

Three mutual funds get nod

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The Securities and Exchange Commission (SEC) yesterday gave the go-ahead to three applications to float mutual funds including the Tk 300 crore LR Global Bangladesh Mutual Fund-1, the biggest ever.

Two other funds that received the regulator's nod are Tk 200 crore worth Popular Life Mutual Fund and Al-Arafah Islami Bank Mutual Fund-1 of Tk 100 crore. All the funds are closed-end having a 10-year tenure each. Per unit price of each of the three mutual funds will be Tk 10, said SEC Executive Director Anwarul Kabir Bhuiyan yesterday.

The regulator's nod has come at a time when mutual funds as a sector are showing a bearish trend amid a row over offering stock dividend and rights share to unit holders of mutual funds. Now 24 mutual funds are listed on the prime bourse, Dhaka Stock Exchange.

Units worth Tk 150 crore will be opened for public subscription of the Tk 300 crore LR Global Bangladesh Mutual Fund-1. Of the rest amount, sponsors will contribute Tk 50 crore, and Tk 100 crore will be raised through private placements. AB Bank, Green Delta Insurance Company, IDLC Finance, International Leasing and Financial Services, Popular Life Insurance Company, Trust Bank, and The City Bank are the sponsors of the fund to be managed by LR Global Bangladesh Asset Management Company.

LR Global will also act as manger of Al-Arafah Islami Bank's 1st mutual fund of Tk 100 crore. Sponsors will contribute Tk 10 crore, while Tk 40 crore will be raised through pre-IPO (initial public offering). The remaining Tk 50 crore will be raised through IPO, officials said.

For Tk 200 crore Popular Life Mutual Fund, units worth Tk 100 crore will open for IPO. The rest of the fund will be raised through sponsors and private placements. Race Asset Management PLC will act as the fund manager.