

**Mercantile Bank Unit Fund
Audited Financial Statements
For The Year Ended 31 December,2024**

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Auditor's Report to the trust 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 2024 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 2024 to 31 December 2024, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the fund as at 31 December 2024 and its financial performance and its cash flows for the period from 01 January 2024 to 31 December 2024 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	
<p>The fund has invested a substantial portion of its total assets in capital market instruments (i.e. equity shares).</p> <p>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.</p> <p>IFRS-9 further allow an entity to make an irrevocable election to present in other</p>	<p>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.</p> <p>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 trading' which require fair value</p>

<p>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.</p>	<p>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 BDT. 4,882,897 is shown as annual realized loss on marketable securities in the statement of profit or loss and other comprehensive income.</p>
<p>See Annexure-A for further details</p>	

<p>Valuation of treasury bill and treasury bond</p>	
<p>The classification and measurement of T-Bill and T-Bond require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment. At year end the fund reported total investment in treasury bill and treasure bond of BDT 88,214,915 and 59,833,478.</p>	<p>We assessed the processes and controls put in place by the fund to identify and confirm the existence of treasury bills and bonds. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments. We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladeshfund guidelines.</p>
<p>See Annexure-A for further details</p>	

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.

Dhaka, 30 January 2025

DVC No: 250209151245927771



Shaikh Hasibur Rahman FCA

Enrolment No: 1512

Partner

Hoda Vasi Chowdhury & Co

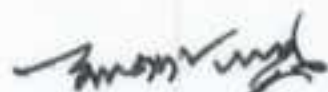
Chartered Accountants

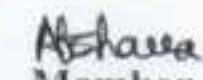


Mercantile Bank Unit Fund
Statement of Financial Position
As at 31 December 2024

Particulars	Notes	Amount in taka	
		31 December 2024	31 December 2023
Assets			
Non-current assets		222,032,876	217,081,964
Preliminary and issue expenses	3.00	1,813,046	2,496,908
Investments in securities and Govt. bond and bill	4.00	209,132,928	204,491,306
FDR with Mercantile Bank Ltd.	5.00	11,086,901	10,093,750
Current assets		15,853,803	12,599,762
Accounts receivable	6.00	7,745,851	2,930,280
Advance, deposit & prepayments	7.00	144,845	789,263
Cash and cash equivalents	8.00	7,963,107	8,880,220
		237,886,679	229,681,726
Shareholders' equity and liabilities			
Shareholders' equity		228,719,956	225,508,598
Unit capital	9.00	216,000,000	217,600,000
Retained earnings	10.00	12,719,956	7,908,598
Current liabilities		9,166,723	4,173,129
Provision for unrealized gain/(loss) on investments	11.00	6,598,901	1,716,004
Liability for expenses	12.00	2,567,822	2,457,124
		237,886,679	229,681,726
Net asset value (NAV)		228,719,956	225,508,597
Net asset value (NAV) per unit:			
At cost	13.00	10.89	10.44
At market price	14.00	10.59	10.36

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

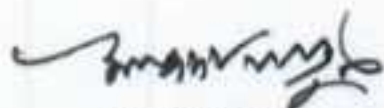
Dhaka, 30 January 2025
DVC No: 2502091512AS927771


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 2024 to 31 December 2024

Particulars	Note	Amount in taka	
		From Jan 01 to Dec 31, 2024	From Jan 01 to Dec 31, 2023
INCOME			
Interest income	15.00	17,216,481	10,429,128
Gain/(loss) on sale of marketable securities	16.00	1,185,481	1,099,863
Dividend income	17.00	4,806,009	2,670,864
		<u>23,207,972</u>	<u>14,199,855</u>
EXPENSES			
Administrative expenses	18.00	6,800,393	6,232,683
Bank charges	19.00	53,070	167,070
		<u>6,853,463</u>	<u>6,399,753</u>
Net profit before provision for unrealized gain/loss		<u>16,354,508</u>	<u>7,800,102</u>
Unrealized gain/(loss) on investments	11.00	(4,882,897)	170,377
Net profit for the period		<u>11,471,611</u>	<u>7,970,479</u>
Earnings per unit	20.00	0.53	0.37

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Chairman
(Trustee)


Member
(Trustee)

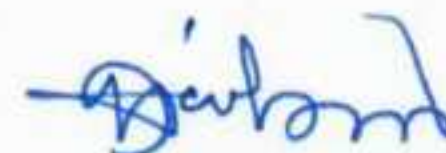

Chief Executive Officer
(AMC)


Compliance Officer
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Research Associate
(AMC)

Signed in terms of our report of even date

Dhaka, 30 January 2025
DVC No: 2502091512AS927771


Shaikh Hasibur Rahman FCA
Partner
Enrolment No 1512
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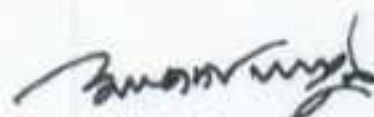
Mercantile Bank Unit Fund
Statement of Changes in Equity
For the Period from 01 January 2024 to 31 December 2024


Figure in Taka

Particulars	Unit capital	Retained earnings	Total equity
Opening balance as on 01 Jan 2024	217,600,000	7,908,598	225,508,598
Unit capital raised during the period	-	-	-
Unit surrendered	(1,600,000)	-	(1,600,000)
Dividend paid for the year 2023	-	(6,528,000)	(6,528,000)
Unrealized gain/(loss)	-	(75,000)	(75,000)
Prior adjustment for newspaper publication bill payable	-	5,400	
Prior year adjustment for dividend receivable	-	(62,654)	
Net profit during the period	-	11,471,611	11,471,611
Balance as on December 31, 2024	216,000,000	12,719,956	228,777,209

Particulars	Unit capital	Retained earnings	Total equity
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


These financial statements should be read in conjunction with annexed notes


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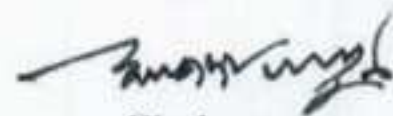
Mercantile Bank Unit Fund

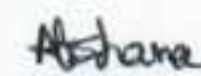
Statement of Cash Flows

For the Period from 01 January 2024 to 31 December 2024

Particulars	Amount in Taka	
	01 January 2023 to 31 December 2024	01 January 2023 to 31 December 2023
A. Cash flows from operating activities		
Interest income - SND	950,770	613,745
Interest income - FDR	1,040,261	7,239,022
Amortization of BGTB Discount	8,726	-
Interest on Treasury Bills	12,794,996	-
Interest income from Govt. Bond	2,421,729	2,576,361
Dividend income	4,806,009	2,670,864
Gain on sale of marketable securities	1,185,481	1,099,863
Prior adjustment for newspaper publication bill payable	5,400	-
Prior year adjustment for dividend receivable	(62,654)	-
Payment made for expense	(6,853,462)	(6,399,753)
Unrealized (gain)/loss on investments	(4,882,897)	170,377
Non Cash Items:		
Provision for unrealized (gain)/loss on investments	4,882,897	(170,377)
Liability for expenses	110,698	864,403
Changes in working capital:		
Accounts receivable (Increase)/Decrease	(4,815,571)	(1,508,825)
Advance, deposit and prepayments (Increase)/Decrease	644,418	(476,006)
Net cash from operating activities	12,236,800	6,679,674
B. Cash flows from investing activities		
Net investment in shares	15,067,621	(17,990,962)
Net Investment in BGT-Bills	9,124,235	(97,339,150)
Net Investment in BGT-Bond	(28,833,478)	798,983
Net Investment in FDR	(993,151)	103,418,250
Net cash from investing activities	(5,634,773)	(11,112,879)
C. Cash flows from financing activities		
Proceeds from issuance of units	(1,600,000)	-
Dividend payment	(6,528,000)	-
Share surrender value	(75,000)	-
Preliminary & issue expense	683,862	685,731
Net cash from financing activities	(7,519,138)	685,731
Net cash flows for the period	(917,111)	(3,747,473)
Cash and cash equivalents at the beginning of the period	8,880,220	12,627,692
Cash and cash equivalents at the end of the period	7,963,107	8,880,220
Net operating cash flows per unit	0.12	0.06


These financial statements should be read in conjunction with annexed notes


Chairman
(Trustee)


Member
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Chief Executive Officer
(AMC)


Compliance Officer
(AMC)


Research Associate
(AMC)

Mercantile Bank Unit Fund
Notes to the Financial Statements
From January 01 to December 31, 2024

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. 216,000,000.

Mercantile Bank PLC. (MBPLC.) is the sole Sponsor of the Fund. ICB Capital Management Limited is the Trustee and BRAC Bank PLC 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 2024 to 31 December 2024.



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 30 January 2025.

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 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. 40,000 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 2024

Notes	Particulars	Amount in taka	
		31-Dec-24	31-Dec-23
3.00 Preliminary and issue expenses			
	Preliminary and issue expenses	2,496,908	3,182,639
	Less: Amortization made during the period	(683,862)	(685,731)
		<u>1,813,046</u>	<u>2,496,908</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	61,084,536	76,152,156
	Government Treasury Bills	88,214,915	97,339,150
	Government treasury bond	59,833,478	31,000,000
		<u>209,132,928</u>	<u>204,491,306</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 60% 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 FDR with Mercantile Bank Ltd.		11,086,901	10,093,750
		<u>11,086,901</u>	<u>10,093,750</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	1,681,130	1,362,654
	Other receivable	6,064,721	1,567,627
		<u>7,745,851</u>	<u>2,930,280</u>
6.01 Dividend receivable			
	Marico Bangladesh Limited	-	62,654
	Meghna Petroleum Limited	340,000	320,000
	Square Pharmaceuticals PLC.	715,000	525,000
	Jamuna Oil Company Limited	525,000	455,000
	Power Grid Company of Bangladesh Ltd	-	-
	United Power Generation & Distribution Company Ltd.	101,130	-
		<u>1,681,130</u>	<u>1,362,654</u>



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6.02 Other receivable		
Interest on FDR	146,279	99,169
Interest on SND	65,890	-
Interest on Treasury Bills	4,577,824	-
Interest on Treasury Bond	1,274,729	1,468,458
	6,064,721	1,567,627
7.00 Advance, deposit & prepayments		
Annual CDBL fees	37,311	-
Annual Trustee fees	-	-
Annual BSEC fees	107,533	109,263
Collateral for bidding in IPO	-	680,000
	144,845	789,263
8.00 Cash and cash equivalents		
Cash at Banks (Mercantile Bank Limited A/C No: 1131000048326)	7,963,107	8,880,220
	7,963,107	8,880,220
9.00 Unit capital		
Opening balance	217,600,000	217,600,000
Add: Unit capital gain	800	-
Less: Units surrendered	1,599,200	-
	216,000,000	217,600,000
List of Investor in Mercantile Bank Unit Fund is given on Annexure-C		
10.00 Retained earnings		
Opening balance	7,908,598	(61,881)
Dividend paid for the year 2023	(6,528,000)	-
Unrealized gain/(loss)	(75,000)	-
Net profit during the period	11,471,611	7,970,479
Prior adjustment for newspaper publication bill payable	5,400	-
Prior year adjustment for dividend receivable	(62,654)	-
Closing Balance	12,719,956	7,908,598
11.00 Provision for unrealized gain/(loss) on investments		
Opening balance	1,716,004	1,886,381
Add: Addition during the year	4,882,897	-
Less: Adjustment during the year	-	(170,377)
Closing balance	6,598,901	1,716,004
12.00 Liability for expenses		
Management fees	2,425,713	2,406,874
Payable to MBL AML	4,600	4,600
Audit fees	43,363	34,500
Custodian fees	83,796	-
Newspaper publication expenses	10,350	11,150
	2,567,822	2,457,124
13.00 Net Asset Value (NAV) per unit at cost		
Net Asset Value (NAV) at market price	228,719,956	225,508,597
(Less)/ Add : Unrealised gain or loss	6,598,901	1,716,004
Net Asset Value (NAV) at cost price	235,318,857	227,224,601
No of unit	21,600,000	21,760,000
NAV per unit at cost	10.89	10.44
14.00 Net Asset Value per unit at market price		
Net Asset Value (NAV)	228,719,956	225,508,597
No of unit	21,600,000	21,760,000
NAV per unit at market price	10.59	10.36



Mercantile Bank Unit Fund
Notes to the financial statements
From 01 January 2024 to 31 December 2024

Notes	Particulars	Amount in taka	
		From Jan 01 to Dec 31, 2024	From Jan 01 to Dec 31, 2023
15.00	Interest income		
	Fixed deposits receipts (FDR)	1,040,261	7,239,022
	Short Notice Deposit (SND)	950,770	613,745
	Amortization of BGTB Discount	8,726	
	Interest on Treasury Bills	12,794,996	
	Interest on Treasury Bond	2,421,729	2,576,361
		<u>17,216,481</u>	<u>10,429,128</u>
16.00	Gain/(loss) on sale of marketable securities		
	AOPLC	86,474	-
	GIB	285,885	-
	SICL	281,057	-
	NRB BANK	365,383	-
	WEBCOATS	90,403	-
	CRAFTSMAN	76,279	-
	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
		<u>1,185,481</u>	<u>1,099,863</u>
17.00	Dividend income		
	Marico Bangladesh Limited	270,270	62,654
	Global Islami Bank PLC	-	751,534
	Grameenphone Ltd.	285,000	101,031
	Berger Paints Bangladesh Ltd.	250,000	200,000
	Bangladesh Submarine Cable Company Limited	83,149	75,646
	Meghna Petroleum Limited	340,000	320,000
	Deltalife Insurance Company	120,000	180,000
	Jamuna Oil Company Limited	525,000	455,000
	Square Pharmaceuticals PLC.	715,000	525,000
	Power Grid Company of Bangladesh Ltd	75,000	-
	United Power Generation & Distribution Company Ltd.	235,970	-
	Linde Bangladesh Limited	1,596,120	-
	LHBL	310,500	-
		<u>4,806,009</u>	<u>2,670,864</u>
18.00	Administrative expenses		
	Management fees	4,779,915	4,758,691
	Amortization of preliminary and issue expenses	683,863	685,731
	BSEC annual fees	218,578	241,059
	CDBL annual fees	-	37,808
	CDBL settlement and demat charges	54,689	813
	Trustee fees	221,408	219,131
	Custodian fees	229,552	131,619
	Expense for Treasury Bond	474,077	-
	Amortization of BGTB premium	168	-
	IPO application fees	3,000	6,000
	Brokerage commission	45,779	46,881
	Audit fees	43,363	35,950
	Newspaper publication exp	46,000	69,000
		<u>6,800,392</u>	<u>6,232,683</u>

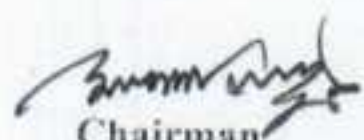


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Notes	Particulars	Amount in taka	
		From Jan 01 to Dec 31, 2024	From Jan 01 to Dec 31, 2023
19.00	Bank charges		
	Bank charges	53,070	167,070
		<u>53,070</u>	<u>167,070</u>
20.00	Earning Per Unit (EPU)		
	Net profit for the period	11,471,611	7,970,479
	No. of unit	21,600,000	21,760,000
	Earning per unit	<u>0.53</u>	<u>0.37</u>

21.00 Related party disclosure

Related Parties	Relationship between the parties involved	Nature of the transaction	Total amount of transaction in		Balance as on	Balance as on
			Dr	Cr	31.12.2024	31.12.2023
Mercantile Bank Ltd.	Parent-Subsidiary	Management fees	4,779,915	2,354,704	2,425,713	-
		FDR	993,151	-	11,086,901	10,093,750
Mercantile Bank Securities	Related Party	Share buy and sell from secondary market	-	18,265,933	-	-


Chairman
(Trustee)


Member
(Trustee)


Chief Executive Officer
(AMC)


Compliance Officer
(AMC)


Research Associate
(AMC)



Mercantile Bank Unit Fund
Portfolio on December 31, 2024

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 exposur as % of total asset at cost	Unrealised gain/ loss
Square Pharmaceuticals Ltd	Pharmaceuticals & Chemical	65,000	209.80	13,637,000.00	217.7	14,150,500	6.27%	7.91%	513,500
Martico Bangladesh Limited	Chemical	1,638	2,434.88	3,988,336.60	2282.8	3,739,226.40	1.60%		(249,110)
Linde Bangladesh Limited		2,830	1,407.56	3,983,999.50	1019.5	2,885,185	1.28%		(1,098,215)
Power Grid Company of Bangladesh Ltd.	Fuel & Power	75,000	54.30	4,073,286.00	41.8	3,135,000	1.39%		(937,286)
Jamuna Oil Company Limited		35,000	172.69	6,044,129.10	171.4	5,999,000	2.66%	7.99%	(45,129)
Meghna Petroleum Limited		20,000	202.38	4,047,687.20	196.3	3,926,000	1.74%		(121,687)
United Power Generation & Distribution Company Ltd.		15,855	236.61	3,988,051.60	123.6	2,083,278	0.92%		(1,904,774)
Lafarge Holcim Bangladesh Limited	Manufacturing	45,000	69.50	3,127,500.00	53.9	2,425,500	1.08%	1.08%	(702,000)
Delta Life Insurance Company Ltd.	Insurance	20,000	147.02	2,940,300.00	79.8	1,596,000	0.71%	0.71%	(1,344,300)
Bangladesh Submarine Cable Company Limited	Telecommunication	17,450	228.30	3,983,830.00	126.1	2,200,445	0.98%	2.41%	(1,783,385)
Gramophone Ltd		10,000	261.60	2,616,000.00	323.1	3,231,000	1.43%		615,000
Berger Paints Bangladesh Ltd	Others	5,000	1,731.20	8,656,015.50	1822.9	9,114,500	4.04%	4.04%	458,485
Subtotal				61,084,536		54,485,634	24.16%	24.16%	(6,598,901)

Government Treasury Bond

Instrument name	Treasury Bill ID	Issue date	Reporting date	Days	Maturity Date	Face Value	Bond Price/ Total Offered Price	Premium/ (Discount)	Satlemnet	Interest Accrued	Sectoral exposur as % of total asset at cost	Unrealised gain/ loss	Days	Rate	Holding period interest	Allocation of Premium and discount	Investment as at 31 December 2024	
Government Treasury Bond																		
BD0929151050		9-Oct-24	12/31/2024	84	9-Oct-29	40,000,000	39,810,320	(189,680)	40,283,897	1,132,274	17.74%	-	1826	0.1230	473,577	-8726	39,819,046	
BD0929241059		11-Dec-24	12/31/2024	21	11-Dec-29	20,000,000	20,014,600	14,600	20,015,100	142,455	8.87%	-	1826	0.1238	500	168	20,014,432	
Government Treasury Bills						60,000,000	59,824,920		60,298,997	1,274,729	26.61%	-			474,077		59,833,478	

Government Treasury Bond

Instrument name	Treasury Bill ID	Issue date	Reporting date	Days	Maturity Date	Face Value in BDT	Market Value	Maturity date	Sectoral exposur as % of total asset at cost	Unrealised gain/ loss
91 Days treasury bills	BD0909122253	18-Nov-24	12/31/2024	10,000,000	9,716,300	97.15%	10,000,000	17-Feb-25	4.43%	-
182 Days treasury bills	BD0918205255	8-Jul-24	12/31/2024	50,000,000	47,321,950	94.44%	50,000,000	6-Jan-25	22.17%	-
364 Days treasury bills	BD0936409251	15-Jul-24	12/31/2024	35,000,000	31,276,665	89.35%	35,000,000	14-Jun-25	15.52%	-
Total					95,000,000		95,000,000		26.61%	-
							209,485,634		77.37%	(6,598,901)



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Mercantile Bank Unit Fund
Detail of Fixed deposit receipts (FDR)
As on 31 December 2024

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
01	Mercantile Bank PLC	1410001257607	4-Jul-23	4-Jan-25	5,000,000	2%	10.50%	387,858	-	5,574,608
2	Mercantile Bank PLC	1410001451068	28-Dec-23	28-Mar-25	5,000,000	2%	10.50%	506,124	-	5,512,293
	Total				10,000,000	4%	21.00%	893,982	-	11,086,901

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.	100,000	10	1,000,000
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
Total	21,600,000	10	216,000,000

