

Chapter-1

Introductory Part

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Chapter 1

Introductory Part

Origin of the Report:

Internship means receiving practical experience through attending particular work physically. Practically Internship means a way through which an internee, can gather experience about the related subjects and be able to apply his theoretical experience in the field of real life action. Practical training is necessary to achieve complete knowledge about something. Internship program is actually a form of practical training.

As a student of BBA, major in, accounting internship is an academic requirement. For doing internship every student is required to work in a selected institution to enhance ones practical knowledge and experiences.

For my internship I was sent to the Investment Corporation of Bangladesh (ICB), under the Madam of Shyamali Biswas Lecturer, Dept. of Business Administration, and University of Stamford. My Madam asked me to prepare a report on one or two specific departments of ICB that's why I have chosen the topic "Performance of ICB Mutual fund. I have done the internship at ICB from 07.11.2009 to 06.02.2010.

1.2 Objectives of the Study

The Objectives of the report are:

- 1) To fulfill the requirement of BBA program as necessitated by Department of Accounting, Faculty Bachelor of Business Administration, University of Stamford.
- 2) To analyze the performance of ICB, its image and its role in the capital market of Bangladesh.
- 3) To relate our theoretical learning with the practical situation.
- 4) To learn the practical aspect of the Investment Corporation of Bangladesh.

- 5) To get aware about the working environment in advance that will help in adjusting a student with the future working life.
- 6) To review the overall performance of ICB Unit fund & Mutual fund.
- 7) To gather knowledge of how ICB floats and manages the Mutual Fund and Unit Fund.
- 8) To focus on the overall performance of the ICB Mutual Fund and Unit Fund.
- 9) To know the product of ICB at the securities market in Bangladesh.

1.3. Methodology of the Study

Methodology can be termed as underlying principles and rules of organization that work at the background of the study. It clarifies the problem involving the research in an ordered and systematic way. For this study data and other information can be collected by the following ways:

1.3.1 Sources and Methods of Collecting Primary data

- **Personal Interview:** This is the most effective way to collect primary data. Through this process the Trainee can confront a number of officials of ICB and share holders. I interviewed them by asking financial operation of ICB.
- **Briefing Session:** In case of corporate organization, this method is very useful. During internship period we visited different departments of ICB and took part briefing session. The head of departments gave briefs the trainees which were very much useful for us and we gathered some valuable information from their briefing.
- **By Observation:** This process is very useful for gathering primary data. This process is very costly, time consuming. Through this process limited but accurate data can be collected.

1.3.2 Sources and Methods of Collecting Secondary data

The secondary data had been collected with several relevant articles of the ICB.

These are given below:

- ICB Annual Report (2007-0).

- Annual Report of Mutual Fund (2006-07).
- Annual Report of Unit Fund (2006-07).
- Others materials of the Investment Corporation.
- Other sources

1.4. Rationale of the Study

There are a number of situations in which the evaluation of portfolio performance becomes necessary and important, such as

a) **Self – Evaluation**: To evaluate how well one has done as individual investor with a view to refining one’s skills and improving one’s performance over period of time.

b) **Evaluation of Managers**: To evaluate portfolio managers by an investment company or asset management company in order to compare performance of these managers among several such managers each running a separate fund or sub-fund within an organization or the performance of portfolio manager over a number of years.

c) **Evaluation of Mutual Fund**: To evaluate the various mutual funds operating in the country in order to take decision by the investor which , if any , of these should be chosen for investment or to evaluate the efficacy by the individuals or organization who engage external agencies for portfolio advisory services and

d) **Evaluation Groups**: To evaluate the academics or researchers the performance of a whole group of investors and compare it with another group of investors who use different techniques or who have different skills or access to different information.

Thus, one important reason for doing performance evaluation is to help in correcting errors of portfolio management and improving the performance over a period of time.

But data constraint is a common problem in evaluating performance of any portfolio. On the other hand, by law mutual funds must publically disclose their operating results? The accepted advantages of the Mutual Funds –diversification and professional management – are appealing to many who have no time to devote to selecting and managing a portfolio. But there is a difficulty in choosing a consistency successful fund among as number of

mutual funds with differing sizes, availability, market prices, objectives etc. This study of evaluating mutual fund performance would help identify the best performing mutual fund for the investors, as well as show how the fund managers have done their professional services

1.5 Scope of the Study

The scope of the report was basically the operations and practices of Investment Corporation of Bangladesh, in which I had undertaken the internship program. The scope of the study was in the organization, Investment Corporation of Bangladesh (ICB). The study was confined only on the Head office and gave more concentration on it. The data comparison was based on published information and an additional survey was performed to get in-depth information, as it was the part of the objective of the report. The empirical part included only published information and current practices of Investment Corporation of Bangladesh.

1.6 Limitations of this Study

In preparing this report I faced some limitations. During this Internship I worked all the departments of ICB one after another for twelve weeks. ICB is a large autonomous corporation, but three months study time is too short in an organization like ICB and this was the main limitation of my Internship Program.

Other constraints that I faced during the course of my internship are as follows:

- Official secrecy of ICB was also a problem to me.
- Relevant papers and documents were not available sufficiently.
- At the time of face to face discussion with officials, there were no sufficient chairs and tables.
- Inadequate information.

Chapter -2

ICB (Investment Corporation of Bangladesh):

At a Glance

Chapter Contents

2.1: Historical Background of ICB

2.2: Objectives of the ICB

2.3: Business Policy of the ICB

2.4: Sources of Capital of ICB

2.5: Share Capital Ownership Pattern

2.6: Functions of ICB

2.7: Share Price

2.8: Transfer of Share

Chapter-2

ICB at a Glance

2.1 Historical Background of ICB

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

2.2 Objectives of the ICB

The main objectives of ICB are as follows:

1. To encourage and broaden the base of investments.
2. To develop the capital market.
3. To mobilize savings.
4. To promote and establish subsidiary companies for business development.
5. To provide for matters ancillary thereto.

2.3 Business Policy of the ICB

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

The operational policies of the Corporation are as follows:

- 1) To provide financial assistance to projects subjects to their economic and commercial viability.
- 2) To arrange equity and loans singly or through consortium of financial institutions including banks.
- 3) Equity Support to projects and there by spreads the risks of understanding.
- 4) To develop and encourage entrepreneurs.
- 5) To diversify investments.
- 6) To inspire small and medium savers for investment in securities.
- 7) To create employment opportunities.
- 8) To encourage more investment in Agro-based and Information and Communication Technology (ICT) sectors.

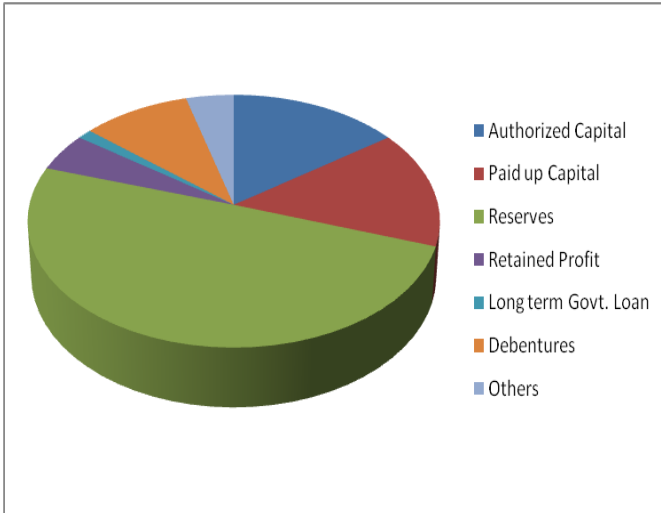
2.4: Sources of Capital of ICB:

Every organization has some sources of capital. It may be from own sources or may be other sources. In case of Investment Corporation of Bangladesh it is a public limited company issuing shares to the public, loans and debentures are the main sources of ICB. The present capital structures are given to following;

Capital Structure (Tk in crore)						
As on 30 th June, 2008						
ICB				Consolidated (ICB & subsidiaries)		
Particulars	As on 30 June		Increase/ decrease percentage	As on 30 June		Increase/ decrease percentage
	2008	2007		2008	2007	
Authorized Capital	50.00	50.00	-	50.00	50.00	-
Paid up Capital	50.00	-		55.00	-	
Reserves	164.61	122.61	34.25	185.56	130.06	42.67
Retained Profit	16.33	13.82	18.16	73.52	36.43	101.81
Long term Govt. Loan	4.20	4.55	-7.69	4.20	4.55	-7.69
Debentures	31.80	41.80	-23.92	31.80	41.80	-23.92
Others	14.05	16.29	-13.75	16.39	17.18	-4.60
Total	330.99	249.07	32.89	416.67	280.02	48.73

Table 2.-1: Capital structure as on 30 June 2008

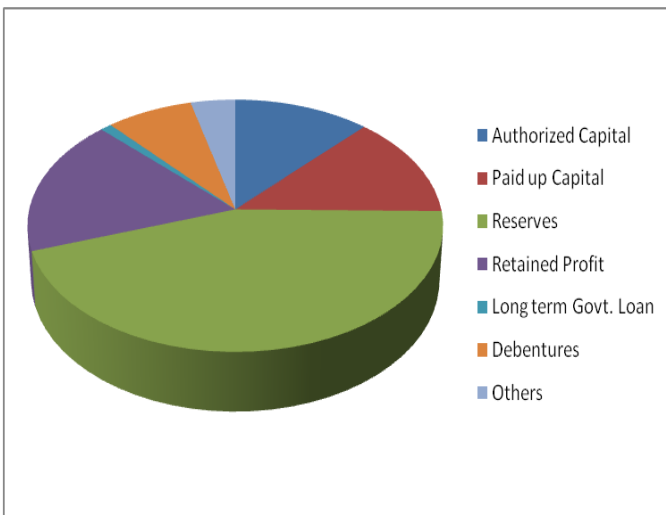
Figure 2-1: Capital structure of ICB



Capital Structure of ICB
(Figures represent TK. In crore)

Authorized Capital (50.00)
 Paid up Capital (50.00)
 Reserves (164.61)
 Retained Profit (16.33)
 Long term Govt. Loan (4.20)
 Debentures (31.80)
 Others (15.05)

Figure 2-2: Capital structure of Consolidated



Consolidated (ICB & its subsidiaries)
(Figures represent TK. In crore)

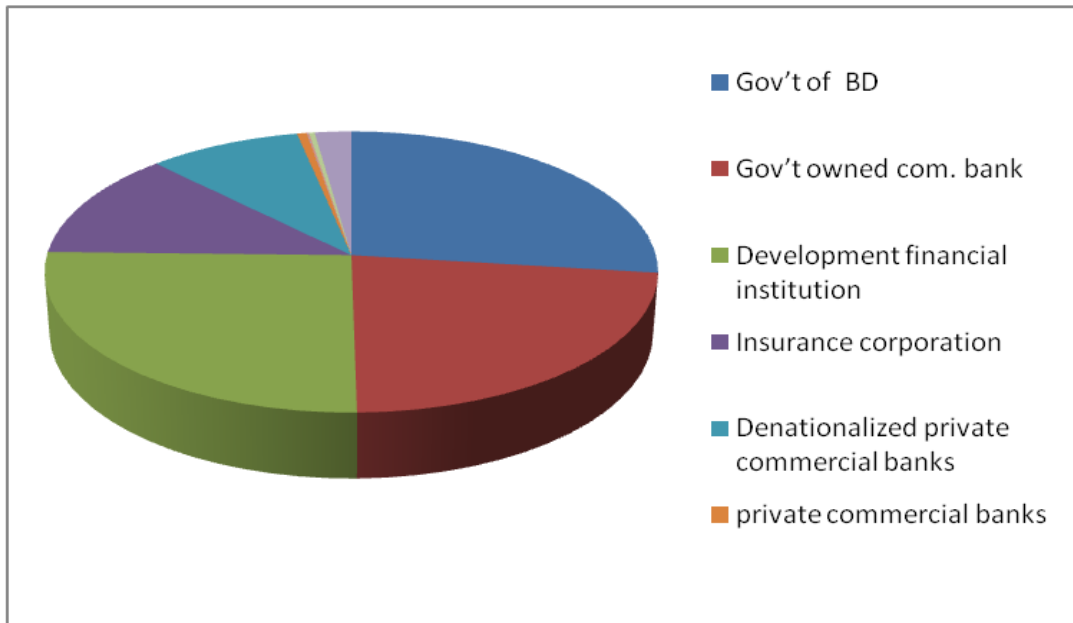
Authorized Capital (50.00)
 Paid up Capital (55.00)
 Reserves (185.56)
 Retained Profit (73.52)
 Long term Govt. Loan (4.20)
 Debentures (31.80)
 Others (16.39)

2.5 Share Capital Ownership Pattern

Classification of shareholder				
as on 30 June, 2008				
Sl.no	Shareholders	No. of share holders	No. of Shares	percentage of shareholding
1	Gov't of BD	1	1350000	27.00
2	Gov't owned com. bank	4	1136900	22.74
3	Development financial institution	2	1281550	25.63
4	Insurance corporation	2	6177781	12.35
5	Denationalized private commercial banks	2	454263	9.08
6	private commercial banks	3	28286	0.57
7	Foreign commercial banks	2	110	0.01
8	First BSRS Mutual Fund	1	5750	0.12
9	Other institution	12	17454	0.34
10	General Public	1109	107906	2.16
	Total	1138	5000000	100.00

Table 2-2: Classification of shareholder as on 30 June, 2008

Figure 2-3: Share holding pattern as on 30 June 2008



Government of Bangladesh (27.0%)

Government owned commercial banks (22.74%)

Development financial institutions (25.63%)

Insurance corporations (12.35%)

Denationalized private commercial banks (9.08%)

Private/ Foreign commercial banks (0.58%)

First BSRS Mutual Fund (0.12%)

Others institutions (0.34%)

General public (2.16%)

2.6 Functions of ICB

The functions of ICB are given below:

- Direct purchase of shares and debentures including placement and equity participation
- Participating in and financing of joint-venture companies
- Providing lease finance singly and through syndication
- Managing existing investment accounts
- Managing Mutual funds and Unit funds.
- Managing Portfolios of existing shares
- Conducting computer training programmers
- Providing advance against ICB Unit and Mutual Fund certificates
- To act as Trustee and Custodian
- Providing Bank Guarantee
- Providing Consumer Credit
- Operating on the stock exchanges.
- Providing investment counseling to issuers and investors.
- Participating in and financing of joint venture projects.
- Dealing in other matters related to capital market operation.
- Introducing new business products suiting market demand
- To supervise and control the activities of the subsidiary companies.

2.7 Share Price

ICB 's Share price varied from lowest Tk. 400.00 to highest Tk. 5098.00 in the stock exchanges during the year. As on 30 June 2008, the market price of per share was Tk. 3751.00 and Tk. 4323.00 in the DSE and CSE respectively.

2.8 Transfer of Shares

A total of 46103 shares of ICB were transferred during 2007-2008 as against 626564shares transferred in 2006-2007 registering an increase of 125.48 percent. The rate of share transfer is increased by 125.48 percent from previous year. This is the sign of positive performance of ICB.

Chapter-3

Organizational Structure of ICB

Chapter Contents

3.1: *Divisions and Department of ICB.*

3.2: *Management of ICB.*

3.3: *Branches and Departmental Heads of the ICB.*

3.4: *Administration and Human Resource.*

Chapter-3

Organizational Structure of ICB

3.1: Division & Department of ICB

The entire organization of ICB is functionally divided into two broad groups namely Wing and Administration Wing.

- **The functions of Operation wing** is involved in the activities related to Project Financing Research, Computer, Launching of Unit Fund and Mutual Fund. Maintenance of investors Accounts, Shares, Transaction etc.
- **The functions of administration Wing** is involved with the activities relating to Administration, Accounts. Implementation and monitoring of projects, recovery, public issue and Legal matters.

The functions of the two wings are looking after by two General Manager who are responsible to the Managing Director. All branches are supervised by General Manager (GM) Administration Division.

Each Wing is functionally sub-divided into divisions which are headed by Deputy General Manager besides the above two major wings there are two divisions which are direct under supervision of Managing Director i.e. Audit and Methods Division ,Secretary's Division .The description of the Division and Department are given below.

3.1-1 The functions of operation wing:

The operation wing is involved in the activities related to project financing research, computer, launching of unit fund and mutual fund, maintenance of investors accounts, shares, transaction etc.

3.1-2 The functions of administration wing:

The administration wing is involved with the activities relating to administration, accounts, implementation and monitoring of projects, recovery, public issue and legal matters.

The functions of the two wings are looked after by two General Managers who are responsible to the Managing Director. All branches are supervised by General Manager (GM) administration division.

Each wing is functionally sub-divided into divisions which are headed by Deputy General Manger (DGM). Besides the above two major wings, there are two divisions which are directed under supervision of Managing Director i.e. audit and methods division secretary's division. The description of the division and department is given below:

Sl no	Department	Divisions
1	Personnel	Administration
2	Establishment	
3	Investors	Merchandising
4	Shares	
5	Transactions	
6	Unit sales	Funds
7	Unit registration and procurement	
8	Mutual funds	
9	Central accounts	Account and finance
10	Project loan accounts	
11	System analysis	Computer
12	Programming	
13	Data management	

14	Loan appraisal	Loan appraisal
15	Economic and business research	
16	Implementation	Implementation and recovery
17	Recovery and follow-up	
18	Public issue	Legal affairs
19	Law	
20	Audit and methods head office	Audit and method
21	Audit and methods branches	
22	Secretary's	Secretary's
23	Public relation	

Personnel department:

This department deals with the human resource of the organization. The main functions of this department can be described as follows:

- To make necessary rules, regulation, policies for efficient administration of the corporation.
- To recruit personnel for appointment in the corporation.
- To handle all personnel matters including confirmation, posting, transfer, fixation, leaves etc.
- Processes all promotion, time-scale encasement etc.
- Processes resignation, retirement cases.
- Deals with retirement benefits including gratuity, pension, provident fund etc.
- Controls attendance.
- Handles national pay scale, fixation, increment etc.
- Deals with all types of disciplinary action.
- Prepares long-term and short-term plans for executive development in the corporation.
- Explores more sources of financing of foreign training.
- Arranges in service training where, among other, foreign trained officers will in turn train other will in turn train other officers through lectures.
- Arranges training of new recruit institute of the corporation.
- Runs training institute of the corporation.

- Arranges seminars/symposium/workshops where experts in the line may be invited to deliver lectures.
- Procures training equipment and facilities for training manpower.
- Deals with all matters relating to ICB employee's union.
- Deals with all matters relating to ICB officer's association.
- Develops appropriate machinery for handling and arrive at a solution.
- Any other assignment given by the management.

Establishment department:

This department deals with purchase and sales of office supplies, office equipment etc. They also maintain the utility service like telephone bill, electricity bill etc.

This department divides cost into two categories: revenue cost and fixed cost. For fixed cost, depreciation is charged at straight-line basis.

There are two purchase commodities to accomplish the purchase. There remains a quality control committee to examine the quality of the product purchased. For the purchase of the products, this department gives tender offer to the listed suppliers. In case of selling of scraps and wastage, the tender offer is also followed.

Function of merchandising division:

Investors:

To enhance the merchandising operation of ICB this department is created. Under this department, there remains "investor scheme" which started on 13th June 1977 to collect funds from the small and middle class investors to boost up the capital market. This scheme opens a new channel of investment for small and middle investors by establishing a window for buying and selling securities listed with the stock exchanges. Thus, small investors may effectively participate in the industrialization of the economy along with the entrepreneurial group and reap the harvest thereof. Investor's scheme has been introduced with the objective of helping the small investors grow their savings through investment accounts to be maintained under the scheme. An account under the ICB investor's scheme

would help investors to bring reasonable returns on investment in sound company shares which are expected to bring attractive returns for them in the form of dividend and capital appreciation.

The followings are the functions of this department:

- Opens and maintains investor's accounts for individual investors. Investor's department provides loans to their account holder currently at 1:2 ratios subject to a ceiling of TK. two lac and concessional rate of interest, presently 13.5% per annum. The loan is given to the investor not in cash rather share certificates.
- Investor's department receives purchase and sells order of securities in a prescribed form from the investors.
- Some time investor's department gives suggestion about purchase and sale decision of the investors for the betterment of their investment.
- Investor's department supplies three types of statements to the investors namely - financial statement, portfolio statement and balance sheet.
- Buy and sell shares on behalf of the investors both from the primary and secondary market.
- Implement negotiated over-the counter transaction between investment account holders.
- Withdraw funds and shares from investment accounts.
- Provide service to investment account holder.
- Receive direct applications against public issue of shares.
- Prepare a list of applicants and send it to the companies along with applications and application money.
- Receive allotment letters from the companies.
- Collect commission as banker to the issue and brokerage commission from the companies.
- Keep financial records of all investment accounts.
- Make periodical reconciliation of investment accounts.
- Processing of withdrawal of funds.
- Confirm fund position of individual accounts.

- Posting of all transactions.
- Calculate quarterly interest of all investor's accounts.

Shares department:

Share department is the custodian of all shares held by ICB. This department facilitates the physical transfer of shares. For performing the above mentioned activities share department is divided into five sections. These sections are:

- Investor's portfolio section.
- Sales and withdrawals section.
- Funds portfolio section.
- Securities reconciliation section.
- Procurement section.

Investor's portfolio section performs the following activities:

- Receives shares from transaction department for preservation.
- Sends shares and debentures to the company at the time of book closer and receives shares and debentures after registration.
- Collects bonus and right shares from the companies.
- Selection of ICB officials to participate in the AGM of different companies.

Sales and withdrawals section do the following jobs:

- Receive sales and withdrawals order from investor's department.
- Examine the actual existence of securities and get them out from the vault.
- Send information to the computer department about salability of the securities.
- Make arrangement for the signature of the attorney and filling up of 117 forms.
- Send securities to the transaction department incase of sale and to the investor's department incase of withdrawals.

The fund portfolio section does the following tasks:

- This department deals with the sales and withdrawals of mutual fund portfolio, unit fund portfolio and ICB portfolio.
- Providing information to the transaction department about the salability of securities.
- Delivering the sold securities to the transaction department.
- Taking up of shares committed by the corporation, if necessary.

The securities reconciliation cell:

The securities reconciliation cell is concerned with the reconciliation of securities to check any discrepancy arise to the actual number and the amount in the accounts

Procurement section is engaged with the collection of dividend's interest etc. declared by the companies whose shares are held by ICB and its other accounts. This section updates the statement related to book closure, AGM, dividend declaration etc. After collecting dividends, this department distributes it to the concerned shareholders and different portfolios. It transfers bonus and right shares to the investors and fund section after collection.

Transactions:

Transaction department executes the sales and purchase order of shares of the following different portfolios: ICB, unit fund, mutual fund and government portfolio and the order form investors of investment department and the order form ICB's branches. For the portfolio's order the securities purchase and sale committee take decision every morning what share should be bought and what should be sold for that day.

The sale and purchase orders of the investors constitute demand for execution in this regard. Before execution, in case of sale, this department has to get aware about the physical existence of shares from the share department. The corporation regularly participates in the trading through online trading system which is added recently (10th December, 1998). For each transaction this department charges howl a charge TK. 3 per howl a and laga charge is 0.025%.

Function of funds division:

Mutual funds:

ICB has played a pioneering role in the filed of closed-ended mutual funds in Bangladesh. The first ICB mutual fund was floated on 25 April, 1980. Since then ICB has, over the years, floated a series of closed-ended mutual funds. So far, the corporation has floated eight such funds. ICB manages all these funds are receives charges on share capital of the closed-ended fund.

The government approves mutual funds portfolio formation and floating decision taken by ICB. Whereas Economic and Business Research (EBR) department decides holdings category considering capital, portfolio risk income trend and risk diversified uniform income and growth. After all these decisions security to be held are collected from Initial Public Offering (IPO), debenture issues, secondary market etc. ICB helps some time giving security at discount rate or a face value. Then the fund is registered with Stock Exchange Commission (SEC) and listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). However, after public issue, the fund portfolio is handed over to funds division for management operations. For this purpose, the mutual fund departments have to perform the following activities:

- ✓ Act as manager of all mutual funds.
- ✓ Prepare prospectus in connection with the floatation of mutual funds.
- ✓ Receive applications from the general public in respect of new issues of mutual funds.
- ✓ Arrange for lottery if necessary for allotment.
- ✓ Issue allotment letters/share certificates.
- ✓ Arrange refund of excess application money.

- ✓ Effect transfer and registration of certificates.
- ✓ Issue dividend warrants to the holders of the certificates.
- ✓ Make correspondences with the branches of the corporation, banks and certificates holders.
- ✓ Arrange for payment of brokerage and commission to the Stock Exchange members for successful applications submitted under their membership seals and bankers to the issue respectively.
- ✓ Arrange for splitting the share scripts and when necessary in accordance with the Stock Exchange rules.
- ✓ Issue duplicates allotment letters/certificates in case these are lost or burnt or mutilated.
- ✓ Arrange for revalidating the date of payment of dividend on dividend warrants.
- ✓ Any other assignment given by the management.

Unit fund department:

In terms of section 2c(2) of Investment Corporation of Bangladesh Ordinance, 1976 and ICB unit regulation 1981, ICB unit fund was established by the Investment Corporation of Bangladesh in April, 1981.

Nature of business:

ICB unit fund is an open-mutual fund. The business of the fund is to mobilize savings from investors by way of selling securities from both primary and secondary market to ensure maximum return for certificate holders. This fund invested in securities and money market as a single account. The management of fund is vested with ICB for which managing fee is charged. Income, net of expenses is distributable to certificate holders on a yearly basis. Units are issued as registered certificate. These are available in 1,5,10,50,100,250,500,1000 and 5000 denomination. Units are sold through ICB officers, ICB branch officers and authorized bank branches. Any Bangladeshi and foreigner living in Bangladesh can purchase this certificate allowing maximum 10,000 units. No institute can purchase this certificate.

The units sales department is entrusted with following responsibilities are:

- Acts as manager of unit fund.
- Promotes sales of unit certificates.
- Sells and issues unit certificates to the applications.
- Repurchases unit certificates.
- Issues new unit certificates in lieu of mutilated lost or defaced unit certificates.
- Co-ordinates activities of bank branches in respect of unit sale and repurchase.
- Receives check and authorizes commission of sales by sales agents.
- Makes official correspondences regarding unit certificates, issue of direct mail shots etc.
- Determines sale and repurchases prices of unit certificates and communicate it to bank branches and ICB branches.
- Transmits units of deceased unit holder.
- Splits and consolidates unit certificates as requested by unit holders.
- Issues and distributes cumulative investment plan certificates.

Unit registration and procurement:

This department maintains the ledger of accounts under registration number of the unit holder. Practically, it is unit's accounts maintaining and dividend paying sector. This department does the following:

- ✓ Registers and transfers unit certificates.
- ✓ Maintains separate register of unit holder under CIP.
- ✓ Verifies signature of transfer deed.
- ✓ Issues dividend warrants and CIP certificates to the holders.
- ✓ Procures unit certificates to ICB sale officers/branches as well as appointed bank branches.
- ✓ Evolves various prescribed form and registers, prints them and distributes them among ICB branches and bank branches as per requirement.
- ✓ Co-ordinates all activities relating to procurement and issue of unit certificates.

Function of account and finance divisions:

Central accounts department:

All kinds of receipts and payments of ICB are made by central account department. It is the ICB's banking wing and works as the clearinghouse of portfolios. Its functions include:

- Prepares the annual accounts of ICB as a whole.
- Prepared the annual accounts of unit fund.
- Prepared the annual accounts of mutual funds.
- Gets these annual accounts audited and approved.
- Manages the liquid fund of the corporation.
- Keeps interest bearing account of funds.
- Prepares monthly salary statement of ICB.
- Keeps accounts of staff advance and recovery of them.
- Opens and manages bank account of the corporation.
- Makes payments according to the desire of other department as per the approval of the competent authority.

Project loan accounts department:

The task of project loan accounts department starts after the completion of job of the LAD and PAD. This department mainly deals with the calculation of interest, the date of submission of interest etc. of the projects which is financed by ICB. The functions of this department are as follows:

- Issues check to the project after getting disbursement order from PID.
- Maintains load ledger, interest suspense ledger etc.
- Calculates interest against the disbursed amount.

- Classifies the loan as per rules and makes appropriate provisions.
- Prepares statement related to project loan.

Function of computer divisions:

To keep pace with the present trend, computerization is necessary for the IT organization like ICB. For this purpose computer division is created. To perform entire activities under computerization plan, one twenty four (124) workstations will be installed but initially 69 have been installed. Information interchange with the server from each workstation would be possible and each workstation using windows operating system can operate separately.

To bring entire operation under automation the corporation decided to develop ten customized software. The followings are the software:

- Merchandising operation management system.
- Mutual fund script and ownership system.
- Unit sales and re-purchase system.
- Stock Exchange index publication.
- Software for IPO.
- Financial feasibility analysis for projects.
- Project implementation management system.
- Personal management information system.
- Software for meeting minute storage and retrieval and software for law suit tracking.
- Central account.

Function of loan appraisal divisions:

Loan appraisal department (LAD):

From the very name it is clear that the functions of this department is to workout the viability of the finance aspirant project and helping the decision maker for casting about safety, security and risks of the investment. We know ICB provides credit facilities to the

public limited companies in two ways to meet the equity gap. Firstly, through direct underwriting via bridge financing which means for new projects that is not yet in commercial operation. In addition, ICB extends services to private placement of shares and debentures and equity participation. The LAD handles all activities from the receipt of primary application from the entrepreneurs of the projects to the issuance of sanction letter. So the functions of this department include all the investment decision making activities which are summarized below:

- Receives investment proposal from sponsors.
- Prepares appraisal reports on projects.
- Conducts meeting of the project appraisal committee.
- Places appraisal report to board and the consortium.
- Conducts consortium meeting and co-ordinates with the members of the consortium.
- Apprises management on technical aspect of the project.
- Issues sanction letter to the project.
- Maintains liaison with commercial banks/financial institutions/ministry /agency.
- Any other assignments given by the management.

To appraise a project, it follows generally a five-step feasibility study of project. Receiving proposal in the prescribed format collect information from related banking financial institution, development financial institution, leasing company, Credit Information Bureau (CIB) report. It also collects sponsors information, their performance report, audited accounting information and if necessary collects consortium members report. ICB officials visit the project area and submit report for committee and Board's consideration.

To prepare the appraisal report they consider the following and information:

- ✓ Letter of credit.
- ✓ Machinery list and price.
- ✓ Civil construction cost.
- ✓ Working capital need.
- ✓ Capital structure and source.
- ✓ Market forecast of product and project sensitivity study.

- ✓ Financial forecast of the next five years (Starting from list commercial operation).
- ✓ Use indices like earning per share, book value per share, dividend per share, internal rate of return, break-even points (volume, sale capacity, capacity of operation).
- ✓ Made sectional study like stock performance of the similar project.

Economic and Business Research department (EBR):

This department is the center of nerve system of ICB. In simple term, EBR is the gentleman-brain of ICB and a decision making department. The function of the EBR is to gather and summarize information to find out business opportunity for the organization and to help the EBR committee to take decision in the necessary way.

EBR committee which takes the functional decision with approval of Managing Director consists of:

- GM (Operation).
- GM (Administration).
- DGM (LAD Div).
- DGM (Funds Div).
- DGM (Merchandising Div).

This committee holds daily meeting and special meeting to take decision about:

- Sale and purchase of holding of ten (10) portfolios.
- Consider market trend and related company's position to take necessary steps to diversify portfolio risk.
- On the basis of approved overall budget (supplied by accounts dept) fix budget for branches and departments, analyze their performance and finalize consolidated EBR report to the management.
- Finalize annual reports of ICB and fund subject to the approval of the board.

In addition to these, the following functions are performed by EBR:

- Prepares MIS report which contains update business and administrative performance.

- Prepares five (5) year performance appraisal reports of the listed companies.
- Conveys EBR's decision directly or through computers department to the necessary department.
- Prepares board memo regarding declaration on dividends on ICB's own portfolio, unit and mutual funds.
- Analysis securities and categorizes them.
- Maintains information related to DSE, CSE, dividend/right/bonus declared by different companies public issues half yearly accounts of listed companies etc.
- Maintains liaison with Ministry of Finance, Bangladesh bank, foreign investors and provides ICB related information to interested parties.
- Arranges for offloading of government portion shares in different companies and public corporations as per privatization decision.
- Performs all activities related to South Asian Development Fund (SADF). In addition, any information about global market trend collected and organized by this department.

A basic work of this department is the security/ stock analysis; generally five years trend or information is used.

Functions of implementation and recovery division:

Project Implementation and Recovery Department (PID):

The functions of PID start after appraisal and approved of the project by LAD. This department helps to give the physical shape of project through close supervision. This department mainly focuses on bridging loan. Bridging loan means loans that are given up to start commercial operations. ICB provides loan for construction of building. Main functions of this department are given below:

- Helps implementation of the sanctioned projects.
- Reviews progress of implementation of projects and recommends disbursement of funds.
- Submits progress reports to the management regarding implementation.

- Processes the case for cancellation of sanctioned project.
- Inspects the site and books of accounts of projects.
- Makes recommendation for an additional loan in appropriate faces and refers them to LAD.
- Provides counseling for solution of any disputes and problems.
- Contacts with the consortium member/main financier regarding implementation of the projects.
- Takes necessary steps to re – arrange the consortium commitment during implementation period if necessary.

Loan recovery and follow – up department:

Loan recovery and follow – up department is the key operation department as it ensures the recovery of funds provided as credit. ICB has taken different steps for strengthening the process of recovery. There remains two task forces and the “Review and Monitoring Committee” for giving necessary guidelines for accelerating the process of recovery. The followings are the functions of this department:

- Recovers the principle and interest due on the sanctioned project.
- Checks the financial statements and analyzes the sectional study review it and individual project renew.
- Sends letter to the project for making payments and reminds if necessary.
- Provides counseling to go for public issue.
- Rehabilitation of project through approved reschedules of loan and waiver of over due, interest etc.
- Prepares board memo for the matter of interest waiver.

Functions of legal affairs division:

Public issue department facilitates the process of going public of a company which financed by ICB also to a company which seeks this kind of help from ICB. This department is related to the following tasks:

- ✓ Visits and collects audited financial statement from the sponsors.

- ✓ Analyzing the financial statement of on going projects.
- ✓ Advises sponsors for going for public issue.

- ✓ Assists in preparing prospectus for issuing shares and debentures.
- ✓ Examines the prospectus submitted by the sponsors and helps getting approved.
- ✓ Arranges no objection from the main loan financing institution.
- ✓ Helps the company in securing approval from relevant institution/authority.
- ✓ Advises companies in issuing allotment letters and warrants.
- ✓ Makes liaison with the recovery and follow up department regarding realization of dues/over dues.
- ✓ Makes necessary adjustments of bridge loan of the concerned company.
- ✓ Any other functions assigned by the management.

Law department:

Law department handles any kind of legal affairs of ICB. The functions of this department are as follows:

- Prepares legal documents, advance agreements, share agreements, demand promissory notes, memorandum and deposit of title deed etc.
- Arranges exception of underwriting cum advance agreement, underwriting agreement and supplementary documents etc.
- Processes litigation cases, prepares legal notices and refers case legal advisors and coordinates with legal advisor in the court.
 - Prepares necessary board memos for placement in the board meeting relating to litigation and legal affairs.
- Handles the legal issues related to employee's loan facilities and other issues related to law.

Functions of audit and methods division:

Managing Director is the heads of audit and method department. Without the approval of this department no transaction is done. It checks out the problems and brings clarity of job and its transparency. The main functions of this department are:

- Checking out that all rules are properly maintained or not i.e. circulars given by the ICB board, government and the method approved by the board are correctly implemented or not.
- Advising of new methods of ICB.
- This department finds out the fault done by other department.

This department with regard to ICB does three kinds of audit:

- Internal audit - accomplished by head office audit department.
- External audit - accomplished by Ministry of Finance.
- Commercial audit - accomplished by government audit department.

Audit department mainly performs two types of audit:

- Pre audit - done before the start of the job.
- Post audit - done after the completion of the job.

Functions of secretary's division:

Secretary's department:

The main functions of this department are:

- Arranges meetings of the Board of Directors, Executive Committee and other Committee.
- Issues notices of board and other committee meetings, prepares agenda etc.

- Places working papers to the members of the board/committee.
- Maintains attendance registers of directors.
- Obtains signature of the Chairman in the minute's book.
- Sends decisions of the meetings for implementation of concerned departments.
- Sends minutes of the meeting to the members of the board and government of Bangladesh.
- Corresponds with the Govt. regarding share capital/debenture etc.
- Corresponds with the shareholders on different relevant matters.
- Maintains register of shareholders of the corporation.
- Arranges holding of Annual General Meeting of the corporation.
- Makes payment of dividend to the shareholders.
- Arranges transfer splitting of shares and issuance of duplicate certificates.
- Any other assignments given by the board/management.

Public relations department:

The main functions of this department are as follows:

- Maintains close liaison with the Ministry of Finance and other concerned officers.
- Help publish all types of official advertisements.
- Furnish management with the relevant news paper cuttings.
- Help focusing ICB through mass media.
- Meet all adverse comments about the corporation published in different newspaper; and periodicals.
- Publish internal newsletter or journal.
- Appraise the management of its overall relation to the public.
- Any other matters as may be assigned by the management.

3.2: Management of ICB

The Head office of the corporation as per the requirement of the ordinance of ICB is located at Dhaka. The general direction and superintendence of the corporation created in a board of directors, which consists of persons including the chairman and managing director of ICB

The board of directors consists of the following directors:

- a) The Chairman to be appointed by the government.
- b) The directors to be appointed by the government from among persons serving under the government.
- c) One director to be nominated by the Bangladesh Bank
- d) The managing directors, Bangladesh Shilpa Bank, Ex-office.
- e) The managing directors, Bangladesh Shilpa Rin Sangstha, Ex-office.
- f) Four other directors to be elected by the shareholders other than the government, BB, BSB and BSRS.
- g) The managing director of ICB to be appointed by the government.

3.3: Administrative, Human Resource

Investment Corporation of Bangladesh (ICB). Providing different categories of financial and banking services. Nature of different division/departments vary, such that Economic and Business Research (EBR) Department requires teamwork, Loan Appraisal division requires professional work, Funds division needs chain work. Managing Director is entrusted with authority to transact the regular business of the organization; he may delegate some authority to the officials of the corporations. However, most of the policy decision are taken by the different committee with the approval of managing director and where required of the Board. It is the discretionary authority of the Board to constitute the executive committee and to nominate its Chairman to assist the Board in the discharging of the function stated under the ordinance.

The Board may appoint such other committee as it thinks fit to assist it in the efficient discharge of its functions. So far, board has appointed two such committees-Economic and Business Research committee and loan appraisal committee headed by General Manager.

3.4: ICB Milestones

Milestones	Date/Establishment Commencement
Date of Establishment/ Commencement ICB	1st October 1976
Investor's Scheme	13th June 1977
First ICB Mutual Fund	25th April 1980
ICB Unit Fund	10th April 1981
Second ICB Mutual Fund	17 June 1984
Third ICB Mutual Fund	19 May 1985
Fourth ICB Mutual Fund	6 June 1986
Fifth ICB Mutual Fund	8 June 1987
Sixth ICB Mutual Fund	16 May 1988
Nomination as the country's Nodal DFI in SADF	7 May 1992
Seventh ICB Mutual Fund	30 June 1995
Eighth ICB Mutual Fund	23 July 1996
Purchase of own Land & Building	11 December 1997
Participation in Equity of SARF	16 January 1998
Advance Against ICB Unit Certificates Scheme	12 October 1998

Lease Financing Scheme	22 April 1999
"The Investment Corporation of Bangladesh (Amendment) Act, 2000" passed in the Jatiya Sangsad (Parliament) and Honourable President's assent thereof	5 and 6 July 2000
Formation and Registration of 3 Subsidiary Companies of ICB	5 December 2000
Computer Training Program	25 March 2001
Commencement of business operations of the subsidiary companies	
ICB Capital Management Ltd	01 July 2002
ICB Asset Management Company Ltd.	01 July 2002
ICB Securities Trading Company Ltd.	13 August 2002
Registration as a Trustee with SEC	20 August 2002
Registration as a Custodian with SEC	20 August 2002
Bank Guarantee Scheme	21 June 2003
Advance Against ICB Mutual Fund Certificate Scheme	21 June 2003
Consumers Credit Scheme	15 February 2004

Chapter-4

ICB Mutual Funds

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Chapter-4

ICB Mutual Funds

Introduction

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

ICB has been able to declare attractive dividends on its Mutual Funds during 2006-2007 as previous year. Among the 8 Mutual Funds the highest dividend of 240.00 percent was declared on the First ICB Mutual Fund including 190.00 percent in cash and 50.00 percent in stock. The dividend declared by seven other mutual funds ranged from 62.00 percent followed by 18.00 percent on the Second and Third ICB Mutual Funds. The rates dividend for the previous year ranged from 210.00 percent to 15.00 percent. Strong performance of the funds is reflected in the market prices of the funds. All the mutual funds were traded significantly above par value in both the bourses.

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

4.1: Mutual Fund

Mutual Funds are also known as close ended Mutual Funds. The issued capital of a Mutual Fund is limited, that is, a Mutual Fund offers a limited number of certificates for sale to the public. The amount of capital and the number of certificates of each Mutual Fund remains unchanged. ICB Mutual Funds are independent of one another. A Mutual Fund being listed is traded on the Stock Exchanges. Price of Mutual Fund certificates after IPO is determined on the Stock Exchanges through interaction of supply and demand. The market price of a Mutual Fund certificates is available in Stock exchange quotations and in newspapers. .

4.2: Types of Mutual Fund:

Any Mutual Fund could be of either of the following two kinds

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

Open-end Mutual Fund:

Open-end investment company is a fund that continues to sale and repurchases their shares after their initial public offering. They stand ready to sell additional number of shares and thus keep going larger. The open-end fund company can by or sale their own shares.

Close-end Mutual Fund:

A close-end investment company operates like any other public firm. Their stock is traded on regular secondary market and the market price of its shares is determined by the supply and demand. It has a definite target amount for the funds and cannot sell more shares after

its initial offering. Its growths in terms of number of shares are issued like any other company's new issues listed and quoted on stock exchange.

4.3 Objective of Mutual Fund:

The objective of any fund would fit into one of three broad categories.

i) Income: The emphasis is on producing a steady flow of dividend payment.

ii) Capital gain: The manager concentrates on increasing the value of principal through appreciation of the stocks held.

iii) Income and capital gain: Some combination of the first two approaches.

4.4: Advantages of Mutual Fund:

- Mutual Fund substantially minimizes the investment risk of small investors through diversification in which funds are spread out into various sectors, companies, securities as well as entirely different market.
- Mutual Fund mobilizes the savings of small investor and channels them into lucrative investment opportunities. As a result, Mutual Fund adds liquidity to the market.
- Mutual Fund provides the small investors access to the whole market that at an individual level, would be difficult if not impossible to achieve.
- Because funds are professionally managed, investors are relieved from the emotional strain associated with the day to day management of the fund.
- The investors save a great deal in transaction costs given that s/he has access to a large number of securities by purchasing a single share of a Mutual Fund.
- The investors can pick and chase a Mutual Fund to match his/her particular needs.

- Mutual Fund is the only vehicle which operates simultaneously both at the demand as well as the supply side of the market. On the supply side, the Mutual Fund being itself security at the SEC introduces a good and reliable instrument in the capital market for the small but astute investor.
- Mutual Fund is one of the most strictly regulated investment vehicles. The laws governing Mutual Fund require exhaustive disclosure to the SEC as well as the general public. The laws also entail continuous regulations of fund operations by the Trustee.

4.5: Launching of ICB Mutual Fund:

Launch Mutual Fund in different period with different paid up capital.		
Mutual Fund	Date of Floatation	Paid up capital (Tk. In lack)
First ICB Mutual Fund	25 April,1980	50.00
Second ICB Mutual Fund	17 June,1984	50.00
Third ICB Mutual Fund	19 May,1985	100.00
Fourth ICB Mutual Fund	6 June, 1985	100.00
Fifth ICB Mutual Fund	8 June, 1987	150.00
Sixth ICB Mutual Fund	16 May,1988	500.00
Seven ICB Mutual Fund	30 June,1995	300.00
Eighth ICB Mutual Fund	23 July,1996	500.00

Source: ICB Annual Report 2007-2008

Table 4-1: Launching of ICB Mutual Fund

4.6: Details Description of the ICB Mutual Fund

Consolidated Portfolio Statement:

As on 30 June 2005 cost price and market price of eight Mutual Funds were Tk. 4815.15 lac and Tk 5864.83 lac respectively. A consolidated statement of the portfolio of the Funds is given in the following table:

Consolidated position of portfolios of ICB Mutual Funds as on June 2007									
Sl.no	Particulars	1 st Mutual Fund	2 nd Mutual Fund	3 rd Mutual Fund	4 th Mutual Fund	5 th Mutual Fund	6 th Mutual Fund	7 th Mutual Fund	8 th Mutual Fund
1	No. of Companies	60	69	83	90	102	135	129	126
2	No. of Securities	60	71	84	91	103	136	132	128
3	Total investment at cost(lac)	324.26	327.06	418.11	483.86	752.58	896.51	1130.41	1171.93
4	Market Value(30 June 2007)	1524.69	383.40	545.04	778.64	1246.17	1160.94	1493.72	1544.30

Source: ICB Annual Report 2007-2008

Table 4-2: Consolidated position of portfolios of ICB Mutual Funds

Price Movement and Transactions

During the year under review, certificates of eight Mutual Funds were actively traded on the floor of the Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd. The highest and lowest price of the eight Mutual Funds certificates on Dhaka Stock Exchange Ltd and position of total transaction during 2003-04 are shown in the following table:

Market prices of ICB Mutual Funds and Transactions during 2006-07						
Sl. no	Mutual Funds	Highest market price(taka)*	Lowest market price(taka)*	Annual transaction		
				Number	Amount (Tk. In lac)	
1	First ICB Mutual Fund	3500.00	2650.00	1263	36.31	
2	Second ICB Mutual Fund	1100.00	721.00	1582	13.89	
3	Third ICB Mutual Fund	690.00	460.00	6620	37.96	
4	Fourth ICB Mutual Fund	700.00	458.00	10882	60.64	
5	Fifth ICB Mutual Fund	465.00	200.00	13020	48.27	
6	Sixth ICB Mutual Fund	350.00	175.25	131900	338.31	
7	Seven ICB Mutual Fund	320.00	165.25	74432	187.93	
8	Eight ICB Mutual Fund	316.00	162.00	87470	211.39	

Source: ICB Annual Report 2007-2008

Table 4-3: Market prices of ICB Mutual Funds

How to buy existing Mutual Funds

An investor can purchase any of the existing eight ICB Mutual Funds certificates through the Stock Exchanges at the prevailing Market Price. However, if an investor buys Mutual Fund certificates through the Stock Exchanges he/she must be careful to submit the certificates along with duly filled-in transfer deed at ICB Head Office to ensure that the certificates are registered in his/her name.

Advance against Mutual Fund certificates Scheme

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

Management Fees, Charges etc.

At present management fee @ 1% on the paid up capital of the Fund is charged annually. No amount is charged on account of custodial and trust services. Part of operating expenses are charged to the respective Mutual Funds on pro rata basis

Assets of ICB Mutual Funds

ICB Mutual Funds Certificates holders shall have unfettered ownership in the assets of the Fund to which they are related. In case of winding up of the Corporation the assets belonging to any ICB Mutual Fund shall not be treated as the assets of the Corporation.

Tax Concessions

- (a) Investment in Certificates provides the same tax exemptions as an investment qualifying under Section 44 of the Income Tax Ordinance, 1984.
- (b) Capital gains received on investment in the Fund Certificates shall not be included in the total income of a Certificate holder within the limits specified in the Income Tax Ordinance, 1984.

(c) Dividends received on investment in the Fund will be treated as dividend income under Income Tax Act, and will be exempted from tax with the limits specified in the Act.

(d) The Fund incomes are to be exempted from all taxes as granted by the Government as per SRO No 80-L/80 dated April, 1980.

4.7: Management of the Funds

There is a decision making board in order to manage different Mutual Funds. As per board's decision securities are bought under different Mutual Funds. At the same way securities are sold. In case of new Mutual Fund subscribes for public issue. ICB authority is made portfolio earlier by its own finance and given it name. After that it is published on any newspaper as prospectus. By studying this prospectus public response whether they will buy the Mutual Fund or not.

4.8: Declaration of Dividend

The net income received on investments of Funds on account of dividend, bonus, interest, capital gain etc. are distributed amongst the Certificate holders as per decision of the Board of Directors of ICB. Board declares such income in the form of dividend at the end of July each year. Dividends declared by ICB in the past on the Mutual Funds were very attractive. The year-wise per certificate dividend performance of the Funds is given below.

Rate of the Dividend per Certificate (Taka)

FY	Funds	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th
1980-81		20							
1981-82		20							
1982-83		20							
1983-84		25							
1984-85		35	21						
1985-86		38	23	21					

1986-87	41	25.5	22.5	21.5				
1987-88	48	28	25.5	23				
1988-89	49	29	26	23.5	20.5	15.5		
1989-90	49	29	26	23.5	20.5	13.25		
1990-91	35	22	19	17	10	6		
1991-92	31	22	19	18	11	6		
1992-93	31.5	21	18	17	12	-		
1993-94	45	27	22	40	25	16		
1994-95	50	40	27	41	28	18		
1995-96	60	42	28	41	30	20	18	
1996-97	70	45	38	45	35	24	21	18
1997-98	70	30	35	32	22	18	14	12
1998-99	100	32	38	35	20	15	13	12
1999-2000	125	35	40	36	21	16	13.5	12.5
2000-2001	170	40	45	38	23	17	14	13
2001-2002	175	42	50	40	24	17.50	14.50	13.50
2002-2003	180	45	50	40	24	17.50	14.50	13.50
2003-2004	200	50	50	45	24	17.50	15	14
2004-2005	210	55	52	48	27	18.50	16	15
2005-2006	210	55	52	48	27	18.50	16	15
2006-2007	190	62	56	52	33	23.00	22.50	18

Chapter-5

Performance Evaluation of Mutual Funds

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Chapter-5

Performance Evaluation of Mutual Funds

Ratio Analysis of ICB Mutual Funds

5.1: First ICB Mutual Fund

To keep the investment- friendly climate, The 1st ICB Mutual Fund was floated at 25th April, 1980 under regulation 29A of ICB [General] Regulations with a total capital of Tk. 50, 00,000 divided into 50000 Certificates of Tk. 100 each. The management of the fund is vested with ICB. It is the most attractive mutual fund among the others.

Dividend Income: The fund earned an amount of Tk. 3722439.00 as dividend and interest from 34 securities during 2006-2007 of which, Tk. 2128407.00 (57.18%) was received in cash within 30 June 2007.

Income, Expense and Distributable Income: During the year under review, the fund earned a gross income of Tk. 14173493.00 by way of dividend income of Tk. 3722439.00, interest income of Tk. 186629.00 on bank deposits, interest of tk. 779646.00 on current account with ICB, capital gains of Tk 9482425.00 and other income of tk. 2354.00. After deducting the total expenses of Tk. 2132711.00 incurred as staff expenses, management fee, printing and stationery, postage and telegram, bank charges, provision against investment and others, the net income of the Fund stood at Tk. 12040782.00. Taking into account the previous year's undistributed income of Tk. 22521510.00, the Fund had net distributable income of Tk. 34562292.00 as on 30 June 2007 resulting in distributable income per certificate of Tk. 691.24.

Portfolio: During 2006-07 the Fund made investments of Tk. 91.91 lac in securities of 16 companies. As on 30 June 2007 the Fund had securities of 60 companies in its portfolio with a total cost of Tk. 324.26 lac, the market value of which was Tk. 1524.69 lac. The ex-dividend net asset value per certificate of Tk. 100.00 each of First ICB Mutual Fund stood at Tk. 2977.00 as on 30 June 2007.

The opening and closing market price per certificate of First ICB Mutual Fund of Tk. 100.00 each was Tk. 2700.00 and Tk. 3433.25 respectively in 2006-07. The number of certificate holders of the Fund was 988 as on 30 June 2007.

Capital gain on sale of Investments: During 2006-2007, the fund has earned Tk.9482425.00 as capital gain by selling securities of 21 companies.

Capital gain on sale of Investments			
Sl. No.	Name of the company	No of the securities sold	Capital gain
1.	Alltex Industries Ltd.	1800	41240.00
2	Apex foods Ltd.	850	141628.50
3	Arab Bangladesh Bank Ltd.	200	274570.00
4	Ashraf Textile Mills Ltd.	31500	221775.00
5	BATBC	24150	1251400.00
6	Bangladesh Industrial finance Co. Ltd.	200	23000
7	Beximco Pharmaceutical Ltd.	15650	510105.00
8	BOC Bangladesh Ltd.	3150	361779.00
9	BRAC Bank Ltd.	2800	1191600.00
10	Dhaka Electric Supply Co. Ltd.	3300	508657
11	Golden Son Ltd.	3000	18800.00
12	IPDC	1400	289650.00
13	ICB AMCL First Mutual Fund.	200	32500.00
14	Lankabangla Finance Ltd.	10000	103200.00
15	Miracle Industries Ltd.	5000	55950.00
16	Mutual Trust Bank Ltd.	300	103737.00
17	One Bank Ltd.	50	10554.00
18	Power Grid Co. Bangladesh Ltd.	24550	3241600.00
19	Shahjalal Islami Bank Ltd.	100	12400.00
20	Standard Bank Ltd.	1600	406966.00
21	The Premier Bank Ltd.	2800	681312.00
Total			9482424.50

Table 5-1: Capital gain on sale of Investments - 2006-2007 annual report

Dividend payment:

The Fund declared dividend at the rate of 240% per certificate including 190% in cash and 50% in stock (one bonus certificate for every two certificates) of Tk. 100 each for the year 2006-07, which was Tk. 210.00 per certificate in the previous year. After making provision of Tk. 12000000.00 for payment of dividend the Fund had an undistributable income of Tk. 22562292.00. The year-wise dividend performance of the Fund is shown in the table

Financial year	Dividend per certificate	Financial year	Dividend per certificate
1980-81	20.00	1994-95	45.00
1981-82	20.00	1995-96	60.00
1982-83	20.00	1996-97	70.00
1983-84	25.00	1997-98	70.00
1984-85	35.00	1998-99	100.00
1985-86	38.00	1999-00	125.00
1986-87	41.00	2000-01	170.00
1987-88	48.00	2001-02	175.00
1989-90	49.00	2002-03	180.00
1990-91	49.00	2003-04	200.00
1991-92	35.00	2004-05	210.00
1992-93	31.00	2005-06	210.00
1993-94	31.00	2006-07	-----

Ratio Analysis Of First ICB Mutual Fund

Name of the formula	2005-06	2006-07
Current ratio= Current Assets/current Liabilities	$95264490/17660173 = 5.39:1$	$101207147/21076091 = 4.80:1$

Interpretation Above table shows the current ratio of ICB for two fiscal years. The standard ratio in this case is 2:1. The actual ratio for the fiscal year 2005-2006 is 5.39:1 which is above of standard. In this case the current asset of ICB compared to current liability is sufficient. Again the actual ratio for the fiscal year 2006-2007 is 2.60:1 which is above of the standard. Here the current asset of ICB compared to current liability is satisfactory.

Name of the formula	2005-06	2006-07
Earnings per share = Cash Dividend/No. of shares held	$1634275.00/ 599905 = 2.72$	$1965352/867925 = 2.26$

Interpretation: Here we can easily notice trend of earnings per share of ICB which is an indication of successful management of the fund. to retain the position though it is a bit lower.

Name of the formula	2005-2006	2006-2007
Capital Gain on Investment = Capital Gain / Total Investment *100	$8007659/30944182*100=25.87\%$	$9482424/32426272*100=29.24\%$

Interpretation: Capital gain on investment means gain from the sale of investment. Here we can see an increasing trend of rate of capital gain which indicates growing demand of fund in the market.

Name of the formula	2005-2006	2006-2007
Return on Investment = Net Income / Total Investment *100	$21658122/30944182*100=69.99\%$	$23526739/32426272*100=72.55\%$

Interpretation: Here we see an increasing trend of return on investment which indicates successful and wise full management of the fund.

Name of the formula	2005-2006	2006-2007
Dividend Pay out ratio = Cash	$1400343/21658122*100=6.45$	$1965352/23526739*100=8.$
Dividend / Net Income *100	%	35%

Interpretation: Here we notice a decreasing trend of rate of paying cash dividend which indicates increasing capability of ICB to invest fund.

Name of the formula	2005-2006	2006-2007
Retention ratio = 1- Dividend pay-out ratio	$1-.645=.355$	$1-.835=.165$

Interpretation: Here we see increasing rate of retention on the part of ICB which indicates higher amount of investment capability.

5.2: Second Mutual Fund

Dividend Income: The fund earned an amount of Tk. 1727757.00 as dividend and interest from 34 securities during 2006-2007 of which, Tk. 1566512.00 (90.66%) was received in cash within 30 June 2007.

Capital gain on sale of Investments: During 2006-2007, the fund has earned T6207855.00 as capital gain by selling securities of 16 companies.

Income, Expense and Distributable Income: During the year under review, the fund earned a gross income of Tk. 7995448.00 by way of dividend and interest income from investment in securities of Tk. 1727757.00, interest income of Tk.58186.00 on bank deposits, capital gains of Tk 9482425.00 and other income of tk. 1650.00. After deducting the total expenses of Tk. 4187736.00 incurred as staff expenses, management fee, printing and stationery, postage and telegram, bank charges, provision against investment and others, the not income of the Fund stood at Tk. 3807712.00. Taking into account the previous year's undistributed income of Tk. 8904140.00.00, the Fund had net distributable income of Tk. 12711852.00 as on 30 June 2007 resulting in distributable income per certificate of Tk. 254.2

Dividend payment: The Fund declared dividend at the rate of Tk. 62.00 of Tk. 100 each for the year 2006-07, which was Tk. 55.00 per certificate in the previous year. After making provision of Tk. 3100000.00 for payment of dividend the Fund had an undistributable income of Tk. 9611852.00. The year-wise dividend performance of the Fund is shown in the table

Financial Year	Dividend Per Certificate
1995-96	42.00
1996-1997	45.00
1997-1998	30.00
1998-1999	32.00
1999-2000	35.00
2000-2001	40.00
2001-2002	42.00
2002-2003	45.00
2003-2004	50.00
2004-2005	55.00
2005-2006	55.00
2006-2007	62.00

Portfolio: During 2006-07 the Fund made investments of Tk. 84.65 lac in securities of 18 companies. As on 30 June 2007 the Fund had securities of 70 companies in its portfolio with a total cost of Tk. 327.06 lac, the market value of which was Tk. 383.40 lac. The ex-dividend net asset value per certificate of Tk. 100.00 each of second ICB Mutual Fund stood at Tk. 418.34.00 as on 30 June 2007.

The opening and closing market price per certificate of First ICB Mutual Fund of Tk. 100.00 each was Tk. 721.00 and Tk. 900.50 respectively in 2006-07. The number of certificate holders of the Fund was 989 as on 30 June 2007.

Ratio Analysis Of Second ICB Mutual Fund

Interpretation Above table shows the current ratio of ICB for two fiscal years. The standard ratio in this case is 2:1. The actual ratio for the fiscal year 2005-2006 is 1.12:1 which is below of standard. In this case the current asset of ICB compared to current liability is sufficient. Again the actual ratio for the fiscal year 2006-2007 is 1.99:1 which is above of the standard. Here the current asset of ICB compared to current liability is not satisfactory.

Interpretation: Here we can easily notice increasing trend of earnings per share of ICB

Name of the formula	2005-06	2006-07
Earnings per share= Cash dividend / No. of Share held	$344079 / 296167 = 1.16$	$941828 / 236978 = 3.97$

which is an indication of successful management of the fund.

Name of the formula	2005-06	2006-07
Current ratio = current assets/ current liabilities	$32851996/29146670 = 1.12$: 1	$71753162/36045994 = 1.99$: 1

Name of the formula	2005-06	2006-07
Capital Gain on Investment = Capital Gain / Total Investment *100	$3429806 / 30096488 *100 = 11.40\%$	$6207854 / 32706055 * 100 = 18.98\%$

Interpretation: Capital gain on investment means gain from the sale of investment. Here we can see an increasing trend of rate of capital gain which indicates growing demand of fund in the market.

Name of the formula	2005-06	2006-07
Return on Investment = Net Income / Total Investment *100	7340140 / 30096488 *100 = 24.38%	7110114 / 32706055 *100 = 21.73%

Interpretation: Here we see a decreasing trend of return on investment which indicates unsuccessful of the fund.

Name of the formula	2005-06	2006-07
Dividend Pay out ratio = Cash Dividend / Net Income *100	2750000 / 7340140 *100 = 37.46%	31,00,000 / 7340140 *100 = 42.23%

Interpretation: Here we notice a decreasing trend of rate of paying cash dividend which indicates increasing capability of ICB to invest fund.

Name of the formula	2005-06	2006-07
Retention ratio = 1- Dividend pay-out ratio	1-.3746 = 0.6254 or 62.54%	1-.4223 = 0.5777 or 57.77%

Interpretation: Here we see increasing rate of retention on the part of ICB which indicates higher amount of investment capability.

5.3: Third Mutual Fund

Dividend Income: The fund earned an amount of Tk. 2209865.00 as dividend and interest from 40 securities during 2006-2007 of which, Tk. 1839350.00 (83.23%) was received in cash within 30 June 2007.

Capital gain on sale of Investments: During 2006-2007, the fund has earned Tk.9305541.00 as capital gain by selling securities of 21 companies.

Income, Expense and Distributable Income

During the year under review, the fund earned a gross income of Tk. 11616086.00 by way of dividend and interest income from investment in securities of Tk. 2209865.00, interest income of Tk.99360.00 on bank deposits, capital gains of Tk 9305541.00 and other income of tk. 1320.00. After deducting the total expenses of Tk. 4705206.00 incurred as staff

expenses, management fee, printing and stationery, postage and telegram, bank charges, provision against investment and others, the not income of the Fund stood at Tk. 6910880.00. Taking into account the previous year's undistributed income of Tk. 11514705.00, the Fund had net distributable income of Tk. 18425585.00 as on 30 June 2007 resulting in distributable income per certificate of Tk. 184.26

Dividend payment:

The Fund declared dividend at the rate of Tk. 56 of Tk. 100 each for the year 2006-07, which was Tk. 52.00 per certificate in the previous year. After making provision of Tk. 5600000.00 for payment of dividend the Fund had an undistributable income of Tk. 12825585.00. The year-wise dividend performance of the Fund is shown in the table

Financial Year	Dividend Per Certificate
1995-1996	28.00
1996-1997	38.00
1997-1998	35.00
1998-1999	38.00
1999-2000	40.00
2000-2001	45.00
2001-2002	50.00
2002-2003	50.00
2003-2004	50.00
2004-2005	52.00
2005-2006	52.00
2006-2007	56.00

Portfolio:

During 2006-07 the Fund made investments of Tk. 101.74 lac in securities of 22 companies. As on 30 June 2007 the Fund had securities of 83 companies in its portfolio with a total cost of Tk. 418.11 lac, the market value of which was Tk. . . 545.34lac. The ex-dividend net asset value per certificate of Tk. 100.00 each of second ICB Mutual Fund stood at Tk359.06 as on 30 June 2007.

The opening and closing market price per certificate of First ICB Mutual Fund of Tk. 100.00 each was Tk. 500.00 and Tk. 654.75 respectively in 2006-07. The number of certificate holders of the Fund was 2740 as on 30 June 2007.

Ratio Analysis Of Third ICB Mutual Fund

Name of the formula	2005-2006	2006-2007
Current ratio = current assets/ current liabilities	$84467671 / 31674992 = 1.47 : 1$	$90822934 / 34908915 = 2.60 : 1$

Interpretation:

Above table shows the current ratio of ICB for two fiscal years. The standard ratio in this case is 2:1. The actual ratio for the fiscal year 2005-2006 is 1.47:1 which is below of standard. In this case the current asset of ICB compared to current liability is not sufficient. Again the actual ratio for the fiscal year 2006-2007 is 2.60:1 which is above of the standard. Here the current asset of ICB compared to current liability is satisfactory.

Name of the formula	2005-2006	2006-2007
Earnings per share= Cash dividend / No. of Share held	$1091590 / 258171 = \text{Tk. } 4.22$	$1608270 / 252469 = \text{Tk. } 6.37$

Interpretation:

Here we can easily notice an increasing trend of earnings per share of ICB which is an indication of successful management of the fund.

Name of the formula	2005-2006	2006-2007
Capital Gain on Investment = Capital Gain / Total Investment *100	$6585073 / 39175195 * 100 = 16.80\%$	$9305540 / 41811415 * 100 = 22.25\%$

Interpretation:

Capital gain on investment means gain from the sale of investment. Here we can see an increasing trend of rate of capital gain which indicates growing demand of fund in the market.

Name of the formula	2005-2006	2006-2007
Return on Investment = Net Income / Total Investment *100	$11841126 / 39175195 *100 = 30.2\%$	$13521339 / 41811415 *100 = 32.33\%$

Interpretation: Here we see an increasing trend of return on investment which indicates successful and wise full management of the fund.

Name of the formula	2005-2006	2006-2007
Dividend Pay out ratio = Cash Dividend / Net Income *100	$5200000 / 11841126 *100 = 43.91\%$	$5600000 / 13521339*100 = 41.40\%$

Interpretation: Here we notice a decreasing trend of rate of paying cash dividend which indicates increasing capability of ICB to invest fund.

Name of the formula	2005-2006	2006-2007
Retention ratio = 1- Dividend pay-out ratio	$1-.4391 = .5609$	$1-.414 = .586$

Interpretation: Here we see increasing rate of retention on the part of ICB which indicates higher amount of investment capability.

5.4: Forth Mutual Fund of ICB

Dividend Income: The fund earned an amount of Tk. 2140664.00 as dividend and interest from 45 securities during 2006-2007 of which, Tk. 1429880.00 (68.80%) was received in cash within 30 June 2007.

Capital gain on sale of Investments: During 2006-2007, the fund has earned Tk.9424084.00 as capital gain by selling securities of 22 companies.

Income, Expense and Distributable Income

During the year under review, the fund earned a gross income of Tk. 11663579.00 by way of dividend and interest income from investment in securities of Tk. 2140664.00, interest income of Tk.97907.00 on bank deposits, capital gains of Tk 9424084.00 and other income of tk. 924.00. After deducting the total expenses of Tk. 5353118.00 incurred as staff expenses, management fee, printing and stationery, postage and telegram, bank charges, provision against investment and others, the net income of the Fund stood at Tk. 6310461.00. Taking into account the previous year's undistributed income of Tk. 11936690.00, the Fund had net distributable income of Tk. 18247151.00 as on 30 June 2007 resulting in distributable income per certificate of Tk. 182.47

Dividend payment:

The Fund declared dividend at the rate of Tk. 52 of Tk. 100 each for the year 2006-07, which was Tk. 48.00 per certificate in the previous year. After making provision of Tk. 5200000.00 for payment of dividend the Fund had an undistributable income of Tk. 13047151.00. The year-wise dividend performance of the Fund is shown in the table

Financial Year	Dividend Per Certificate
1995-1996	41.00
1996-1997	45.00
1997-1998	32.00
1998-1999	35.00
1999-2000	36.00
2000-2001	38.00
2001-2002	40.00
2002-2003	40.00
2003-2004	45.00
2004-2005	48.00
2005-2006	48.00
2006-2007	52.00

Portfolio:

During 2006-07 the Fund made investments of Tk. 160.27 lac in securities of 22 companies. As on 30 June 2007 the Fund had securities of 91 companies in its portfolio with a total cost of Tk. 483.86 lac, the market value of which was Tk. 778.64 lac. The ex-dividend net asset value per certificate of Tk. 100.00 each of second ICB Mutual Fund stood at Tk534.37 as on 30 June 2007. The opening and closing market price per certificate of First ICB Mutual Fund of Tk. 100.00 each was Tk. 478.00 and Tk. 628.75 respectively in 2006-07. The number of certificate holders of the Fund was 1955 as on 30 June 2007.

Ratio analysis Of Fourth ICB Mutual Fund

Name of the formula	2005-2006	2006-2007
Current ratio = current assets/ current liabilities	$82690337 / 27964184 = 2.95 :1$	$99871367 / 43065356 = 2.31 :1$

Above table shows the current ratio of ICB for two fiscal years. The standard ratio in this case is 2:1. The actual ratio for the fiscal year 2005-2006 is 2.95:1 which is above of standard. In this case the current asset of ICB compared to current liability is sufficient. Again the actual ratio for the fiscal year 2006-2007 is 2.31:1 which is above of the standard. Here the current asset of ICB compared to current liability is satisfactory.

Name of the formula	2005-2006	2006-2007
Earnings per share= Cash dividend / No. of Share held	$819326 / 252620 = \text{Tk. } 3.24$	$1227108 / 265088 = \text{TK. } 4.62$

Here we can easily notice an increasing trend of earnings per share of ICB which is an indication of successful management of the fund.

Name of the formula	2005-2006	2006-2007
Capital Gain on Investment = Capital Gain / Total Investment *100	$5637360 / 40261719 *100 = 14.00\%$	$9424084 / 48385779 *100 = 19.47\%$

Capital gain on investment means gain from the sale of investment. Here we can see an increasing trend of rate of capital gain which indicates growing demand of fund in the market.

Name of the formula	2005-2006	2006-2007
Return on Investment = Net Income / Total Investment *100	12499110 / 40261719 *100 = 31.04%	11679858 / 48385779 *100 = 24.13

Here we see a decreasing trend of return on investment which indicates inefficient management of fund.

Name of the formula	2005-2006	2006-2007
Dividend Pay out ratio = Cash Dividend / Net Income *100	4800000 / 12499110 *100 = 38.40%	5200000 / 11679859 *100 = 44.52%

Here we see an increasing trend of paying cash dividend which indicates increasing satisfaction of investor.

Name of the formula	2005-2006	2006-2007
Retention ratio = 1- Dividend pay-out ratio	1-.3840 = .616	1-.4452 = 05548

Here we see a decreasing trend of rate of retention which will encourage investors.

5.5: Fifth Mutual Fund

Dividend Income: The fund earned an amount of Tk. 3366365.00 as dividend and interest from 51 securities during 2006-2007 of which, Tk. 2585505.00 (76.80%) was received in cash within 30 June 2007.

Capital gain on sale of Investments: During 2006-2007, the fund has earned Tk.13050047.00 as capital gain by selling securities of 25 companies.

Income, Expense and Distributable Income: During the year under review, the fund earned a gross income of Tk. 16488507.00 by way of dividend and interest income from investment in securities of Tk. 3366365.00, interest income of Tk.72095.00 on bank deposits, capital gains of Tk 13050047.00. After deducting the total expenses of Tk.

10338254.00 incurred as staff expenses, management fee, printing and stationery, postage and telegram, bank charges, provision against investment and others, the not income of the Fund stood at Tk. 6150253.00. Taking into account the previous year's undistributed income of Tk. 4281656.00, the Fund had net distributable income of Tk. 10431909.00 as on 30 June 2007 resulting in distributable income per certificate of Tk. 69.55

Dividend payment: The Fund declared dividend at the rate of Tk. 33 of Tk. 100 each for the year 2006-07, which was Tk. 27.00 per certificate in the previous year. After making provision of Tk. 4950000.00 for payment of dividend the Fund had an undistributable income of Tk. 5481909.00. The year-wise dividend performance of the Fund is shown in the table

Financial Year	Dividend Per Certificate
1995-1996	30.00
1996-1997	35.00
1997-1998	22.00
1998-1999	20.00
1999-2000	21.00
2000-2001	23.00
2001-2002	24.00
2002-2003	24.00
2003-2004	24.00
2004-2005	27.00
2005-2006	27.00
2006-2007	33.00

Portfolio: During 2006-07 the Fund made investments of Tk. 162.75 lac in securities of 23 companies. As on 30 June 2007 the Fund had securities of 102 companies in its portfolio with a total cost of Tk. 752.58 lac, the market value of which was Tk1246.17 lac. The ex-dividend net asset value per certificate of Tk. 100.00 each of second ICB Mutual Fund stood at Tk475.37 as on 30 June 2007.

The opening and closing market price per certificate of First ICB Mutual Fund of Tk. 100.00 each was Tk. 277.25 and Tk. 453.50 respectively in 2006-07. The number of certificate holders of the Fund was 3685 as on 30 June 2007.

Ratio Analysis Of Fifth ICB Mutual Fund

Name of the formula	2005-2006	2006-2007
Current ratio = current assets/ current liabilities	136911253 / 88373317 = 1.54 :1	160615106 / 109013079 = 1.47 :1

Above table shows the current ratio of ICB for two fiscal years. The standard ratio in this case is 2:1. The actual ratio for the fiscal year 2005-2006 is 1.54:1 which is below of standard. In this case the current asset of ICB compared to current liability is not sufficient. Again the actual ratio for the fiscal year 2006-2007 is 1.47:1 which is also below of the standard. Here the current asset of ICB compared to current liability is not satisfactory

Name of the formula	2005-2006	2006-2007
Earnings per share= Cash dividend / No. of Share held	1850165 / 26088 = Tk. 7.09	1171362 / 437407 = Tk. 2.67

Here we can easily notice a decreasing trend of earnings per share of ICB which is a indication of lack of efficient management of the fund.

Name of the formula	2005-2006	2006-2007
Capital Gain on Investment = Capital Gain / Total Investment *100	6664102 / 70667729 *100 = 9.43%	13050047 / 75258179 *100= 17.34

Capital gain on investment means gain from the sale of investment. Here we can see an increasing trend of rate of capital gain which indicates growing demand of fund in the market.

Name of the formula	2005-2006	2006-2007
Return on Investment = Net Income / Total Investment *100	$11114612 / 70667729 *100 = 15.72\%$	$11164091 / 75258179 *100 = 14.83\%$

Here we see a decreasing trend of return on investment which indicates inefficient management of fund.

Name of the formula	2005-2006	2006-2007
Dividend Pay out ratio = Cash Dividend / Net Income *100	$4050000/11114612*100=36.43\%$	$4950000/11164091*100=44.33\%$

Here we see an increasing trend of paying cash dividend which indicates increasing satisfaction of investor

Name of the formula	2005-2006	2006-2007
Retention ratio = 1- Dividend pay-out ratio	$1-.3643=.6357$	$1-.4433=.5567$

Here we see a decreasing trend of rate of retention which will encourage investors.

5.6: Sixth Mutual Fund of ICB

Dividend Income: The fund earned an amount of Tk. 4677148.00 as dividend and interest from 62 securities during 2006-2007 of which, Tk. 3818689.00 (81.65%) was received in cash within 30 June 2007.

Capital gain on sale of Investments: During 2006-2007, the fund has earned Tk.20347268.00 as capital gain by selling securities of 30 companies.

Income, Expense and Distributable Income: During the year under review, the fund earned a gross income of Tk. 25150020.00 by way of dividend and interest income from investment in securities of Tk. 4677148.00, interest income of Tk. 125582.00 on bank deposits, capital gains of Tk. 20347268.00 and other income of tk. 924.00. After deducting the total expenses of Tk. 12127248.00 incurred as staff expenses, management fee, printing and stationery, postage and telegram, bank charges, provision against investment and others, the net income of the Fund stood at Tk. 13022772.00. Taking into account the previous year's undistributed income of Tk. 7722583.00, the Fund had net distributable income of Tk. 20745355.00 as on 30 June 2007 resulting in distributable income per certificate of Tk. 41.49

Dividend payment: The Fund declared dividend at the rate of Tk. 23 of Tk. 100 each for the year 2006-07, which was Tk. 18.50.00 per certificate in the previous year. After making provision of Tk. 11500000.00 for payment of dividend the Fund had an undistributable income of Tk. 9245355.00. The year-wise dividend performance of the Fund is shown in the table

Financial Year	Dividend Per Certificate
1995-1996	20.00
1996-1997	24.00
1997-1998	18.00
1998-1999	15.00
1999-2000	16.00
2000-2001	17.00
2001-2002	17.00
2002-2003	17.00
2003-2004	17.00
2004-2005	18.50
2005-2006	18.50
2006-2007	23.00

Portfolio: During 2006-07 the Fund made investments of Tk. 185.42 lac in securities of 25 companies. As on 30 June 2007 the Fund had securities of 135 companies in its portfolio

with a total cost of Tk. 896.91 lac, the market value of which was Tk. 1160.94 lac. The ex-dividend net asset value per certificate of Tk. 100.00 each of second ICB Mutual Fund stood at Tk173.04.37 as on 30 June 2007. The opening and closing market price per certificate of ICB Mutual Fund of Tk. 100.00 each was Tk. 184.50.00 and Tk. 279.75 respectively in 2006-07. The number of certificate holders of the Fund was 8995 as on 30 June 2007.

Ratio Analysis Of Sixth ICB Mutual Fund

Name of the formula	2005-2006	2006-2007
Current ratio = current assets/ current liabilities	203290849 / 70620049 = 2.87:1	207846571 / 68386839 = 3.03:1

Above table shows the current ratio of ICB for two fiscal years. The standard ratio in this case is 2:1. The actual ratio for the fiscal year 2005-2006 is 2.87:1 which is above of standard. In this case the current asset of ICB compared to current liability is sufficient. Again the actual ratio for the fiscal year 2006-2007 is 3.03:1 which is above of the standard. Here the current asset of ICB compared to current liability is satisfactory.

Name of the formula	2005-2006	2006-2007
Earnings per share= Cash dividend / No. of Share held	485058 / 824226 = Tk.58	979675 / 382673 = Tk. 2.56

Here we can easily notice an increasing trend of earnings per share of ICB which is an indication of successful management of the fund.

Name of the formula	2005-2006	2006-2007
Capital Gain on Investment = Capital Gain / Total Investment *100	$12093725 / 87594336 *100 =$ 13.80%	$20347268 / 75258179 *100 =$ 22.68%

Capital gain on investment means gain from the sale of investment. Here we can see an increasing trend of rate of capital gain which indicates growing demand of fund in the market.

Name of the formula	2005-2006	2006-2007
Return on Investment = Net Income / Total Investment *100	$23845122 / 87594336 *100 =$ 27.22%	$25288955 / 8969071137 *100$ = 28.19%

Here we see an increasing trend of return on investment which indicates successful and wise full management of the fund.

Name of the formula	2005-2006	2006-2007
Dividend Pay out ratio = Cash Dividend / Net Income *100	$9250000/23845122*100=38.79$ %	$11500000/25288955*1$ 00=45.47%

Here we see an increasing trend of paying cash dividend which indicates increasing satisfaction of investor

Name of the formula	2005-2006	2006-2007
Retention ratio = 1- Dividend pay-out ratio	$1-.3879=0.6121$	$1-04547=.5453$

Here we see a decreasing trend of rate of retention which will encourage investors.

5.7: Seventh Mutual Fund of ICB

Dividend Income: The fund earned an amount of Tk. 4767683.00 as dividend and interest from 66 securities during 2006-2007 of which, Tk. 3753542.00 (78.73%) was received in cash within 30 June 2007.

Capital gain on sale of Investments: During 2006-2007, the fund has earned Tk.19550858.00 as capital gain by selling securities of 32 companies.

Income, Expense and Distributable Income

During the year under review, the fund earned a gross income of Tk. 24416675.00 by way of dividend and interest income from investment in securities of Tk. 4767683.00, interest income of Tk.98090.00 on bank deposits, capital gains of Tk 19550858.00 and other income of tk. 924.00. After deducting the total expenses of Tk. 16159269.00 incurred as staff expenses, management fee, printing and stationery, postage and telegram, bank charges, provision against investment and others, the net income of the Fund stood at Tk. 8257406.00. Taking into account the previous year's undistributed income of Tk. 6905165.00, the Fund had net distributable income of Tk. 15162572.00 as on 30 June 2007 resulting in distributable income per certificate of Tk. 50.54

Dividend payment:

The Fund declared dividend at the rate of Tk. 22.50 of Tk. 100 each for the year 2006-07, which was Tk. 16.00 per certificate in the previous year. After making provision of Tk. 6750000.00 for payment of dividend the Fund had an undistributable income of Tk. 8412572.00. The year-wise dividend performance of the Fund is shown in the table

Financial Year	Dividend Per Certificate
1995-1996	18.00
1996-1997	21.00
1997-1998	14.00
1998-1999	13.00
1999-2000	13.00
2000-2001	14.00
2001-2002	14.50
2002-2003	14.50
2003-2004	15.00
2004-2005	16.00
2005-2006	16.00
2006-2007	22.50

Portfolio:

During 2006-07 the Fund made investments of Tk. 203.69 lac in securities of 16 companies. As on 30 June 2007 the Fund had securities of 135 companies in its portfolio with a total cost of Tk. 1130.41 lac, the market value of which was Tk. 1493.72 lac. The ex-dividend net asset value per certificate of Tk. 100.00 each of ICB Mutual Fund stood at Tk 249.20 as on 30 June 2007. The opening and closing market price per certificate of ICB Mutual Fund of Tk. 100.00 each was Tk. 179.00 and Tk. 283.00 respectively in 2006-07. The number of certificate holders of the Fund was 2797 as on 30 June 2007.

Ratio Analysis Of Seventh ICB Mutual Fund

Name of the formula	2005-2006	2006-2007
Current ratio = current assets/ current liabilities	2444726219 / 164183340 = 1.49 : 1	255337502 / 16837688 = 1.51:1

Above table shows the current ratio of ICB for two fiscal years. The standard ratio in this case is 2:1. The actual ratio for the fiscal year 2005-2006 is 1.49:1 which is below of standard. In this case the current asset of ICB compared to current liability is not sufficient. Again the actual ratio for the fiscal year 2006-2007 is 1.51:1 which is also below of the standard. Here the current asset of ICB compared to current liability is not satisfactory

Name of the formula	2005-2006	2006-2007
Earnings per share= Cash dividend / No. of Share held	1913883 / 696646 = Tk. 2.74	2232481 / 460914 = 4.84

Here we can easily notice an increasing trend of earnings per share of ICB which is an indication of successful management of the fund.

Name of the formula	2005-2006	2006-2007
Capital Gain on Investment = Capital Gain / Total Investment *100	1648558 / 107611811 *100 = 10.82%	19550858 / 113040736 *100 = 17.30%

Capital gain on investment means gain from the sale of investment. Here we can see an increasing trend of rate of capital gain which indicates growing demand of fund in the market.

Name of the formula	2005-2006	2006-2007
Return on Investment = Net Income / Total Investment *100	$13971544 / 107611811 * 100 = 12.98\%$	$15956933 / 11304073 = 14.11\%$

Here we see an increasing trend of return on investment which indicates successful and wise full management of the fund.

Name of the formula	2005-2006	2006-2007
Dividend Pay out ratio = Cash Dividend / Net Income *100	$4800000/13971544*100=34.35\%$	$6750000/15956933= 42.30\%$

Here we see an increasing trend of paying cash dividend which indicates increasing satisfaction of investor

Name of the formula	2005-2006	2006-2007
Retention ratio = 1- Dividend pay-out ratio	$1-.3435=.6565$	$1-.4230=.577$

Here we see a decreasing trend of rate of retention which will encourage investors.

5.8: Eighth Mutual Fund of ICB

Dividend Income: The fund earned an amount of Tk. 5258000.00 as dividend and interest from 66 securities during 2006-2007 of which, Tk. 4244897.00 (80.73%) was received in cash within 30 June 2007.

Capital gain on sale of Investments: During 2006-2007, the fund has earned Tk.21653796.00 as capital gain by selling securities of 29 companies.

Income, Expense and Distributable Income

During the year under review, the fund earned a gross income of Tk. 27022457.00 by way of dividend and interest income from investment in securities of Tk. 5258000.00, interest income of Tk.110639.00 on bank deposits, capital gains of Tk 21653796.00. After deducting the total expenses of Tk. 15959504.00 incurred as staff expenses, management fee, printing and stationery, postage and telegram, bank charges, provision against investment and others, the net income of the Fund stood at Tk. 11062953.00. Taking into account the previous year's undistributed income of Tk. 9384715.00, the Fund had net distributable income of Tk. 20447668.00 as on 30 June 2007 resulting in distributable income per certificate of Tk. 40.90

Dividend payment:

The Fund declared dividend at the rate of Tk. 18.00 of Tk. 100 each for the year 2006-07, which was Tk. 15.00 per certificate in the previous year. After making provision of Tk. 9000000.00 for payment of dividend the Fund had an undistributable income of Tk. 11447668.00. The year-wise dividend performance of the Fund is shown in the table

Financial Year	Dividend Per Certificate
1996-1997	18.00
1997-1998	12.00
1998-1999	12.00
1999-2000	12.00
2000-2001	13.00
2001-2002	13.00
2002-2003	13.00
2003-2004	14.00
2004-2005	15.00
2005-2006	15.00
2006-2007	18.00

Portfolio:

During 2006-07 the Fund made investments of Tk. 223.66 lac in securities of 26 companies. As on 30 June 2007 the Fund had securities of 126 companies in its portfolio with a total cost of Tk. 1171.93 lac, the market value of which was Tk. 1544.30 lac. The ex-dividend net asset value per certificate of Tk. 100.00 each of ICB Mutual Fund stood at Tk 197.37 as on 30 June 2007. The opening and closing market price per certificate of ICB Mutual Fund of Tk. 100.00 each was Tk. 172.00 and Tk. 272.25 respectively in 2006-07. The number of certificate holders of the Fund was 7537 as on 30 June 2007.

Ratio Analysis Of Eighth ICB Mutual Fund

Name of the formula	2005-2006	2006-2007
Current ratio = current assets/ current liabilities	245268799 / 113954507 = 2.15:1	256482291 / 119149909 = 2.15:1

Above table shows the current ratio of ICB for two fiscal years. The standard ratio in this case is 2:1. The actual ratio for the fiscal year 2005-2006 is 2.15:1 which is above of standard. In this case the current asset of ICB compared to current liability is sufficient. Again the actual ratio for the fiscal year 2006-2007 is 2.15:1 which is above of the standard. Here the current asset of ICB compared to current liability is satisfactory.

Name of the formula	2005-2006	2006-2007
Earnings per share= Cash dividend / No. of Share held	2365289 / 703200 = Tk. 3.36	2429507 / 475527 = Tk. 5.10

Here we can easily notice an increasing trend of earnings per share of ICB which is an indication of successful management of the fund.

Name of the formula	2005-2006	2006-2007
Capital Gain on Investment = Capital Gain / Total Investment *100	11544928 / 111571449 *100 = 10.34%	21653795 / 117193042 *100 = 18.47%

Capital gain on investment means gain from the sale of investment. Here we can see an increasing trend of rate of capital gain which indicates growing demand of fund in the market.

Name of the formula	2005-2006	2006-2007
Return on Investment = Net Income / Total Investment *100	$20610156 / 111571449 *100 = 18.47\%$	$21018089 / 117193042 *100 = 17.93\%$

Here we see a decreasing trend of return on investment which indicates inefficient management of fund.

Name of the formula	2005-2006	2006-2007
Dividend Pay out ratio = Cash Dividend / Net Income *100	$7500000/20610156*100=36.38\%$	$9000000/21018089*100=42.82\%$

Here we see an increasing trend of paying cash dividend which indicates increasing satisfaction of investor

Name of the formula	2005-2006	2006-2007
Retention ratio = 1- Dividend pay-out ratio	$1-.3638=.6362$	$1-.4282=.5718$

Here we see a decreasing trend of rate of retention which will encourage investors.

5.9: Performance Evaluation of ICB Mutual Funds

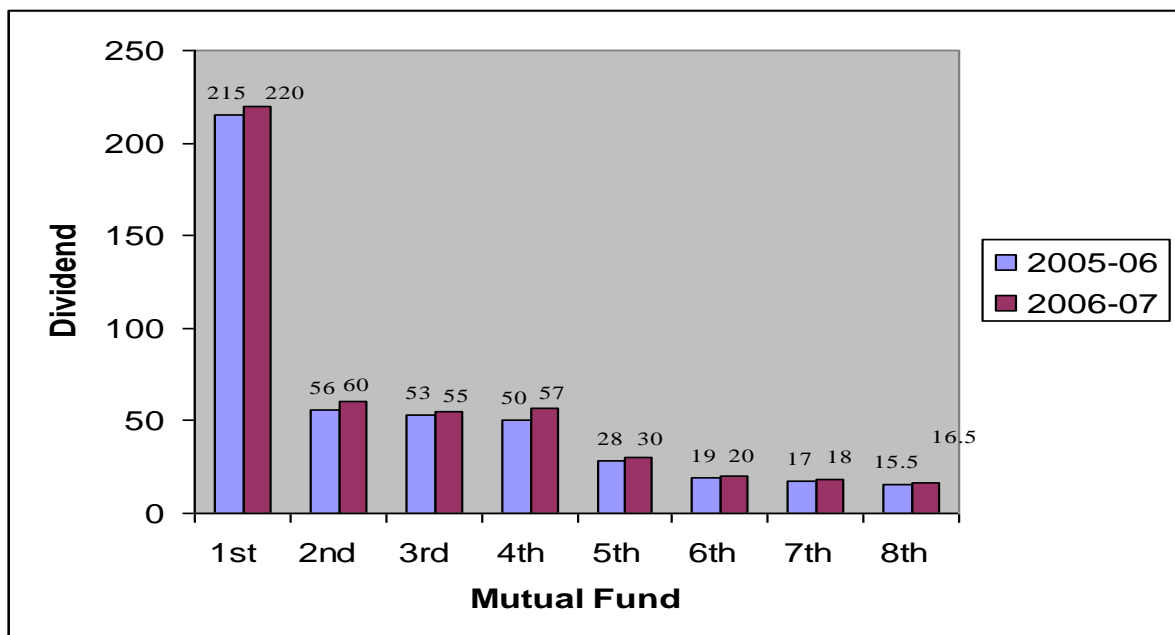
Mutual Funds substantially lower the investment risk of small investors, through diversification, in which funds are spread out in to various sectors. Because of funds are professionally managed, investors are relieved from the emotional strain associated with the management of the fund. For the betterment of small and medium investors up to September,2005 ICB floated eight close ended Mutual Fund , with total paid up capital of Tk 17.50 crore and going to float the ninth very soon.

These funds are very popular with the small and medium investors because of having scope of capital gain as well as attractive return in terms of dividend.

It is not an easy task for the portfolio manager to manage the mutual funds, because its performance is directly related with the security market and many macroeconomic variables. But due to the efficient management of ICB officials, they (MF) become attractive investment decision.

Now we will analyze the past performance of the eight mutual funds and try to evaluate them.

Figure: 5-1: Dividend performance of ICB Mutual Fund



5.10: Comparative Performance of ICB Mutual Funds 2006-07 and 2005-06

Comparative Performance of ICB Mutual Funds 2006-07 and 2005-06										
Name of the Mutual Funds	Size of funds	2006-07				2005-06				
		Per certificate		30 th June 2007		Per certificate		30 th June 2007		
		Income	Dividend	Market Price/ Certificate At DSE	Market Capital lization	Income	Dividend	Market Price/ Certificate At DSE	Market Capital lization	
(TK in core)	Taka	Taka	Taka	(TK in core)	Taka	Taka	Taka	(TK in core)		
1 st ICB MUTUL FUND	0.50	691.25	240.00	3433.25	16.61	660.43	210.00	2670.00	13.35	
2 nd ICB MUTUL FUND	0.50	254.24	62.00	950.50	4.50	223.08	55.00	720.00	3.60	
3 rd ICB MUTUL FUND	1.00	184.47	56.00	654.75	6.55	167.14	52.00	475.00	4.75	
4 th ICB MUTUL FUND	1.00	182.26	52.00	628.00	6.28	167.34	48.00	520.00	5.20	
5 th ICB MUTUL FUND	1.50	69.55	33.00	453.50	6.80	55.54	27.00	275.25	4.13	
6 th ICB MUTUL	5.00	41.49	23.00	279.50	13.97	33.94	18.50	184.50	9.22	

FUND										
7 th ICB MUTUL FUND	3.00	50.54	22.50	283.50	8.50	39.02	16.00	172.00	5.16	
8 th ICB MUTUL FUND	5.00	40.90	18.00	272.25	13.61	33.77	15.00	172.00	8.36	
Total	17.50				76.82				54.01	

Table 5-2: Comparative performance of ICB Mutual Funds

5.11: Comparative Position of ICB Mutual Funds

Comparative Position of ICB Mutual Funds								
Name of Mutual Funds	Cost price the portfolio		Market value of the portfolio		Ex-dividend Asset value certified (TK.)		No. of certificate holders	
	2007	2006	2007	2006	2007	2006	2007	2006
1 st ICB Mutual Fund	03.24	03.09	15.24	10.51	2977.58	2059.55	988	954
2 nd ICB Mutual Fund	03.27	03.01	03.83	02.71	418.34	231.66	989	962
3 rd ICB Mutual Fund	04.18	03.92	05.45	03.52	359.06	179.50	2740	2680
4 th ICB Mutual Fund	04.84	04.02	07.78	03.76	534.37	202.45	1955	2061
5 th ICB Mutual Fund	07.52	07.06	12.46	06.85	475.07	123.83	3685	3789
6 th ICB Mutual Fund	08.97	08.76	11.61	07.49	173.03	91.77	8995	9307
7 th ICB Mutual Fund	11.30	10.76	14.94	09.31	249.20	74.85	2797	2926
8 th ICB Mutual Fund	11.72	11.16	15.44	09.46	197.37	84.85	7537	7323

Table 5-3: Comparative Position of ICB Mutual Funds

Analysis: The above table reveals that cost price of the portfolio (except 1st Mutual Fund) is increased because most of the share were bought from secondary market rather than primary market & 6th to 8th mutual funds cost is very high because the period of 1996 and 1997 capital market is crashed. In this period these mutual funds were come in the market. Till this time the investors are not highly interested to invest like political instability, international market, sufficient local and foreign investors, government etc.

5.12: SOWT Analysis of ICB:

SOWT analysis is the detailed study of an organization's exposure and potential in perspective of its strength, weakness, opportunity & threat. This facilitates the organization to make their existing line of performance and also foresee the future to improve their performance in comparison to their competitors. As through this tool, an organization can also study its current position, it can also be considered as an important tool for making changes in the strategic management of the organization.

Strength of ICB:

- Potential internal strength
- Broad market coverage
- R&D skills and leadership
- Human resources competencies
- Ability to manage strategic change
- Portfolio management skills
- Strong financial backup
- Expert management team
- Strong network

Weakness of ICB:

- Inadequate information system
- Declining in R&D innovation
- Growth without direction
- High conflict and politics
- Bureaucratic practice
- Lack of Discipline
- Most of the employee are inactive

Opportunities:

- Potential environmental opportunities
- Diversify into new growth business
- Reduce rivalry among competitors
- Government tries boost up capital market
- Investors are getting confidence over security market

Threats:

- Increases in private substitute competitor
- Increase in foreign competition
- Rising labor cost
- People have less knowledge about the capital market
- There are some unethical practices in security market
- Low rate of dividend declared by the companies

Chapter-6

Findings

Chapter Contents

8.1: Findings

8.2: Recommendations

8.3: Conclusion

Chapter-6

6.1: Findings

Mutual funds are managed and run by a professional management team , the success and growth of the mutual funds depend future profitability and investors confidence also depend on the management performance .

During the internship at ICB, I have found some problems, which can affect the fund future and the confidence of the investors. There are some problems related to fund. They are as follows:

From depositor's Point of view:

- The services provided by the related personnel are not prompt. It is taking more than required time for giving the service.
- Same laggard procedure is also taking place at the time of execution of order.
- Withdrawal of any funds of securities is also very lengthy and complicated process and inefficiently managed.

From Portfolio investment point of view:

ICB has not yet done any systematic analysis for measuring how they are doing. ICB has not identified any key variables to size up all its diversified performance.

From Capital market point of view:

- Dividend is one of the sources of income for the mutual fund. Most of the companies do not declare dividend up to satisfactory level.
- The rate of supply of fundamentally strong securities is very low.

- Political unsteady position also hearts the investor’s sentiment in the market and thereby leads to flat the stock market.
- Using costly borrowing capital for the investment on securities is another factor causing problem for high expenditure of maintenance of funds, which affects the income of funds.

6. 2: Recommendations

6.2.1 Recommendations ICB Unit Funds are suggested are on the basis of the problems. These are:

1. Reserve should be kept at a minimum level but not more than 25% of a fund’s income.
2. Dividend policy should be fair so that the investors may be satisfied .Dividend policy should be earnings basis, not year basis.
3. Investment by costly borrowing funds should be reduced.
4. Orders are to be executed quickly.
5. Unnecessary documentation and levels in the process of withdraw or securities should be eliminated.

6.2.2 Recommendations ICB Mutual Funds are suggested are on the basis of the problems. These are:

1. The interest of making portfolio of proposed funds and the existing ICB unit mutual fund profitable and attractive, it is imperative to design balance portfolio of securities. As the supply of securities is not adequate, I think, the portfolio is envisaged to be designed and developed from the following sources:

- Shares of multinational companies
- Shares of public enterprises
- Primary issue of securities by companies
- Secondary market operation.

Share of public enterprises means government has been pursuing policy of divesting 49% shares of government enterprises of public subscription. In this regard govt. should reserve 30% of all new issues in all cases for ICB.

2. Reserve should be kept at a minimum level; it may vary fund to fund, but not more than 25% of a fund's income.
3. Investing in costly borrowing funds should be reduced. Management may look for sources of less costly funds and reduce expenses and increase income.
4. ICB should fix redemption date of each fund. I may redeem 1st, 2nd, and 3rd mutual fund. Because these funds are established for more than 15 years.
5. ICB may take initiative and decision to float more funds for the stabilization of capital market and for gaining of investor's confidence to invest in the capital market.
6. ICB should reduce interest rate.
7. Orders are to be executed quickly.
8. Training program should be arranged for developing of management efficiency.

6.3 Conclusion:

ICB is a unique name in our country as an investment Bank. It has skill and experienced labor force and professional and dedicated management team that enable to pursue the ICB's goals and objectives. ICB is helping to the industrial growth in our country by mobilizing the small savings from investors to the capital market. ICB should be concerned about its investors, because the investors are the risks takers. ICB has great influence in the capital market. ICB should play its important role for gaining of the investor's confidence on the capital market and further industrial growth in our country and the development and stabilization of the capital market in country

There remains a huge gap between institutional investors and general investors. Institutional investors are far ahead from the general investors in respect of technical know-how, knowledge and risk taking propensity. ICB as an institutional investor manages its portfolio by doing three major activities: asset allocation, weighting shift across major asset classes and securities selection within asset classes. In financial terms it means ensuring maximum return with minimum level of risk. At present the gap between the institutional investors and general investors, ICB should concentrate well in portfolio management to uplift the interest of the general investors.

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