



UPDATED PRESS RELEASE

SEPTEMBER 24, 2019

A sequence of material and disturbing events has taken place at least over last 12 months that is of serious concern to LR Global and the entire mutual fund industry. In order to protect the interest of ALL investors in Mutual Fund we are publicly releasing the facts and findings to all participants including all present and future Mutual Fund investors.

1. As of **August 21, 2019**, the tenure of DBH First Mutual Fund was extended for another 10 years up to 6-Feb-2030 as per BSEC Order dated October 02, 2018 (gazette published on October 23, 2018), by the Government of Bangladesh, the Bangladesh Securities and Exchange Commission (BSEC) through the exercise of its power accorded by the Securities and Exchange Ordinance, 1969 (XVII of 1969) Section 20A. All concerned parties were informed as of **August 21, 2019**, including distribution of **Price Sensitive Information** to ensure the dissemination of the effective extension. Prior to the extension of LR Global Funds, the funds under the largest asset management companies (ICB and RACE) were also extended under the BSEC Order dated October 02, 2018.
2. As of **September 18, 2019**, our long-term institutional investors informed us of certain market disruptive activities related to DBH First Mutual Fund by at least a few individuals and entities. We also were notified regarding discussion and intent to replace LR Global as an Asset Manager, in order to gain control over our investments for personal gains. **These individuals involved in the market disruptive activities are a group of asset managers and our direct competitor.** This suggestion was outright rejected by our investors. **DBH First mutual fund has materially outperformed the market for last 10 years. Even under a flat market performance including market crash of 2010, over last 10 years DBH First Mutual Fund returned 55.60% of invested capital in cash dividend and outperformed the market by at least 5.87%.**
3. **September 18, 2019, on the same day LR Global after looking** into the issue further (based upon CDBL reports) – confirmed the suspicion of unusual trading activities from multiple accounts, large block trading to conceal identities, as well as high level of volatility patterns on DBH First Mutual Fund. Based upon the CDBL report we identified these activities were directly or indirectly related to VIPB Accelerated Income Unit Fund, EDGE Bangladesh Mutual Fund and IDLC Balanced Fund, or affiliates or related party entities. We have previously invested in these funds in support of the Industry and encouraged new Asset Managers in to the industry. However, after our findings we immediately withdrew all remaining investments from VIPB Accelerated Income Unit Fund, EDGE Bangladesh Mutual Fund and IDLC Balanced Fund where these individuals are affiliated with, and provided a



Notice regarding our decision to all the Unit Holder of funds managed by LR Global.

4. August 21, 2019, subsequent to the effective date of the extension (August 21, 2019), our Trustee BGIC has received few letters from the investors regarding calling a Unit Holders meeting requesting with specific agenda of converting the fund into an Open end form in direct conflict and against the intension of market stabilization of the Government of Bangladesh, and the Bangladesh Securities and Exchange Commission (BSEC). Securities and Exchange Ordinance, 1969 (XVII of 1969) under Section 20A.
5. As of August 21, 2019, upon review of the letter and attachment from the Trustee, we noticed overlapping names and some unusual individual that we previously noticed from the CDBL report. **Given the urgency of the issue we immediately reviewed CDBL reports of top 100 unit holdings over last 12 months**, and uncovered a multiple numbers of evidence of suspicious transactions and a clear attempt by certain individuals and entities to manipulate market price of DBH First Mutual Fund.
6. We found direct evidence of suspicious transactions by **EDGE Asset Management and related parties** “EDGE AMC & Affiliates.” EDGE Asset Management and affiliates used at least 15-18 BO accounts in various forms under the scanner to acquire substantial shares (7%) in order to clearly reduce liquidity for the DBH First Mutual Fund. Certain other intermediaries (at least 7) have been involved in facilitation activities EDGE AMC & Affiliates.

IDLC INVESTMENTS LTD - OMNIBUS
BNYM AAO TOD OBO THE BNGDH FD
IDLC B.F. - PORTFOLIO
UCB INVESTMENT LIMITED
IDLC GROWTH FUND- PORTFOLIO
NATIONAL BANK LIMITED
IDLC INVESTMENTS LIMITED EPF

7. Over the last 12 months EDGE Asset Management and affiliates alone represented 58% of daily trading volume, including in block trades to conceal their illicit activities, that has certainly impacted the market price discovery process of the funds.
8. Over the last three months we have noticed the price of DBH first mutual fund the correlation to NAV and general market deviated in an unusual fashion – directly disrupting natural process of price discovery. At this moment any buyers and sellers can materially impact the trading price of DBH First mutual fund. In addition, EDGE Asset Management



and affiliates are in a position to manipulate market price to their advantage. A classic setup for further and more pronounced market manipulation.

9. As we reviewed the CDBL report for last 12 months further and we confirmed that over last 12 months EDGE AMCL and their related parties accumulated shares in multiple accounts in a suspicious pattern and since March 2018, EDGE AMCL and their related parties increased their shares from 33,67,485 to 83,49,498 (7% of holdings), almost 148% under the scanner using at least 15-18 BO accounts, methodically dried up the free float and represented 58% of trading volume over last 12 months. Since DBH First Mutual Fund is thinly traded even 5% in the hands of conspirators can manipulate market price. At the moment any sizable buys or sell can seriously distort market price.
10. We also found certain evidence that EDGE Asset Management and affiliates also coordinated with and conspired within other parties including VIPB and IDLC Asset Management to achieve its objective of disrupting natural price discovery process and manipulate market price. IDLC Balanced Fund held at least 1,271,739 shares as of December 2017, and 1,822,313 as of March 2018, and in what we believe violation of rules did not disclose any holding per reporting requirement on the fund website. For VIPB via multiple vehicles cumulated a substantial block of shares of 262,623,351 (22%) over last four years. Including acquiring a substantial amount over 10,000,000 shares in 2017, and also observed similar purchase pattern for Green Delta Mutual Funds.
11. We also noticed something unusual buying pattern for VIPB holdings since 2017, **VIPB invested gradually in DBH and Green Delta Mutual Funds but aggressively acquired all other LR Global funds. As of last reporting 28% (83 Crores) of his fund assets are LR Global managed funds except for LR Global Mutual Fund One that he aggressively sold reding exposure by 80%.** We were curious about his asset allocation choices to various fund owned Managed by LR Global, and the highly concentrated position on DBH and Green Delta Mutual Funds, relative to other funds we manage. It is very important to note that all LR Global managed funds have identical portfolio allocation and very close NAVs.
12. In case we did not have the protection and the effective extension as per BSEC Order under section 20A as of August 21, 2019, and we liquidated the fund, VIPB will be the ultimate beneficiary of any potential short-term benefits in substance and potentially at the expense of all parties.
13. **Upon review of block trades in 2017, we also uncovered material volume relative to market and suspect that the conspiracy to corner the market started as early as 2017. We are investigating the key beneficiaries of these trades. We also found the following accounts with similar patterns and believe these accounts have been used to cumulate shares then selling DBH Mutual Fund Shares in high volume corner the market for DBH shares.**



Price In Public Market:		Price In Block Market:				
Date	MarketVolume	Max Price	Min Price	Trades	Quantity	%
15-Jan-2017	1,651,109	8.60	8.60	3	1,000,000	165.1%
23-Feb-2017	141,658	8.50	8.40	3	4,382,030	3.2%
2-Mar-2017	66,452	8.40	8.40	2	250,000	26.6%
11-Jun-2017	209,500	8.60	8.60	4	1,000,000	21.0%
22-Jun-2017	163,371	8.80	8.80	2	500,000	32.7%
23-Aug-2017	27,225	9.30	9.30	1	1,000,000	2.7%
10-Sep-2017	294,235	8.90	8.90	1	2,000,000	14.7%
24-Sep-2017	191,903	9.10	9.10	1	2,500,000	7.7%
	2,745,453	Total			12,632,030	34.2%

14. Upon initial review of the list we found multiple related party names including three asset management companies who engaged in Front Running since all of them accumulated shares via block trades under the scanner of Bangladesh Securities and Exchange Commission, DSE and CSE, to gain material control over at least the market price of DBH First Mutual Fund. We also suspect similar pattern for Green Delta Mutual Fund.

CONCLUSIONS BASED UPON ABOVE SEQUENCE OF EVENTS AND OBSERVABLE EVIDENCE.

The only conclusion we can make is that these parties over at least last 12 months cumulated material amount of shares directly, via block trade or via market intermediaries concealing their identities with malicious intent to engage in price manipulation and/or remove LR Global for personal gains. We suspect the parties were completely off guard by the extension of the Fund by BSEC Order in closed form. We also suspect these asset managers knowing fully well the structural issues with open end funds in an illiquid market mislead Unit Holders and general investors; and choose not to disclose the structural risks of Open End Fund conversion, which include but not limited to adverse impact of redemption of any material amount that can have serious consequences for remaining investors and create systemic risk in a fragile stock market in Bangladesh.

15. We strongly believe VIPB orchestrated and lead the perpetrators to corner the market of DBH First Mutual Funds and Green Delta Mutual Fund in order to inflate and/or manipulate market prices of DBH First Mutual Funds and Green Delta Mutual Fund and directly influence the Net Asset Value of his Open End Fund via price manipulation.



VIPB Initial NAV	2,071,923,102
Total gain from LR Funds	261,458,818
VIPB NAV with LR Gains	2,333,381,920

Return from LR Funds	12.62%
Annualized Return from LR Funds	4.00%

LR Global Ann Return since inception	6.30%
VIPB Ann Return since inception	10.90%
VIPB Ann Return since inception without LRGB funds	6.90%

We strongly believe this is the case since both DBH Mutual Funds and Green Delta Mutual Fund trades at materially less discount to NAV relative to other funds including MBL 1st, NCCBL, and LR Global Mutual Funds. Since it is also publicly disclosed that we have almost identical allocation of names with similar NAV, there is no reason whatsoever to have a concentrated position in DBH Mutual Funds and Green Delta Mutual Fund One vs. other funds with much attractive entry points for MBL 1st, NCCBL, and LR Global Mutual Funds. The reason can only be an intent to engage in inflating prices for DBH Mutual Funds and Green Delta Mutual Fund One to corner the market, and deprive VIPB investors of realizing gains and reentering the exposure at much better available discount in MBL 1st, NCCBL, and LR Global Mutual Funds.

16. We believe given that VIPB has almost 30% of his Funds representing Taka 83 Crores with largest position in DBH First Mutual Funds and Green Delta Mutual Funds, and 40% of VIPB returns came from LR Global Managed Funds with a material portion unrealized attempted to expose all investors to a material liquidity event in the market only to serve self interest.
17. **We feel sorry for investors of VIPB funds paying double fees on at least 28% of assets (83 Crores) since they can immediately redeem from VIPB holding LR Global Shares and buy LR Global funds directly and gain materially more.**
18. Knowing fully well the structural flaws of Open End Funds, and benefits of Closed End Funds, the VIPB chose not to disclose to all Unit Holders. **VIPB is fully aware of the fact that Closed End funds are listed and trades in the exchange (already provide liquidity), and at the same time protects as well as insulates fund assets from any forced sell that can be triggered by any sizable investor during the time of market stress in Open End Funds.** In addition, closed end funds provide greater flexibility to buy assets during market dislocations without raising any capital and avoiding dilution of the fund (more benefits to existing unit holders). Portfolio Managers have the flexibility to hold assets longer to maximize expected returns. One of the key structural flaw in Open Funds with less liquid stock in Bangladesh is that when a group of investors redeem the Portfolio Manager must sell assets to meet the redemption leaving the existing investor with more concentrated and less liquid assets. For example – if an investor holder owns 20% Units in Open End Fund of a 100 Crore fund, the Portfolio Must liquidate the capital and return 20 Crores to the Unit holder within a very short period (within 4 days). In reality to move 20 crores of securities in blue chip names in Bangladesh can take weeks and not days. In a less liquid market this a disaster scenario and the Portfolio Manager is forced to make short term unsustainable trading to remain liquid and run the risk of material underperformance.



The decision by Bangladesh Securities Exchange Commission to allow to extend the tenor of Closed End Mutual Funds (CEMFs) under Section 20a was precisely to encourage long term investments and market stability and not to put additional liquidity pressures on a thinly traded market.

19. VIPB used their mutual funds to diminish the trading value of LR Global Mutual Fund One by substantial sell of 4,278,171 units in early July 2019, unjustifiably reducing 40% of exposure in LRGBMF1 while holding on DBH First Mutual Funds and Green Delta Mutual Funds harming their own unit holder at the expense of market manipulation. This represented a large portion of thinly traded securities directly influencing the price.
20. We are disappointed that the CEO of VIPB lacked the minimum professionalism and his disregard to the basic code of conduct guidelines being a CFA - about treatment of customers since we invested in his funds assuming he is professional, honest, transparent and treats all customers equally and above their self interest. We redeemed all our investment as of **September 18, 2019, when we were notified about his involvement.**
21. WHY VIPB MANIPULATED PRICES (Green Delta Mutual Fund and DBH First Mutual Fund)?
 - VIPB from its Open End Fund provides weekly liquidity to unit holders.
 - VIPB Open End Funds own 27% of LR Global managed Closed End Mutual Funds (CEMFs) that are practically illiquid and at this time no secondary market exists.
 - From two of VIPB's Open End Funds, it holds about 16 Million shares of Green Delta Mutual Fund and almost 11 Million shares of DBH First Mutual Fund, representing almost 20% of fund assets.
 - In order to support and manipulate the prices of Green Delta Mutual Fund and DBH First Mutual Fund VIPB bought material amount of the same instrument from its CLOSED END funds, (WITHOUT ANY REGARD TO UNDERLYING FUNDAMENTALS) and inflated the price of both DBH First Mutual Fund & Green Delta Mutual Fund.
 - At this time, VIPB is practically the market for almost all the trading volume of LR Global managed funds without any secondary buyers in size for Green Delta Mutual Fund and DBH First Mutual Fund.
 - In case any material unit holder of VIPB redeems their investment, this will create a disastrous situation for not only VIPB unit holders but also materially impact prices of LR Global managed Mutual Funds.
 - Realizing this fact after almost one month after the LR Global Fund Extension as of August 21, 2019 under the Bangladesh Securities and Exchange Commission Order dated October 02, 2018 through the exercise of its power accorded by the Securities and Exchange Ordinance, 1969 (XVII of 1969) Section 20A for the benefit of the entire market and all long term investors.



- This is the sole reason VIPB has orchestrated and instigated to convert DBH First Mutual Fund into an Open End Fund with the objective of justifying the inflated values they themselves created.
22. We believe the same group most likely fabricated and projected unrealistic potential benefit to unit holders for conversion that directly expose investors to structural risks embedded in Open End Funds especially due to market sentiment and liquidity challenges. **In order to address this worsening issue and ongoing liquidity challenges Bangladesh Bank recently announced low-cost fund for banks to invest in stocks through repo.**
 23. We suspect other asset management companies (at least 3), its affiliates and a few intermediaries were used to corner the market or engaged in **Front Running**, and made highly speculative projections or fund performance and or performance of our DBH First Mutual Fund and/or underlying assets of DBH First Mutual Fund, to influence uninformed investors about their respective holding in personal and affiliated portfolios.
 24. In our view EDGE was most likely used in the process, and their illicit actions were easily traceable (co-conspirator) and most likely purchased the DBH Mutual Fund Shares at 8.4 per share.

We are not certain about any rationale for such proposal after the extension effective date of August 21, 2019 per BSEC Order, other than personal gains. In order to inform all market participants we are making this public disclosure to all parties to be alert and form their own opinions about what exactly transpired with DBH First Mutual Fund.

As of **September 19, 2019**, almost one month after the extension (August 21, 2019) of our fund our Trustee received the enclosed letter, requesting specific agenda of converting the fund into an Open end form. The attachment to the Trustee letter also included a list of parties. The list included a number of Asset Managers (Competitors) and their related parties or affiliated funds including funds managed by VIPB, IDLC as well EDGE Asset Management, funds we have exited as of September 18, 2019. The letter dated of **September 19, 2019**, almost one month after the extension effective date as well **as the composition of names shared by our Trustee raised material concerns by our Legal and Compliance staff in suspicion of at least an attempt for manipulation and/or Front Running by conspiring and colluding with the intent to harm LR Global and also adversely impact to the market price discovery of DBH First Mutual Fund.**

All our portfolios are disclosed and NAVs are available weekly for all investors to benefit from. In the event we liquidate our funds the biggest advantage would have been for VIPB and at the expense of our long term investors including sponsors (including their shareholders) who purchased at par.

At this moment any buyers and sellers can have materially impact the trading price of DBH First mutual fund. In addition, EDGE Asset Management and affiliates are in a position to manipulate



market price to their advantage. A classic setup for further and more pronounced market manipulation.

Without immediate action DBH First Mutual Fund is now primed for a major future price volatility and market manipulation. At this moment the market price discovery process is not in the hands of investors but under the perpetrators stated above.

We have accordingly notified to Government of Bangladesh, the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange, Chittagong Stock Exchange as well as the Trustee of the fund, of our findings. We urge all regulators to take all necessary actions within their power against any individuals or entities for uphold the basic principles of a functioning capital markets, fairness, and most importantly market STABILITY and especially for the protection of retail investors.

Additionally, we suggest the following:

ANY DECISIONS BY CONFLICTED PARTIES INCLUDING OTHER ASSET MANAGER TO INFLUENCE A 3RD PARTY FUND RELATED DECISIONS SHOULD BE BARRED BY REGULATORY AGENCIES INCLUDING THE BANGLADESH SECURITIES EXCHANGE COMISSION, DHAKA STOCK EXCHANGE, AND CHITTAGONG STOCK EXCHANGE.

Since our transparency of reporting, integrity and focus on development of the capital market including supporting new entrants in the industry has been exploited against us, we plan to do the following:

- In order to, educate retail and institutional investors, LR Global will lead an elite role in exposing market opportunities in Mutual Funds that trade at an unjustified discount for no apparent reason.
- 30 days after today, LR Global will purchase all undervalued LR Global Mutual Funds and invest at least 1 core capital for long term investment, since we are the manager of these funds.
- We do not have any informational advantage, and our portfolios are completely disclosed (see attachment) via website. Any investor can calculate NAV and make own investment decisions.
- We hope other Asset Managers and Institutional Investors will follow us to create more liquidity in Closed End Mutual Funds by risking their own capital as we plan to do.
- For full disclosure we own 4.33% of our funds at this time.
- Investors who invested in Mutual Funds listed or open end can save 2 levels of fees by directly investing in securities. This is especially true for LR Global MFs that trade at a



material discount for no justified reason. For instance if Mutual Fund owners own 25% of our funds, direct fee saving will be 25% of management costs.

The sequence of events is of serious concern to LR Global and the entire mutual fund industry, and therefore we are compelled to publicly release the facts above to all participants including the protection of all present and future investors.