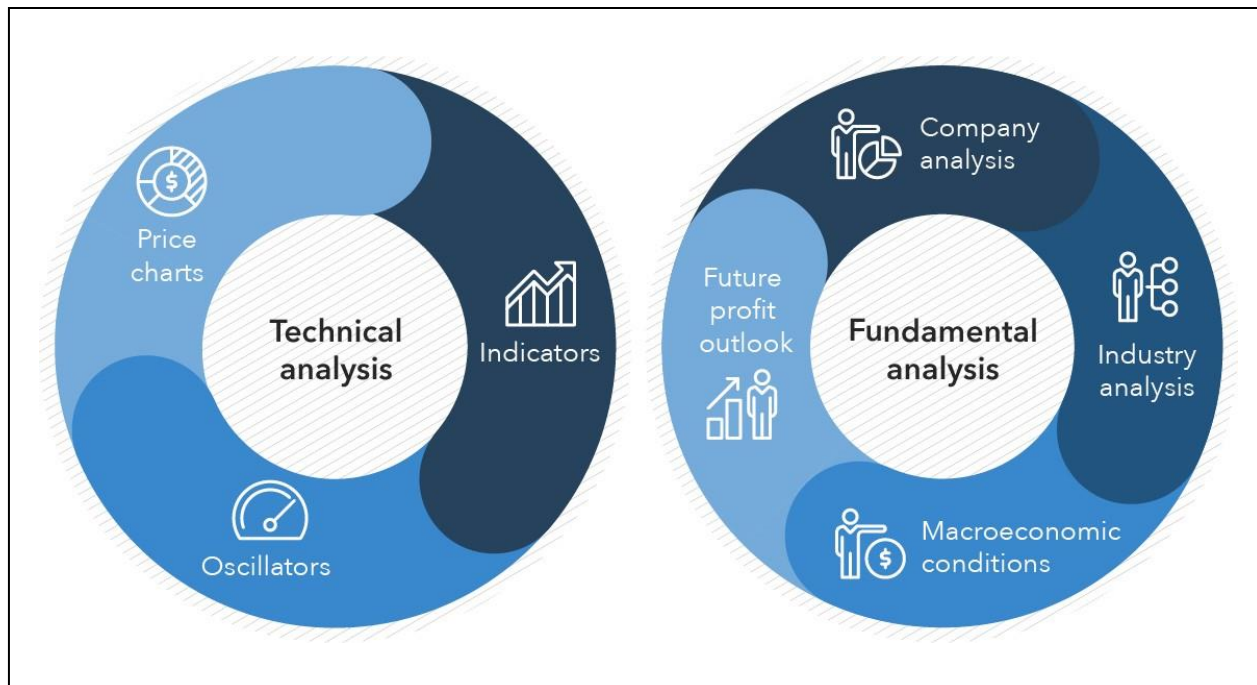


Figure 6: Technical and Fundamental Analysis



5.4.1 Fundamental Analysis

Before investment ICB capital market analyst do follow some rules and criteria to minimize the risk and based on those analysis they make the portfolio for their investment.

- Price-earnings Ratio (P/E ratio)
- Dividend Yield
- Closing Market Price
- Earning-per share (EPS)
- Net Asset Value (NAV)

- **Price-earnings Ratio:**

ICB Asset Management analyst use this Price-earnings to decide whether to buy stocks or not. The P/E ratio tells the investors how much they should pay \$1 profit per share for each earnings. A low P/E ratio is attractive in that reimbursement less for every dollar incomes. Simultaneously, companies with higher P/E proportions anticipate higher sales progress within the upcoming than companies with lower P/E ratios. That's why ICB's analyst do this analysis to measure they should invest or not.

- **Return on Investment Ratio:**

ROI is a profitability measurement tool that indicates the asset manager whether or not a company or organization is using their resources efficiently. By analyzing this ratio, the predict the future market of this company and expected return. That's why ICB use this ratio and analyze the stocks expected return to make a reliable portfolio for their mutual funds.

- **Net Asset Value:**

Net Asset Value (NAV) signifies the price of each share of a share as a fund. The Net Asset Value calculation is the most important calculation because it tells Asset Manager that how much a portion of the fund is worth enough. If the NAV is higher than the Market price of the stock then it is good and should buy the stock, on the other side if the NAV is less than the Market price then Asset Manager should not buy the stock for his portfolio. This is how ICB asset managers take the decisions by measuring this Net Asset Value.



▪ **Dividend Payout Ratio:**

This dividend payout ratio gives an idea to an Investor of how much earnings support is going to get from dividend payments. The stable dividend rate indicates a firm solid dividend policy of the company's board of directors. This is why ICB investors try to analyze the company previous years dividend declaration and try to predict the future dividend ratio before investing on their stocks.

▪ **Market Value of Investment to Investment cost ratio:**

This ratio analysis measures the market value of the portfolio against the cost of investment. If the ratio is more than 1 it indicates value of investment has increased. Based on ICB annual report of 2019 ICB mutual funds ratio is greater than 1 that means their value of investment is good enough. If it becomes less than 1 then Asset Managers should have to reshuffle their portfolio for the better return against their portfolio.

Asset Managers presented these applications as well as strategic analysis to the Portfolio Management Committee. The committee chooses on purchase or sale of securities considering diverse viewpoints of the suggestion by doing those analyses. Investment technique is defined by in view of the domestic financial market assumption, world financial condition, and general trend within the stock market.

5.4.2 Technical Analysis

An angle of technical analysis that looks for to anticipate the longer-term developments of stocks based on past information and information. The specialized analysis is based on the thought that what happened within the past and gives the dealer thought of what will happen within the future market.

There are three main natures of trends ICB Asset Managers do follow:

- Short-short trend
- Intermediate trend
- Long-term trend.

Technical analysis attempts to forecast a movement such as a bull market track and follow that movement up until the data recommends a movement reverse such as the bull market. Technical analysis is very much cooperative for the asset manager because moving with movements, not



against them, and the results in a turnover for an stockholder. ICB Asset Management Company Ltd do follow amarstock.com to analyze technical and trend analysis. By analyzing they predict the future stock price and maintain their portfolio for their mutual fund.

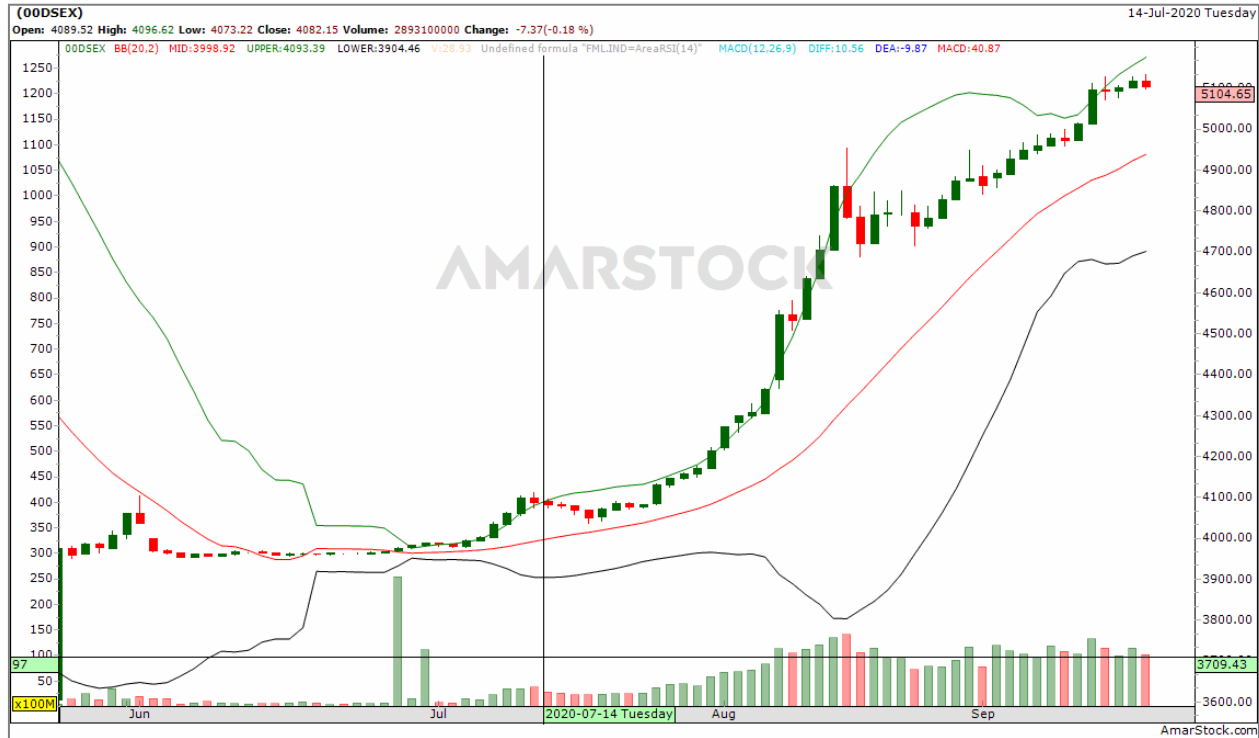


Figure 7: Technical analysis (source: amarstock.com)

Based on ICB Annual report in the fiscal year of 2018-19 the overall revenue of ICB in the subordinate market was Tk 4,659.69 crore which was 16.97% a lesser amount of than the prior year revenue. Simultaneously, capital gain of ICB’s own collection was Tk. 433.44 crore which was 41.65% a lesser amount of than the prior year’s capital gain of 742.58 crore.

In the fiscal year of 2018-19 Tk. 2,777.47 crore has been financed in ICB’s possess portfolio collection. Out of that Tk. 2,757.47 crores has been capitalized within the securities of the numerous listed corporations through the secondary commercial marketplace which is 4.43% over compared to final year’s Tk. 4,640.25 crore.



5.5 Portfolio Management

ICB used this portfolio management technique to choose a portfolio of new product improvement schemes to attain the subsequent goals:

- Make the most of the profitability or portfolio worth
- Create balance
- Support the corporate strategy

The senior management team of ICB Asset Management Company Limited is mindful of this Portfolio Management, which can be referred to as the product committee, meets regularly to supervise and organize the product pipeline and choose the product portfolio. Most of the time, it is the similar bunch that performs assemble entryway surveys at the corporation.

There is some reasonable initial facts are to create a product portfolio strategy. Those are:

- First, Identify the market, customer, product, set up strategies, competitive focus and etc.
- The additional step is to recognize and set up the budgets based on availability of resources to balance the portfolio.
- Third, respectively every project needs to remain evaluated for effectiveness and rewards, investment necessities and capitals, risks and other related aspects.

ICB Asset Management maintains a separate portfolio for each investment on mutual funds and unit funds to ensure higher returns for fund owners. Includes ICB Asset Management portfolio management activities:

- Securities selection for investment
- Add more potentially profitable parallels to the portfolio
- Avoid bad stocks out of the portfolio.

The securities analysis division of ICB Asset Management conducts these following portfolio management activities. This is how ICB maintains its own portfolio and managed portfolio following some rules and regulations.



5.6 The Portfolio Contrast of ICB Close-end Mutual Funds

The most challenging part and activities for an asset and fund manager is to assign funds to sectors and stocks, so that they retain their fundamental power. Investors must review the Fund's Portfolio Statement for an in-depth analysis of the Fund's assets. Here I searched and analyzed the portfolio of 9 close-end mutual funds of ICB AMCL, these nine mutual fund's portfolio regulates nine different fund and asset managers for an indication of their asset choices.

- **Portfolio of Prime Finance First Mutual Fund:**

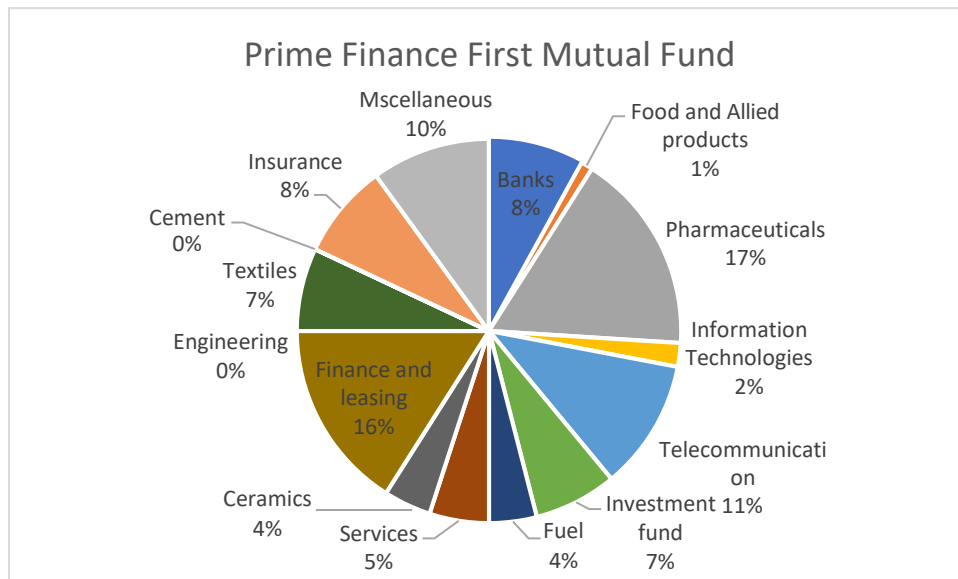


Figure 8: Sector wise Investment of Prime Finance Mutual Fund as on 30-06-2019

The above figure shows that the fund allocation of Prime Finance Mutual Funds portfolio managed by ICB Fund and Asset Manager as at 30 July, 2019. Most of the funds asset allocation was on the Pharmaceutical sector (17%) and next being the Telecommunication (11%). The funds asset is well diversified into 15 sectors.



▪ **Portfolio of ICB AMCL Second Mutual Fund:**

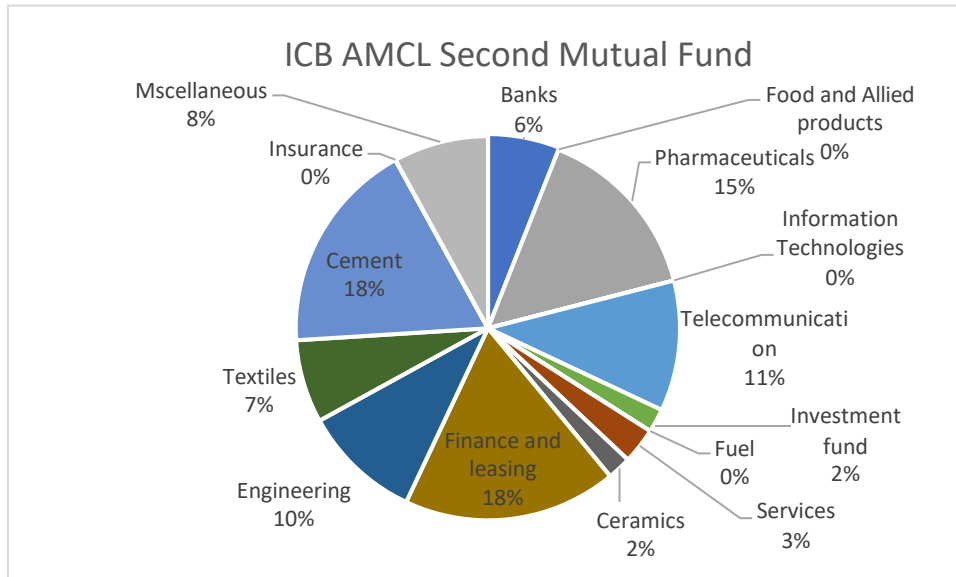


Figure 9: Sector wise Investment of ICB AMCL Second Mutual Fund as on 30-06-2019

The above figure shows that the fund allocation of ICB AMCL Second Mutual Funds portfolio managed by ICB Fund and Asset Manager as at 30 July, 2019. Most of the funds asset allocation was on the Finance and leasing sector (18%) and next being the Pharmaceuticals (15%). The funds asset is well diversified into 15 sectors.

▪ **ICB Employees Provident Mutual Funds One: Scheme One**

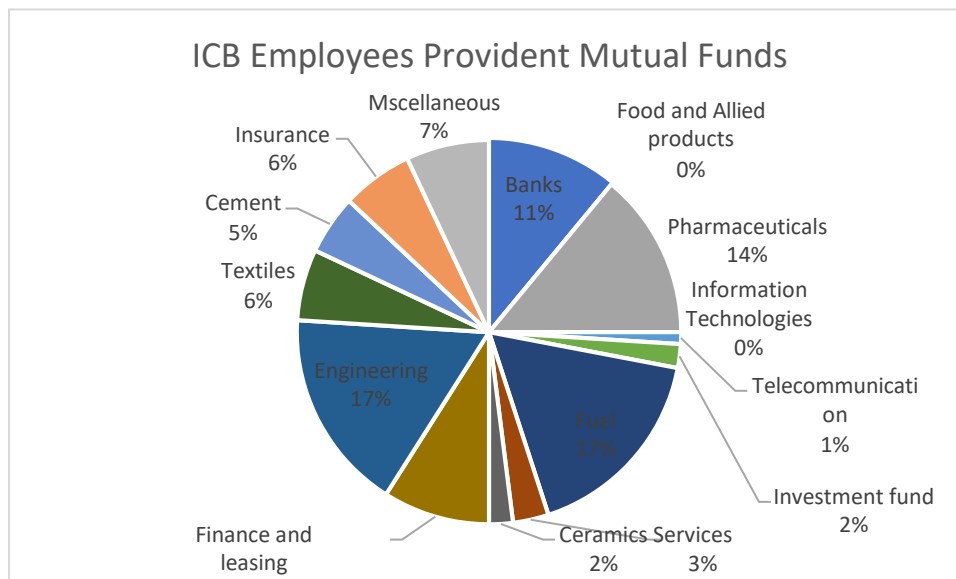


Figure 10: Sector wise Investment of ICB Employees Provident Mutual Fund as on 30-06-2019



The above figure shows that the fund allocation of ICB Employees Provident Mutual Fund's portfolio managed by ICB's fund and Asset Manager as at 30 July, 2019. Most of the funds asset allocation was on the Engineering (17%) and next being the Pharmaceuticals (14%). The funds asset is well diversified into 16 sectors.

- **Prime Bank 1st ICB Mutual Fund:**

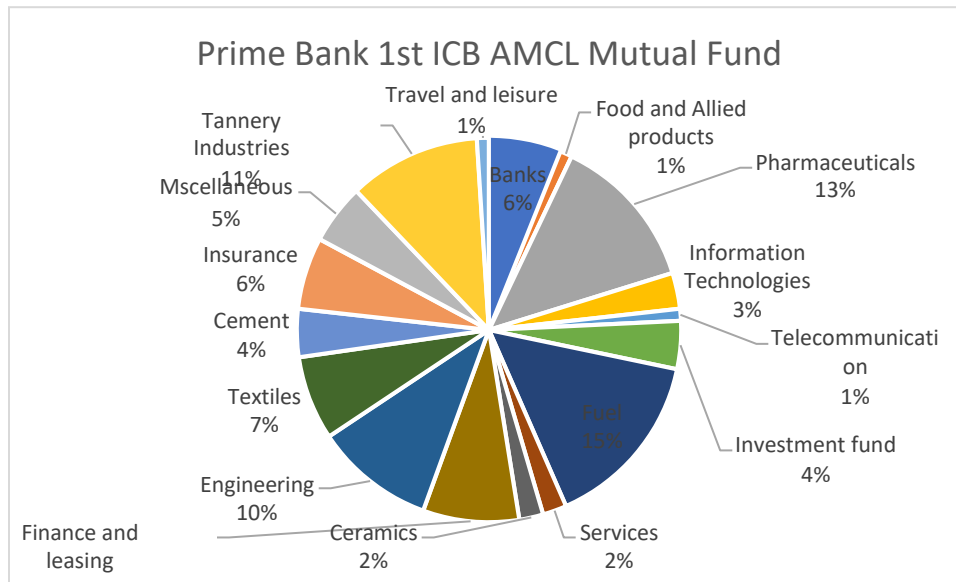


Figure 11: Sector wise Investment of Prime Bank 1st ICB Mutual Fund as on 30-06-2019

The above figure shows that the fund allocation of Prime Bank First ICB Mutual Fund portfolio managed by ICB Fund and Asset Manager as at 30 July, 2019. Most of the funds asset allocation was on the Fuel (15%) and next being the Pharmaceuticals (13%). The funds asset is well diversified into 15 sectors.



▪ **Phoenix Finance 1st ICB Mutual Fund:**

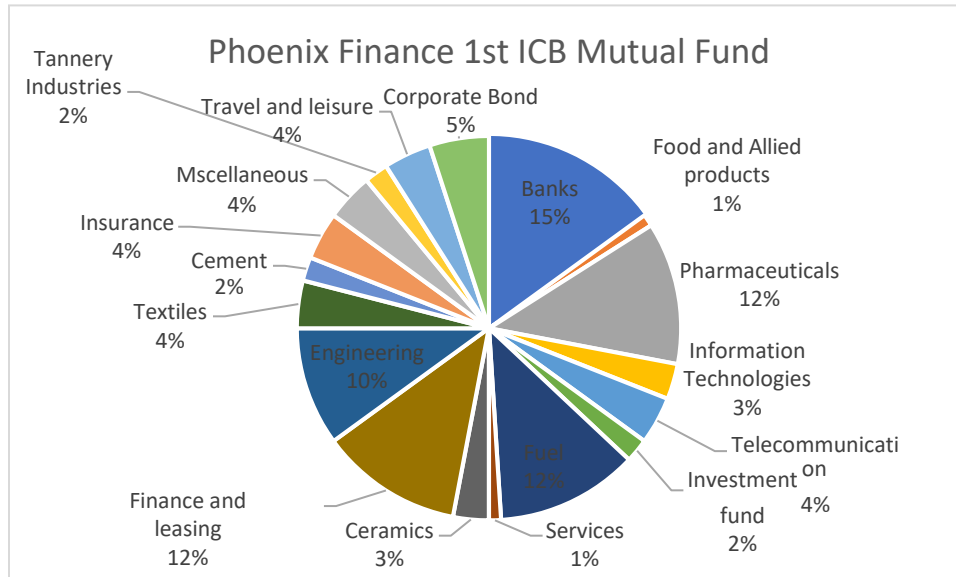


Figure 12: Sector wise Investment of Phoenix Finance First ICB Mutual Fund as on 30-06-2019

The above figure shows that the fund allocation of Phoenix Finance First ICB Mutual Fund portfolio managed by ICB Fund and Asset Manager as at 30 July, 2019. Most of the funds asset allocation was on the Banking sector (15%) and next being the Pharmaceuticals (12%). The funds asset is well diversified into 18 sectors.

▪ **ICB AMCL Third NRB Mutual Fund:**

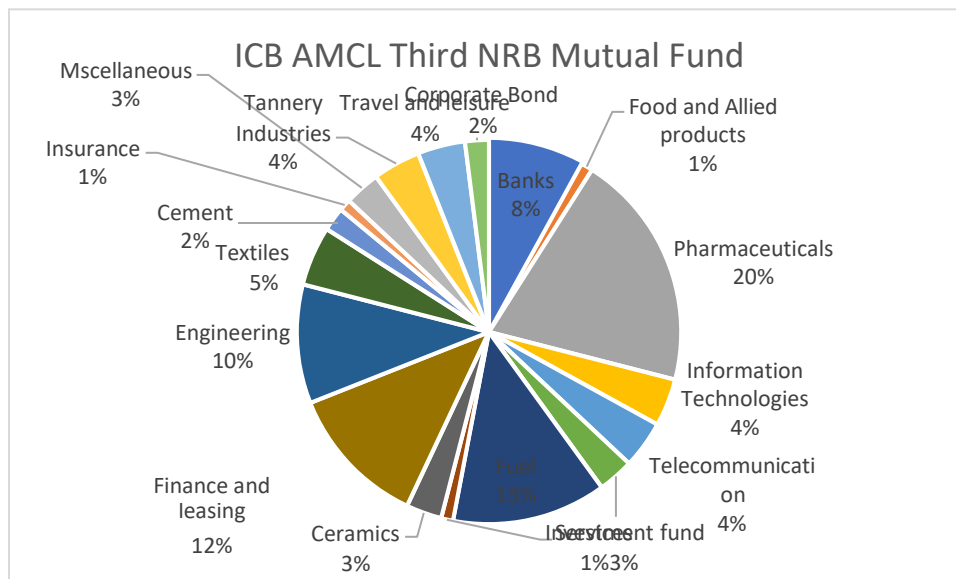


Figure 13: Sector wise Investment of ICB AMCL Third Mutual Fund as on 30-06-2019



The above figure shows that the fund allocation of ICB AMCL Third NRB Mutual Fund portfolio managed by ICB Fund and Asset Manager as at 30 July, 2019. Most of the funds asset allocation was on the Pharmaceuticals (20%) and next being the Finance and leasing (12%). The funds asset is well diversified into 15 sectors.

▪ **IFIL Islamic Mutual Fund:**

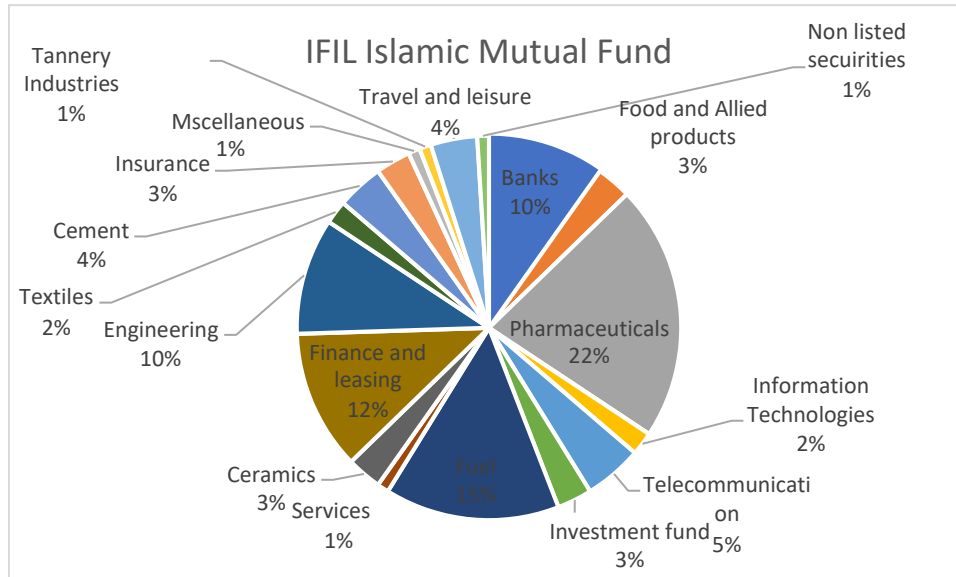


Figure 14: Sector wise Investment of IFIL Islamic Mutual Fund as on 30-06-2019

The above figure shows that the fund allocation of IFIL Islamic Mutual Fund’s portfolio managed by ICB Fund and Asset Manager as at 30 July, 2019. Most of the funds asset allocation was on the Pharmaceuticals (22%) and next being the Finance and leasing (14%). The funds asset is well diversified into 16 sectors.



▪ **ICB AMCL Sonali Bank Limited 1st Mutual Fund:**

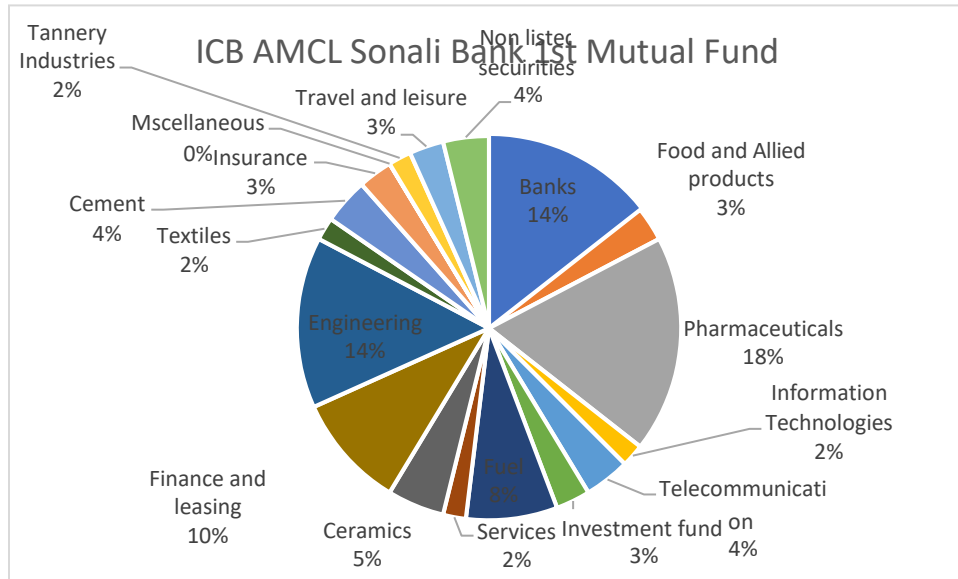


Figure 15: Sector wise Investment of ICB AMCL Sonali Bank Limited Mutual Fund as on 30-06-2019

The above figure shows that the fund allocation of ICB AMCL Sonali Bank Limited 1st Mutual Fund’s portfolio managed by ICB Fund and Asset Manager as at 30 July, 2019. Most of the funds asset allocation was on the Pharmaceuticals (18%) and next being the Bank and Engineering both (14%). The funds asset is well diversified into total 18 sectors.

▪ **ICB AMCL First Agrani Bank Mutual Fund**

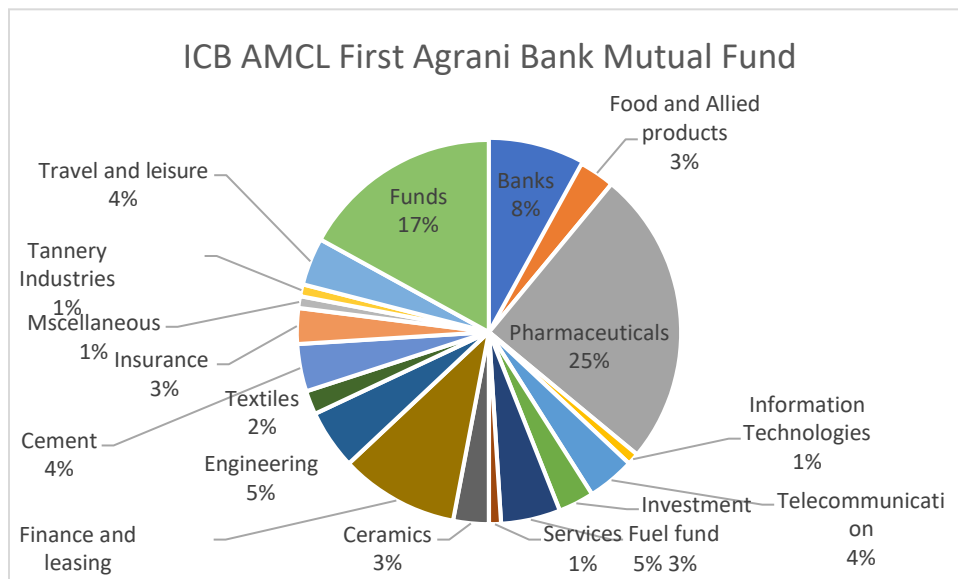


Figure 16: Sector wise Investment of ICB AMCL First Agrani Bank Mutual Fund as on 30-06-2019



The above figure shows that the fund allocation of ICB AMCL First Agrani Bank Limited 1st Mutual Fund's portfolio managed by ICB Fund and Asset Manager as at 30 July, 2019. Most of the funds asset allocation was on the Pharmaceuticals (25%) and next being the Funds (14%) and Finance and leasing (10%) portions. The funds asset is well diversified into total 17 sectors.

All these Mutual Funds operates and maintained by ICB Asset Management Company Limited. They maintained 9 close-end listed Mutual Funds and along with 14 open-end non-listed Mutual Funds. Here, I just analyzed their listed close-end Mutual Funds portfolio.

The goal of the above analysis was to find out how different fund managers prefer different sectors to keep their funds. However, the results are very different from fund to fund depending on the risk and return.

Most of the ICB Asset and Fund managers prefer the pharmaceutical, banks and telecommunications sector because of their growth potential and less risk than their standout investments. Moreover, the challenge for asset and fund managers is to predict the growth potential of each sector by analyzing fundamental and technical factors and immediately transfer funds from lesser known individuals to that sector for higher returns and alpha.



5.6 Recommendation for Efficient Portfolio Management of ICB Mutual Fund

Among the 23 mutual funds of ICB; very less mutual funds have the highest value compared to the mutual fund market. The reason behind this is most of their mutual fund portfolios are not worth enough and not well maintained. ICB follows the same portfolio management strategies for its entire Mutual Funds portfolio. ICB Asset Management should focus on more analysis and strategies which help them to make a good portfolio and they can do analyze the risk of the portfolio. Performance appraisal of this portfolio shows different levels of efficiency.

AMCL should use various statistical tools and financial models are which help them to evaluate the portfolio effectiveness of mutual funds. ICB Asset Manager can do use Capital Asset Pricing Model. The Capital Asset Pricing Model can be expanded in a numeral of cases to make available further claims beyond the estimates of security earnings. A significant sector in performance assessment is where the furthestmost frequently used measurement is used.

▪ Performance Evaluation

Using this strategy ICB can calculate various performance metrics that allow CAPM's extensions and portfolio to perform and perform tasks. The dynamic managers are anticipated to achieve more than inactive managers or as a minimum provide active operational expenses. The fundamental ratio analysis is commonly used in performance evaluation of mutual fund's portfolio. All corporation anticipates that the marketplace portfolio of criteria is the proper portfolio and in case it is not, the significances can be misleading. This is why this analysis of ICB AMCL must be suitable for portfolio measurement and follow good analytical features.

▪ Security Selection

In this CAPM strategy it is assumed that stockholders have single prospects, balanced and risk-opposed, and therefore set the similar price on entire assets to generate a portfolio of the similar hazardous marketplace. When investors differ, their individual opinions may result in a valuation or cost for an assurance that contrasts from the cost calculated by CAPM. I am suggesting this procedure to ICB AMCL since the CAPM calculated cost is the present market price because it reproduces the principles of all other investors within the marketplace. On the off chance that the



investor's assessed cost is higher than the current market cost, this seems to give an indication of the purchase of the resource because it is seen by the advertising as undervalued.

ICB Asset Management also can use The Jensen Alpha for individual securities using positive values. It is indicated that the security will outperform the market on a risk-integrated basis.

In addition, ICB AMCL also can be presented Graphically similar information through the Security Market Line (SML). Here, the predictable return and beta of the securities can be evaluated by using Security Market Line, the securities are devalued compared to the market sense reduction above SML. Moreover, securities that are valued in excess of market senses are displayed below the SML.

▪ **Portfolio Construction**

CAPM will recommend to the ICB AMCL that they should have a market portfolio and risk-free assets. A true and consistent market portfolio collection comprises of a bulky amount of securities and no stockholder can be applied for all their ownership. Moreover, more of the non-systematic risks can be differentiated under 30 or else additional different individual securities. Nevertheless, these securities ought to be selected randomly from numerous asset modules. An catalogue can assist as the greatest way to create diversity.

It is important to note for the ICB Asset Management Limited that only systematic risks can be eliminated by adding different securities to the portfolio. Systematic risks included in the whole market and this cannot be diversified away.

The value of the securities included in the index may be more valuable than the index to determine the suitability for inclusion in the portfolio. Protection can be estimated compared to alpha and beta indicators and should include individuals with positive alpha. The same can be done for stocks in the index that have a negative alpha compared to the catalog ought to be excepted or short-sell.

In order to regulate the weightiness of respectively each protection in the portfolio, ICB AMCL should be made heavier securities with higher alpha. This weight is divided by the non-systematic variation and risk of protection as proportional to the alpha.



Chapter 06:
[Findings, Recommendations and Conclusion]



6.1 Findings

The ICB has set itself the objective of creating the capital markets, mobilizing reserves, and broadening the sector of the investment. Capital Market is operated by ICB with qualified and experienced financial specialists. The justify of its great execution and its great reputation goes only to its professionals. Moreover, entire decisions regarding securities exchange and investments are made by the professional management team of ICB.

The ICB Mutual and Unit Fund has won the trust of investors, especially medium-sized savers. Based on Financial Express report public and private sector employees represented 64.48% of all shareholders, who were primarily from small and medium income groups. Findings which relate to different department of ICB and ICB AMCL Mutual Fund are given below:

- ICB promote and establish their three subsidiaries for business development and broaden the sector of the investment.
- ICB Mutual Funds should concentrate more on banking sectors to generate more dividend income and capital gain from their portfolio investment
- Mutual fund rules prevent ICB AMCL from moving to efficient borders. In reality it is almost impossible to achieve this level.
- The ICB Mutual Fund offers a lucrative dividend to their investors.
- Mutual fund ICB dividend policies should be more constructive and adequate, which can satisfy investors. The policy should be based on income, not year basis.
- The income per unit is good in the current situation.
- ROI is a growing trend of the ICB Mutual Fund that increases investor reliability.
- The withdrawal of Mutual or Unit funds and securities are very much extensive and complex procedure.
- When purchasing and selling the shares that are request by the stockholders, the execution by the ICB takes little long time. That is why investors do not get their calculated profit.
- ICB office layout and interiors are not in a good position.
- Investors get poor customer service due to fewer employees and a lack of appropriate training opportunities.
- Most individuals in Bangladesh are not recognizable with the ICB's activities.



6.2 Recommendation

The recommendations of this report have been made based on my work view of the ICB and ICB subsidiaries such as ICB Asset Management Company Limited (IAMCL), ICB Capital Management Limited (ICML), ICB Securities and Trading Company Limited (ISTCL). Although ICB is one of the top performing corporation in the Capital Market, still I have a few recommendations for ICB to progress its execution be more efficient. Some of the observations and recommendations are given bellow:

- ICB Mutual Funds should concentrate more on banking sectors to generate more dividend income and capital gain from their portfolio investment
- The ICB has skilled and experienced asset managers but they need more analyst in this sector because of to make their portfolio better by doing more analysis. The ICB authority should register more human resources in those areas.
- A team of technicians should have processed to ask for an ICB assessment. At the very least the corporation should employ some skills that provide assessment reports that now have the capacity to assess with shortages.
- Mutual fund ICB dividend policies should be more constructive and adequate, which can satisfy investors. The policy should be based on income, not year basis.
- The Corporation should have a training institution and arrange more training on Capital Market for their existing employees.
- ICB ought to be a quick concern to provide the Unit Certificate to the stockholders inside the sensible period of time.
- When selecting the portfolio of the Mutual Funds and the Unit Funds, ICB Asset Management should consider the stocks of companies whose performance is better.
- Asset management of ICB should diversify their cash into those sectors that can generate high returns.
- The ICB Asset Management Company Ltd. should offer customers and organizations more options, such as home delivery of dividends and online transfers. This will improve consumer satisfaction level.
- The internal environment of the ICB and their subsidiaries should become more attractive. And it should stay more neat and clean and well decorated.



- The ICB and ICB AMCL should offer their customers a one-stop service. This will increase satisfaction level of consumer and investors
- The ICB should computerize all of its functions and provide online system functions.
- Employees should always take the time to listen to customers' problems. It will help them deliver the right service in the right time.
- Materials related to the services should become more attractive.
- Customers should give an opportunity to complain. The ICB and subsidiaries should receive and concern about their customer feedback.
- The ICB should offer customers more service products.
- The ICB and their subsidiaries should increase the speed of the services.

6.3 Conclusion

To wrap up this internship report, it can be said that it was an overwhelming opportunity for me to work under the Investment Corporation of Bangladesh as a Capital Market Intern. Since its beginning, ICB and its subsidiaries have been playing a crucial part within the nation's capital market and industrialization. By way of an investment bank it is an exceptional and unique name in our country, with a very good reputation and vast experience as well as an efficient management segment that is able to follow the goals and objectives of the ICB. Furthermore, The Investment Corporation of Bangladesh (ICB) is for all intents and purposes the one and only investment bank in Bangladesh. ICB plays a dynamic part in advancing and expansion the scheme base sectors and hence in creating the capital markets in Bangladesh.

My main emphasis in this report is on the Portfolio Management of ICB Mutual Fund. The analysis showed that the portfolio management position is not up to the mark. There is a little risk participation. The foremost purpose for this was that there was lack of research and analysis. The ICB Mutual Funds attracts investors through their good image in the capital market. The Mutual Funds also declared a handsome dividend for their investors every year.

The Asset management should be innovative, exploratory and dynamic in this market. ICB AMCL should particularly focus on the business and management of mutual funds as most retail investors



are major mutual fund clients. Therefore, ICB AMCL should focus on increasing the presentation and the performance of ICB mutual funds and finding the technique to overcome the portfolio management problems.

We are quite optimistic that the recent improvements in the transaction process, new funds, computer systems and online services in the transaction process, support from CDBL and efficient staff will reach the ICB's AMCL at the top and efficiently contribute to the fast expansion of the Capital Markets in the upcoming years.

Last of all, I would like to thank to my supervisor for giving me the opportunity to conduct such an extensive learning in this capital market area. Therefore, I do not know how much successful I am in writing this internship report but it is true that I have sincerely tried to carry out my responsibilities and discharge my duties with enthusiasm and with maximum consummation. Nevertheless, I ask for forgiveness meant for any mistakes or else omissions that may have occurred unintentionally.



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