

Mercantile Bank Unit Fund
Audited Financial statements
For the year ended 31 December 2023

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Auditor's Report to the trustee board of Mercantile Bank Unit Fund Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mercantile Bank Unit Fund (the "Fund"), which comprise the statement of financial position as at 31 December 2023 and the statement of profit or loss and other comprehensive income and statement of changes in equity and statement of cash flows for the period from 01 January 2023 to 31 December 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the statement of financial position of the fund as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as explained in note-2.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
Valuation of investments	
The fund has invested a substantial portion of its total assets in capital market instruments (i.e. equity shares). As per IFRS-9 Financial Instruments, such equity investment is considered a financial asset and requires it to be measured at fair value. Subsequently such investments shall be classified either as 'fair value through other comprehensive income' or 'fair through profit or losses on the basis of the entity's business model for managing these financial assets and contractual cash flow characteristics.	The Fund determines the fair value of its investment in listed equity shares as per the closing market price of the Dhaka Stock Exchange on the date of valuation and the resultant net unrealized gain / (loss) is calculated on portfolio basis. As per BSEC regulation for Mutual Fund and relevant Trust deed, the fund is obliged to distribute a minimum portion of its net profit to unit holders as dividend and hence distribution of any profit from unrealized gain may create cash flow issue for the fund. Accordingly, the Fund has adopted the policy to treat such equity investment as 'held for

IFRS-9 further allows an entity to make an irrevocable election to present in other comprehensive income, the subsequent changes in fair value of an investment in equity instrument that is not held for trading with no subsequent recycle through profit or loss.

Accordingly, because of the inherent nature of such investment we have considered valuation of investment and subsequent measurement basis as key audit matter.

trading' which require fair value change to be taken to profit or loss.

Consistent with the industry practice and considering the requirement to distribute certain portion of net profit as dividend, the fund has adopted the policy that if there are any net unrealized loss on portfolio basis such loss is charged to profit or loss, but in case of any unrealized net gain on portfolio basis, such gain is taken directly to reserve through other comprehensive income instead of profit or loss.

Upon selling of any such equity shares the fund takes the realized gain/ (loss) of that individual share to profit or loss.

As stated in Annexure-A to the financial statements, because of this accounting policy an aggregate amount of Tk. 170377 is shown as annual realized loss on marketable securities in the statement of profit or loss and other comprehensive income.

See Annexure-A for further details

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

The Asset Manager of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2, Securities and Exchange Commission (Mutual Fund) Rules 2001 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on other Legal and Regulatory Requirements

In accordance with Securities and Exchange Rules 1987, Securities and Exchange Commission (Mutual Fund) Rules 2001 and other applicable laws and regulations, we also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) the Fund's balance sheet and income statement along with the annexed notes thereto dealt with by this report are in agreement with books of accounts of the Fund;
- c) in our opinion, proper books of accounts as required by law have been kept by the Fund so far as it appeared from our examination of those books; and
- d) all expenditure incurred were for the purposes of the Fund's business.

Dhaka, 23 January 2024

DVC No: 2401301512AS242028

Shaikh Hasibur Rahman FCA

Enrolment No: 1512

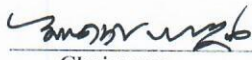
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Chartered Accountants




Mercantile Bank Unit Fund
Statement of Financial Position
As at 31 December 2023

Particulars	Notes	Amount in taka	
		31 December 2023	31 December 2022 (Restated)
Assets			
Non-current assets		217,081,964	206,654,816
Preliminary and issue expenses	3.00	2,496,908	3,182,639
Investments in securities and Govt. bond and bill	4.00	204,491,306	89,960,177
Investment in FDR	5.00	10,093,750	113,512,000
Current assets		12,599,762	14,362,404
Accounts receivable	6.00	2,930,280	1,421,455
Advance, deposit & prepayments	7.00	789,263	313,257
Cash and cash equivalents	8.00	8,880,220	12,627,692
		229,681,726	221,017,220
Shareholders' equity and liabilities			
Shareholders' equity		225,508,598	217,538,119
Unit capital	9.00	217,600,000	217,600,000
Retained earnings		7,908,598	(61,881)
Current liabilities		4,173,129	3,479,101
Provision for unrealized (gain)/loss on investments	10.00	1,716,004	1,886,381
Liability for expenses	11.00	2,457,124	1,592,721
		229,681,726	221,017,220
Net asset value (NAV)		225,508,598	217,538,119
Net asset value (NAV) per unit:			
At cost	12.00	10.44	10.16
At market price	13.00	10.36	10.00

These financial statements should be read in conjunction with annexed notes


Chairman
(Trustee)


Member
(Trustee)



Chief Executive Officer
(AMC)


Compliance Officer
(AMC)


Research Associate
(AMC)

Signed in terms of our report of even date

Dhaka, 23 January 2024
DVC No: 2401301512AS242028

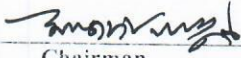

Shaikh Hasibur Rahman FCA
Partner
Enrolment No 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants



Mercantile Bank Unit Fund
Statement of Profit or Loss and Other Comprehensive Income
From 01 January 2023 to 31 December 2023

Particulars	Note	Amount in taka	
		From Jan 01 to Dec 31, 2023	From Sep 01 to Dec 31, 2022
INCOME			
Interest income	14.00	10,429,128	3,031,183
Gain/(loss) on sale of marketable securities	15.00	1,099,863	-
Dividend income	16.00	2,670,864	1,037,140
		<u>14,199,855</u>	<u>4,068,323</u>
EXPENSES			
Administrative expenses	17.00	6,062,306	4,079,170
Bank charges	18.00	167,070	51,034
		<u>6,229,376</u>	<u>4,130,204</u>
Net profit for the period		<u>7,970,479</u>	<u>(61,881)</u>
Earnings per unit	19.00	0.37	(0.37)

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Dhaka, 23 January 2024

DVC No: 2401301512AS242028


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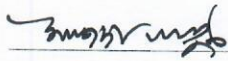
Mercantile Bank Unit Fund
Statement of Changes in Equity
For the Period from 01 January 2023 to 31 December 2023

Particulars	Figure in Taka		
	Unit capital	Retained	Total
Opening balance as on 01 Jan 2023	217,600,000	(61,881)	217,538,119
Unit capital raised during the period	-	-	-
Unit surrendered	-	-	-
Dividend paid for the year 2022	-	-	-
Unrealized gain/(loss)	-	-	-
Net profit during the period	-	7,970,479	7,970,479
Balance as on December 31, 2023	217,600,000	7,908,598	225,508,598


Mercantile Bank Unit Fund
Statement of Changes in Equity
For the Period from 01 September 2022 to 31 December 2022


Particulars	Figure in Taka		
	Unit capital	Retained	Total
Opening balance as on 01 Sep 2022	-	-	-
Unit capital raised during the period	217,600,000	-	217,600,000
Unit surrendered	-	-	-
Cash dividend for the period of 2022	-	-	-
Unrealized gain/(loss)	-	-	-
Net profit during the period	-	(61,881)	(61,881)
Balance as on December 31, 2022	217,600,000	(61,881)	217,538,119


These financial statements should be read in conjunction with annexed notes


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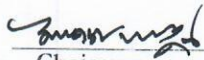
Mercantile Bank Unit Fund

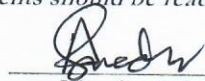
Statement of Cash Flows

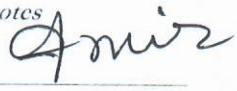
For the Period from 01 January 2023 to 31 December 2023


Particulars	Amount in Taka	
	01 January 2023 to 31 December 2023	01 September 2022 to 31 December 2022
A. Cash flows from operating activities		
Interest income - SND	613,745	1,066,638
Interest income - FDR	7,239,022	1,512,000
Interest income from Govt. Bond	2,576,361	-
Dividend income	2,670,864	68,230
Gain on sale of marketable securities	1,099,863	-
Payment made for expense	(6,229,376)	(423,772)
Non Cash Items:		
Provision for unrealized (gain)/loss on investments	(170,377)	-
Liability for expenses	864,403	-
Changes in working capital:		
Accounts receivable (Increase)/Decrease	(1,508,825)	-
Advance, deposit and prepayments (Increase)/Decrease	(476,006)	(313,257)
Net cash from operating activities	6,679,674	1,909,839
B. Cash flows from investing activities		
Net investment in shares	(17,990,962)	(58,161,194)
Net Investment in BGT-Bills	(97,339,150)	-
Net Investment in BGT-Bond	798,983	(31,798,983)
Net Investment in FDR	103,418,250	(113,512,000)
Net cash from investing activities	(11,112,879)	(203,472,177)
C. Cash flows from financing activities		
Proceeds from issuance of units	-	217,600,000
Preliminary & issue expense	685,731	(3,409,970)
Net cash from financing activities	685,731	214,190,030
Net cash flows for the period	(3,747,473)	12,627,692
Cash and cash equivalents at the beginning of the period	12,627,692	-
Cash and cash equivalents at the end of the period	8,880,220	12,627,692
Net operating cash flows per unit	0.06	0.09
	(0)	(0)

These financial statements should be read in conjunction with annexed notes


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(Trustee)


Member
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(AMC)



Mercantile Bank Unit Fund
Notes to the Financial Statements
From January 01 to December 31, 2023

1.00 Legal status and nature of the Fund

1.01 The Fund and its objectives

Mercantile Bank Unit Fund (the "Fund") was established as a Trust under the Trust Act 1882 and registered with Sub-Registrar's Office under the Registration Act 1908, on January 04, 2022. The Fund received Registration Certificate from the Bangladesh Securities and Exchange Commission (BSEC) on January 25, 2022 under the Securities and Exchange Commission (Mutual Fund) Rules 2001. The BSEC approved the Fund and provided consent on September 01, 2022. The initial size of the Fund is Tk. 500,000,000 (Taka five hundred million only) divided into 50,000,000 units of Tk. 10 each. Subsequently, the unit capital of the Fund now stands at Tk. 217,600,000.

Mercantile Bank Limited (MBL) is the sole Sponsor of the Fund. ICB Capital Management Limited is the Trustee and BRAC Bank Limited is the Custodian of the Fund. MBL Asset Management Limited is managing the operations of the Fund as the Asset Management Company.

1.02 Objectives

The primary objective of the Fund is to achieve capital appreciation as well as earn dividend and interest income through investment in the capital market of Bangladesh. It mostly shall focus on generating cash earnings and at the same time preservation of capital. The fund shall strive to accumulate reserves over its life in order to reinvest and be able to distribute a lump sum at redemption.

2.00 Summary of significant accounting policies and basis of preparation of the financial statements

2.01 Preparation of the financial statements

These financial statements are prepared on the accrual basis of accounting, under the historical cost convention, as modified for investments, which are 'mark-to-market' and in conformity with the International Financial Reporting Standards (IFRS) and also in compliance with requirements of Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 ("Rules") and other laws and regulations applicable in Bangladesh. In certain cases, where IFRS requirements are different from the Rules, the Rules have been followed in particular for recognition of unrealized fair value gain/loss on investments and capitalization of preliminary and issue expenses.

2.02 Statement of cash flows

IAS-1, "Presentation of financial statements requires that a cash flow statement be prepared as it provides information about cash flows of the enterprise which is useful in providing users of financial statements with basis to assess the ability of the enterprise to generate cash and cash equivalents and needs of the enterprise to utilize those cash flows. Statement of cash flows has been prepared under the direct method for the year as per IAS 7 Statements of Cash Flows". In accordance with Mutual Fund Rules 2001, proceeds from investments has been shown under investing activities. However, the amount of resultant gain on sale of investment has been shown in operating activities.

2.03 Statement of changes in equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

2.04 Functional and presentation currency

These financial statements are presented in Taka, which is Fund's functional currency. Except as indicated figures have been rounded to the nearest Taka.

2.05 Reporting period

This Financial Statement is presented for the period from 01 January 2023 to 31 December 2023.

2.06 Date of authorization

This Financial Statements were authorized for issue by the Board of Trustee of the Fund for the financial period ended 31 December 2023.

2.07 Investment policy

The Fund shall invest subject to the Securities and Exchange Commission (Mutual Fund) Rules, 2001 and only in those securities, deposits and investments approved by the Bangladesh Securities and Exchange Commission and/or any other competent authority in this regard.

- a) Not more than 70% of the total assets of the fund shall be invested in capital market instruments out of which at least 50% shall be invested in listed securities.
- b) Not more than 30% of the total asset of the fund shall be invested in investment-grade Fixed Income Securities (FIS) including Government Securities. Exposure to fixed income securities including term deposits shall not how ever exceed 40% of the total assets of the fund.
- c) Not more than 10% of the total assets of the fund shall be invested in non-listed securities at any particular date. In case of investment in non-listed corporate bonds or pre-IPO capital, the asset manager shall obtain prior approval of the Commission.
- d) All money collected under the Fund shall be invested only in encashable/transferable instruments, securities whether in money market or capital market or privately placed pre-IPO equity, preference shares, debentures or securitized debts.
- e) The Fund shall get the securities purchased or transferred in the name of the Fund.
- f) Only the Asset Management Company will make the investment decisions and place orders for securities to be purchased or sold for the Scheme's portfolio.
- g) Non-listed securities that are "investment grade" and enjoy "very strong" credit rating by a licensed credit rating agency are eligible for investment under the mutual fund. The fund can invest in investment grade unlisted securities only after a prior approval of the commission.

2.08 Valuation of investment

- a) Listed securities (other than mutual Fund) are valued at market in compliance of IFRS 9 - Financial instruments
- b) The listed securities are valued at the closing quoted market price for the calendar year 2022 based on the Dhaka Stock Exchange on the date of valuation i.e., 28 December 2023. However, the valuation of the IPO shares, trading of which did not start at the end of the year, are being done at the cost value.

2.09 Dividend policy

Pursuant to Rule 66 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001 or any amendments of the Rules by Bangladesh Securities and Exchange Commission time to time, the Fund shall distribute by way of dividend to the holders of the units after the closing of the accounts an amount which shall be minimum 70% of the annual net profit as decided in the trustee meeting.

2.10 Management fee

Management fee is charged as per Trust Deed as well as pursuant to Rule 65 (2) of the Securities and Exchange Commission (Mutual Fund) Rules, 2001. The fee is accrued and payable quarterly at the following rates:

- a) at the rate of 2.50% per annum of the weekly average NAV fund up to Taka 5 crore
- b) at the rate of 2.00% per annum for additional amount of the weekly average NAV above Taka 5 crore fund up to Taka 25 crore
- c) at the rate of 1.50% per annum for additional amount of the weekly average NAV above Taka 25 crore fund up to Taka 50 crore
- d) at the rate of 1.00% per annum for additional amount of the weekly average NAV over Taka 50 crore.



2.11 Trustee fee

The trustee fee shall be paid an annual trusteeship fee at the following rate on semi-annual in advance basis

SL No.	Fees Tranches	Fees
01	NAV of the first 200 crore of fund	0.10%
02	NAV of the next 100 crore of fund	0.09%
03	NAV of the remaining fund	0.08%

2.12 Custodian fee

The custodian shall have physical possession of the stock and securities of the fund and be responsible for safe keeping of the securities. The fee for custodian services will be 0.07% per annum of balance securities held by the fund, calculated on the average market value per month. Besides this, the fund will bear all other expenses viz (a) transaction fee of TK. 200 per transaction (b) local duties and fees like stamp duty on transaction, stamp duty on transaction deed (c) levies, brokerage, registrar's fee, local counsel/representation, external auditor's at the client's request, depository fees etc. However, a fee cap of 0.09% per annum on balance securities held by the fund, calculated on the average market value per month would be applicable if the total expenses (including custodian fees, transaction fee & other expenses, mentioned above) per annum go higher than the mentioned fee cap amount. The fee for Custodian services will be realized semi-annually.

2.13 CDBL (Central Depository of Bangladesh Limited) Fees

The fixed annual fee of CDBL will be TK. 20,000 only plus VAT. Annual Central Depository System (CDS) connection fee will be TK. 6,000 only plus VAT.

2.14 Fund registration and annual fees

The fund has paid Tk 10,000 only to the Bangladesh Securities and Exchange Commission as registration fee. In addition, the fund will have to pay @ 0.10% of the fund value or Tk. 50,000 whichever is higher, as annual fee in term of Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001

2.15 Revenue recognition

- a) Dividend income is recognized on the ex-dividend date, which is considered as the date when rights to receive dividend is established.
- b) Capital gains are recognized on being realized.
- c) Bonus shares have been recognized at zero cost.
- d) Interest on Fixed Deposit and Short Term Deposit is recognized as income on accrual basis.

2.16 Taxation

According to note no-08.01.0000.030.03.25.23, Date-12/10/2023, Tax Poripotra-2023-24, Tax Act-2023, Finance Act-2023, part-1 of the 6th schedule, all types of income received from mutual funds are free from tax.

2.17 Preliminary and issue expenses

As per Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 preliminary and issue expenses are being written off over a period of 7 (seven) years. Where the fund will amortized preliminary and issue expenses with in 5 years on a straight-line method.

2.18 Net asset value (NAV) per unit

The mutual fund calculates Net Asset Value per share using the cost and market value, which has been shown on the face of statement of financial position and the computation of NAV per unit is stated in Note 12 and 13.

2.19 Earning per unit

The mutual fund calculates Earning per Unit (EPU) in accordance with IAS 33, Earnings per Share, which has been shown on the face of the statement of profit or loss and other comprehensive income.

2.20 General

Figures appearing in these financial statements have been rounded off to nearest Taka.

2.21 Comparative information

The financial statement provides comparative information in respect of the previous period for all amount reported in the current period's financial statements. Comparative figures have been re-arranged and restated wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

Mercantile Bank Unit Fund
Notes to the financial statements
As at and for the year ended 31 December 2023

Notes	Particulars	Reference	Amount in taka	
			31-Dec-23	31-Dec-22
3.00 Preliminary and issue expenses				
	Preliminary and issue expenses		3,182,639	3,409,970
	Less: Amortization made during the period		(685,731)	(227,331)
			<u>2,496,908</u>	<u>3,182,639</u>
	As per Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001 preliminary and issue expenses should be written off within 7 (seven) years. The fund, however, disclosed its policy for writing off preliminary expenses over 5 years in the prospectus. The management has charged amortization for the full period in current year and for 04 months in previous year.			
4.00 Investments in securities and Govt. bond and bill				
	Investment in shares		76,152,156	56,274,814
	Government Treasury Bills		97,339,150	-
	Government treasury bond		31,000,000	31,798,983
			<u>204,491,306</u>	<u>88,073,797</u>
	The value of investment shares in the secondary market is shown at the market price. According to prospectus note-3.5(2), not more than 70% of total assets of the fund shall be invested in capital market instruments. Of this at least 50% shall be invested in listed securities. The Fund has invested 33.01% of the total net assets of the fund in the capital market instruments.			
	The fund also purchased a two year Government treasury bond which is present at the purchase price with a coupon rate of 7.40% and 91 days government treasury bill from which is presented at the purchase price with a zero coupon rate.			
	As per IFRS 9, the treasury bond to be subsequently measured at amortised cost. As the remaining maturity of the bond is 6 months from year end date, the management decided to present the bond at cost price.			
	Details are given on Annexure-A			
5.00 Investment in FDR				
	FDR with Mercantile Bank Limited		10,093,750	113,512,000
			<u>10,093,750</u>	<u>113,512,000</u>
	The fund has two FDRs in the money market with a 7.5% and 8.5% respectively interest rate that are paid on a quarterly basis. According to prospectus note-3.5(3) The Fixed Income Securities including term deposits shall not be however exceed 40% of the total assets of the fund. The fund has invested at FDR is 04% of the total assets of the fund.			
	Details are given on Annexure-B			
6.00 Accounts receivable				
	Dividend receivable	Note-6.01	1,362,654	968,911
	Other receivable	Note-6.02	1,567,627	452,544
			<u>2,930,280</u>	<u>1,421,455</u>
6.01 Dividend receivable				
	Marico Bangladesh Limited		62,654	-
	Meghna Petroleum Limited		320,000	-
	Square Pharmaceuticals PLC.		525,000	425,000
	Jamuna Oil Company Limited		455,000	237,966
	Power Grid Company of Bangladesh Ltd		-	62,390
	United Power Generation & Distribution Company Ltd.		-	243,555
			<u>1,362,654</u>	<u>968,911</u>
6.02 Other receivable				
	Interest on FDR		99,169	136,214
	Interest on SND		-	43,917
	Interest on bond		1,468,458	272,413
			<u>1,567,627</u>	<u>452,544</u>
7.00 Advance, deposit & prepayments				
	Annual CDBL fees		-	37,808
	Annual Trustee fees		-	145,464
	Annual BSEC fees		109,263	129,985
	Collateral for bidding in IPO		680,000	-
			<u>789,263</u>	<u>313,257</u>
8.00 Cash and cash equivalents				
	Cash at Banks (Mercantile Bank Limited A/C No: 1131000048326)		8,880,220	12,627,692
			<u>8,880,220</u>	<u>12,627,692</u>

Hoda Vasi Chowdhury & Co

9.00 Unit capital			
Opening balance	Annexure-C	217,600,000	217,600,000
Add: New subscription		-	-
Less: Units surrendered		-	-
		<u>217,600,000</u>	<u>217,600,000</u>
List of Investor in Mercantile Bank Unit Fund is given on Annexure-C			
10.00 Provision for unrealized (gain)/loss on investments			
Opening balance		1,886,381	-
Add: Addition during the year		-	1,886,381
Less: Adjustment during the year		(170,377)	-
Closing balance		<u>1,716,004</u>	<u>1,886,381</u>
11.00 Liability for expenses			
Management fees		2,406,874	1,560,821
Payable to MBL AML		4,600	-
Audit fees		34,500	31,900
Newspaper publication expenses		11,150	-
		<u>2,457,124</u>	<u>1,592,721</u>
12.00 Net Asset Value (NAV) per unit at cost			
Net Asset Value (NAV) at market price		225,508,598	217,538,119
(Less)/ Add : Unrealised gain or loss		1,716,004	1,886,381
Net Asset Value (NAV) at cost price		<u>227,224,602</u>	<u>219,424,499</u>
No of unit		21,760,000	21,760,000
NAV per unit at cost		<u>10.44</u>	<u>10.08</u>
13.00 Net Asset Value per unit at market price			
Net Asset Value (NAV)		225,508,598	217,538,119
No of unit		21,760,000	21,760,000
NAV per unit at market price		<u>10.36</u>	<u>10.00</u>



Mercantile Bank Unit Fund
Statement of Profit or Loss and Other Comprehensive Income
From 01 January 2023 to 31 December 2023

Notes	Particulars	Reference	Amount in taka	
			From Jan 01 to Dec 31, 2023	From Sep 01 to Dec 31, 2022
14.00	Interest income			
	Fixed deposits receipts (FDR)		7,239,022	1,648,214
	Short Notice Deposit (SND)		613,745	1,110,555
	T.Bond		2,576,361	272,413
			10,429,128	3,031,183
15.00	Gain/(loss) on sale of marketable securities			
	Islami Commercial Insurance Company Limited		248,510	-
	Trust Islami Life Insurance Limited		426,570	-
	Al-Madina Pharmaceuticals Limited		117,763	-
	MK Footwear PLC		307,020	-
			1,099,863	-
16.00	Dividend income			
	Marico Bangladesh Limited		62,654	-
	Global Islami Bank PLC		751,534	-
	Grameenphone Ltd.		101,031	-
	Berger Paints Bangladesh Ltd.		200,000	-
	Bangladesh Submarine Cable Company Limited		75,646	-
	Meghna Petroleum Limited		320,000	-
	Deltalife Insurance Company		180,000	-
	Jamuna Oil Company Limited		455,000	237,966
	Square Pharmaceuticals PLC.		525,000	425,000
	Power Grid Company of Bangladesh Ltd		-	62,390
	United Power Generation & Distribution Company Ltd.		-	243,555
	Bangladesh Submarine Cable Company Limited		-	68,230
			2,670,864	1,037,140
17.00	Administrative expenses			
	Management fees		4,758,691	1,560,821
	Amortization of preliminary and issue expenses		685,731	227,331
	BSEC annual fees		241,059	87,615
	CDBL annual fees		37,808	43,332
	CDBL settlement and demat charges		813	-
	Trustee fees		219,131	72,136
	Custodian fees		131,619	5,318
	IPO application fees		6,000	36,000
	Brokerage commission		46,881	107,636
	Audit fees		35,950	43,400
	Unrealized (gain)/loss on investments		(170,377)	1,886,381
	Newspaper publication exp		69,000	9,200
			6,062,306	4,079,170
18.00	Bank charges			
	Bank charges		167,070	51,034
			167,070	51,034
19.00	Earning Per Unit (EPU)			
	Net profit for the period		7,970,479	(61,881)
	No. of unit		21,760,000	21,760,000
	Earning per unit		0.37	(0)
20.00	Related party disclosure			

Related Parties	Relationship between the parties involved	Nature of the transaction	Total amount of transaction in		Balance as on	
			Dr	Cr	31.12.2023	31.12.2022
Mercantile Bank Ltd.	Parent-Subsidiary	Management fees	941,888	-	-	-
		FDR	110,000,000	230,544,314	10,093,750	113,512,000
Mercantile Bank Securities	Related Party	Share buy and sell from secondary market	12,395,094	5,854,791	-	-



Mercantile Bank Unit Fund
Portfolio on December 31, 2023

Annexure-A

Investment in share

Name of the securities	Sector	Number of share / unit	Average unit cost	Acquisition cost	Market rate	Market value	% of NAV	Sectoral exposurer as % of total asset at cost	Unrealised gain/loss
Square Pharmaceuticals Ltd.	Pharmaceuticals & Chemical	65,000	209.80	13,637,000.00	210.3	13,669,500	6.06%	7.85%	32,500
Narico Bangladesh Limited		1,638	2,434.88	3,988,336.60	2,460.7	4,030,626.60	1.79%		42,290
Linde Bangladesh Limited		2,830	1,407.56	3,983,399.50	1,397.7	3,955,491	1.75%		(27,909)
Power Grid Company of Bangladesh Ltd.		75,000	54.30	4,072,286.00	52.4	3,930,000	1.74%		(142,286)
Jamuna Oil Company Limited	Fuel & Power	35,000	172.69	6,044,129.10	168.5	5,897,500	2.62%	9.62%	(146,629)
Neghma Petroleum Limited		20,000	202.38	4,047,687.20	198.6	3,972,000	1.76%		(75,687)
United Power Generation & Distribution Company Ltd.		16,855	236.61	3,988,051.60	233.7	3,939,014	1.75%		(49,038)
LafargeHolcim Bangladesh Limited	Manufacturing	45,000	69.50	3,127,500.00	69.3	3,118,500	1.38%	1.38%	(9,000)
Delta Life Insurance Company Ltd.	Insurance	20,000	147.02	2,940,300.00	136.5	2,730,000	1.21%	1.21%	(210,300)
Bangladesh Submarine Cable Company Limited	Telecommunication	17,450	228.30	3,983,830.00	218.9	3,819,805	1.69%	2.96%	(164,025)
Gramophone Ltd.		10,000	261.60	2,616,000.00	286.6	2,866,000	1.27%		250,000
Berger Paints Bangladesh Ltd.		5,000	1,731.20	8,656,015.50	1774	8,870,000	3.93%	3.96%	213,985
Agro Organica PLC	Others	3,694	10.00	36,940.00	17.6	65,014	0.03%		28,074
Global Islami Bank Limited	Bank	1,578,221	9.52	15,030,680.00	8.6	13,572,701	6.02%	6.02%	(1,457,979)
Subtotal				76,152,156		74,436,151	33.01%	33.01%	(1,716,004)

Government Treasury Bond

Instrument name	Sector	Issue date	Face Value in BDT	Purchase cost	Yield	Market Value	Maturity date	Sectoral exposurer as % of total asset at cost	Unrealised gain/loss
2 years treasury bond	Govt. Bond	06/07/2022	31,000,000	31,798,983	7.40%	31,000,000	06/07/2024	13.75%	-
Subtotal			31,000,000	31,798,983		31,000,000		13.75%	-

Government Treasury Bills

Instrument name	Sector	Issue date	Face Value in BDT	Purchase cost	Yield	Market Value	Maturity date	Sectoral exposurer as % of total asset at cost	Unrealised gain/loss
91 Days treasury bills	Govt. Bill	02/11/2023	10,000,000	9,762,670	97.63%	10,000,000	02/02/2024	4.43%	-
91 Days treasury bills	Govt. Bill	27/12/2023	90,000,000	87,576,480	97.31%	90,000,000	27/03/2024	39.91%	-
Total		Total	100,000,000	97,339,150		100,000,000		44.34%	-
				205,290,289		205,436,151		91.10%	(1,716,004)

Note: The Fund has invested 33.01% of the total net assets of the fund in the capital market instruments.

Mercantile Bank Unit Fund

Detail of Fixed deposit receipts (FDR) and Government Treasury Bill

As on 31 December 2023

Annexure-B

Fixed Deposit Receipt (FDR)

SL	Bank Name	FDR Number	Deposited Date	Maturity Date	Purchase amount	% of NAV	Interest Rate	Interest Income	TDS	Closing
04	Mercantile Bank PLC	1410001257607	04/07/2023	04/01/2024	5,000,000	2%	7.50%	93,750	-	5,093,750
05	Mercantile Bank PLC	1410001451068	28/12/2023	28/03/2024	5,000,000	2%	8.50%	-	-	5,000,000
Total					10,000,000	4%	16.00%	93,750	-	10,093,750



Mercantile Bank Unit Fund
List of Unit Subscribers

Annexure-C

NAME OF The Subscribers	No. Of Unit	Per Unit Taka	Total Taka
Mercantile Bank LTD.	5,000,000	10	50,000,000
ICB Asset Management Ltd.	250,000	10	2,500,000
National Life Insurance Ltd.	5,000,000	10	50,000,000
Mercantile Bank LTD.	2,500,000	10	25,000,000
LRG (DBH First Mutual Fund)	681,965	10	6,819,650
LRG (Green Delta Mutual Fund)	835,006	10	8,350,060
LRG (AIB 1st Islami Mutual Fund)	524,611	10	5,246,110
LRG (MBL 1st Mutual Fund)	546,298	10	5,462,980
LRG (LR Global Bangladesh Mutual Fund)	1,778,728	10	17,787,280
LRG (NCCBL Mutual Fund-1)	633,392	10	6,333,920
Mercantile Bank Securities Limited (Dealer)	3,000,000	10	30,000,000
IDLC Finance Limited	1,000,000	10	10,000,000
A.B.M Eradul islam	10,000	10	100,000
Total	21,760,000	10	217,600,000

