

Why LR Global Bangladesh sought protection from the Court in 2015?

LR Global doesn't have anything against any regulators including Bangladesh Securities and Exchange Commission (BSEC). We sought protection from the Honorable High Court Division of Supreme Court of Bangladesh solely to protect the interest of Unit Holders and defending our reputation and long track record in Bangladesh that we cherish the most. For the last 10 years, LR Global has paid at least BDT 3,704,611,110.00 (41.64%) in total as of Dividend to the Unit Holders out of which BDT 2,717,816,522.00 (30.55%) from 2015 (after the issue of the Court) and our NAV performance has exceed market performance over 5%. We strongly believe that LR Global is the most transparent and experienced Asset Management Company in Bangladesh. Following are the details of the key reasons we sought protection from the Honorable High Court Division of Supreme Court of Bangladesh.

ISSUES (BSEC)	FACTS	CURRENT STATUS
<p>1. Withdraw of Private Equity Investment amounting BDT 48,56,80,500.00 from private limited companies.</p>	<ul style="list-style-type: none"> • There were no restrictions then and there are no restrictions now against investment in transferrable securities of private limited companies with capital less than 10 crore in the Mutual Fund Rules. • LR followed the guidelines provided in the trust deed and appropriately reflected them on the submitted financial statements with BSEC from 2011. There was no objection from the Commission or the Trustee (almost 4 years since our first investment). • LR had legal opinion from renowned and well reputed law firms of the Country as to the scope of our every investment. • LR reported and disclosed every investment including private investments since 2010 vide reports to the Trustee, Auditor as well as the Commission but there was no objection from any parties. • BSEC imposed a retrospective Order on LR Global Bangladesh based on the accusation without merit and disclosed rules. 	<ul style="list-style-type: none"> • LR withdrew BDT 43 crore out of BDT 48 crore without any loss to the investor and to the detriment to the Unit Holders. As a result, the investors were deprived from the potential high returns due to such premature withdrawals. • E.g. Thyrocare Bangladesh Limited worth at least 3x from when we invested. • Property Investors Ltd.: The value of the RAJUK properties we owned in the Property Investors has appreciated at least 2x from our exit point. • Tribeca Management Ltd.: The foreign hotel chain Company that planned to come to Bangladesh was cancelled. • Guardian Healthcare Ltd.: GHL has materially improved their financial and could have been listed by now that we exited at par.

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2. Closing the Less Interest Bearing Account & FDRs and Transfer to the Higher Interest Bearing Account after discussion with the Trustee.	<ul style="list-style-type: none"> This was also an allegation without merit since LR generated higher yields using better capitalized financial institutions. 	<ul style="list-style-type: none"> Closed all bank accounts except two (02) operational bank accounts (having highest yield) and one custodian account (for trade settlement). LR now has limited Banks and Financial Institutions which reduced average yield with more risky non-banking financial institutions and Banks and not beneficial for Unit Holders.
3. Refund of Office & Administrative Expenses and Legal Fees to the Mutual Fund amounting BDT 59,400,000.0 and BDT 3,162,910.0 respectively.	<ul style="list-style-type: none"> There were no restrictions against charging such expenses to the Fund in the Mutual Fund Rules (Rule 65 and clause 8.5.4 of the Trust Deed). Other Asset Management Company (for example: Investment Corporation of Bangladesh) in the market has charged the same expenses to the Fund. LR reported these expenses since 2010 vide reports to the Trustee, Auditor as well as the Commission but there was no objection from any parties since 2010. Based on the official Auditor's (Hoda Vasi Chowdhury & Co) written approval LR charged such expenses to the Fund. BSEC has imposed a retrospective Order on LR Global Bangladesh (only) based on the accusation without merit. 	<ul style="list-style-type: none"> Suspended charging the fund for the stated expenses.
4. BDT 50,00,000.00 has been imposed on LR global Bangladesh as Penalty to be paid to the BSEC.	<ul style="list-style-type: none"> All the above allegations were without merit and overreaching. Additionally, BSEC imposed the penalty without any proper reasoning provided to us. 	<ul style="list-style-type: none"> LR requested to BSEC to provide rationale behind such unprecedented ruling, and one example they established previously, which they failed to provide.