



United International University
QUEST FOR EXCELLENCE

**Internship Report
On**

**“Portfolio Management Services and Investment
Performance of IDLC Investment Limited (IDLCIL)”**

Submitted To

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PORTFOLIO MANAGEMENT SERVICES AND INVESTMENT PERFORMANCE OF IDLCIL

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INTERNATIONAL
UNIVERSITY**

School of Business & Economics



LETTER OF TRANSMITTAL

04th August, 2018

Mosabbir Uddin Ahmad

Assistant Professor

School of Business & Economics

United International University

Subject: *Submission of Internship report on “Portfolio Management Services and Investment Performance of IDLC Investment Limited (IDLCIL)”*

Dear Sir,

I hereby submit you the internship report on “*Portfolio Management Services and Investment Performance of IDLC Investment Limited (IDLCIL)*”. While doing the report, I believe I have been able to make an understanding of the subject matter and the important issues were required to obtain. To complete the report in a proper way despite having time limitation, I have gained a lot of experience and enjoyed myself in doing this report.

I sincerely hope that I tried my level best to make an applicable and feasible report so that it will be as effective as it was expected to be. Your valuable suggestion will inspire me further. There may be some mistakes due to various limitations for which I expect your kind consideration.

Thank You and Best regards

Sincerely yours,

.....

Mushfiquur Rahman

ID # 111-132-077



STUDENT'S DECLARATION

This is Mushfiqur Rahman, ID No. 111132077, the student of United International University (Major in Finance and Minor in Marketing), declare that the report on “Portfolio Management Services and Investment Performance of IDLC Investment Limited (IDLCIL)” is prepared by me based on annual report and other practical information. In this report I have included all the information, which I have gathered during my internship period at IDLC Investments Limited at Head Office (Purana Paltan). I have written this report on the basis of my work experiences and observations during the internship period.

So, I also declare that, this report is original in nature and not submitted in any other university, college or any organization for an academic qualification or certificate.

.....

Mushfiqur Rahman

ID # 111-132-077

School of Business & Economics

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SUPERVISOR'S AUTHORIZATION

It is my pleasure to certify that the internship report entitled “Portfolio Management Services and Investment Performance of IDLC Investment Limited” prepared by Mushfiqur Rahman, bearing ID No. 111132077 is a regular student of Bachelor of Business Administration (BBA) at United International University. His internship has been completed successfully at IDLC Investment Ltd. Head office at DR Tower, Culvert road, Purana Paltan, Dhaka- 1000. The report has been carried out successfully under my supervision and guidance. He collected the required information in consultation with me.

As far I know he tried his best to conduct this report successfully. I think this will help him in the future to build up a dynamic career.

I wish him every success in life.

.....

Mosabbir Uddin Ahmad

Assistant Professor

School of Business & Economics

United International University



ACKNOWLEDGEMENT

I would like to express my gratitude to everyone who supported me doing the report. I am thankful for their aspiring guidance, invaluable constructive criticism and friendly advice during the report work. I am sincerely grateful to them for sharing their truthful and illuminating views on a number of issues related to the selected topic.

First and foremost, praises and thanks to Allah, the Almighty, for showering blessings throughout the report and giving me enough strength to complete my report work. I would like to thank my course instructor, *Mosabbir Uddin Ahmad*, Assistant Professor, School of Business and Economics, United International University for the valuable guidance and advice. He inspired me greatly to work hard on this report. His willingness to motivate me contributed tremendously to my report.

I would like to take this opportunity to thank United International University for offering this internship opportunity. It gave me an opportunity to learn a great deal about Portfolio Management Services and Investment Performance of IDLC Investment Limited.

I would also like to thank *Mohammad Nayem Uddin*, Manager, Discretionary Portfolio Management (DPM) Department, IDLC Investment Limited for letting me complete my internship at IDLC Investments Limited. And also thanks to DPM team members who helped me throughout this internship program for their unprompted help and heart-felt assistance in making my journey really comfortable in the organization.

Honorable mention goes to my family and friends for their understanding and support in completing this report paper. Without them, I would face many difficulties while doing this.



PORTFOLIO MANAGEMENT SERVICES & INVESTMENT PERFORMANCE OF IDLCIL

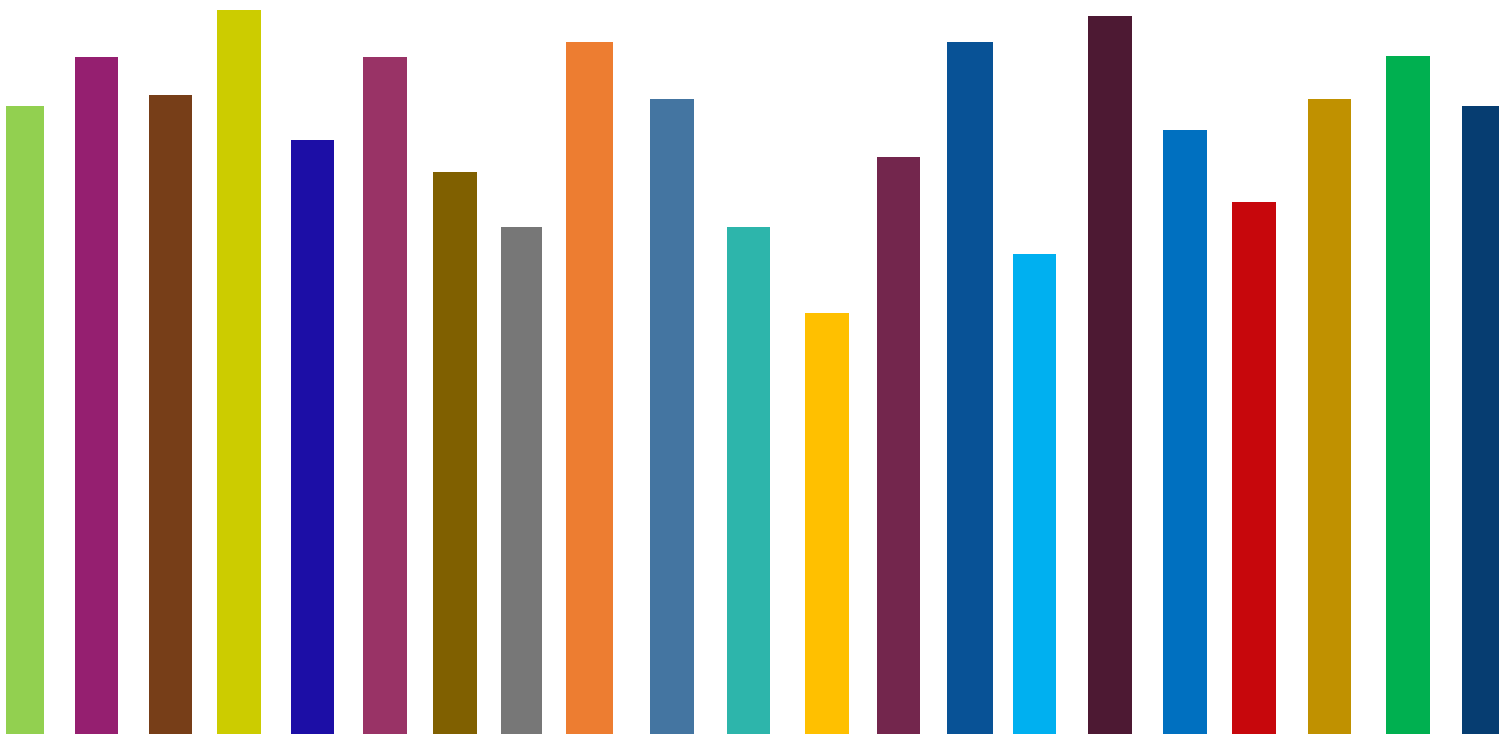




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EXECUTIVE SUMMARY

IDLC Investments Limited (IDLCIL) to take place its activities from August 16, 2011 to deal merchant banking services to both individual and institutional clients. Following the regulation of the Securities & Exchange Commission (SEC), IDLC designed an individual subsidiary on May 19, 2010 in the name of “IDLC Investments Limited”. In short period of time IDLCIL has achieved a lot and became one of the major contributors of profit and revenue for IDLC Finance Ltd. Discretionary Portfolio Management (DPM) has played an important part in the achievements of IDLCIL. They are successfully serving their individual and institutional clients. This report describes the experiences and practical learning from working in IDLCIL as an intern for three months. Firstly, I describe wrote a brief about IDLC Investment Ltd. Then I gave small descriptions of my contribution and my learnings. In this process of corporate environment and practical knowledge, I have been able to find my capabilities and lacking. I have included the product and services, try to compare their activities with LankaBangla Finance Limited (LBFL) and also included the financial highlights of IDLC Investment Ltd in the analysis part. The remaining part is findings, recommendation & conclusion. In the process, I have gather and improved a clear idea about corporate skills which may add value in my corporate life.



CHAPTER ONE

INTRODUCTION



❖ 1. INTRODUCTION

An internship is the opportunity where a student gets a chance for a practical knowledge of the actual corporate world. In our BBA program, we were taught how the corporate life is and how to act in different places. But in our internship period, we receive the actual experience of all we have learnt in our BBA program. Internship assists a student to meet his academic knowledge and instructing in the actual corporate world. Intern student is efficient to see how really the corporate life acts and whether the things we have learnt works or not. BBA programs are now changing towards a more applied side and Internship program certainly assists students to make that practical knowledge.

❖ 1.1 PURPOSE OF THE REPORT

1.1.1 Broad Objective:

To get a clear idea about the Portfolio Management Services and the Investment performance of IDLC Investments Limited.

1.1.2 Specific Objectives:

- To express an overall idea of portfolio management services.
- To find the components of portfolio.
- To explore the investments criteria and post evaluation process.
- To compare the investment services of NBFIL in Bangladesh.
- To evaluate the Investment performance.
- To measure the present situation & growth of the organization.



❖ 1.2 BACKGROUND OF THE REPORT

I have been favored to work on this report, which has been designated by my supervisor *Mosabbir Uddin Ahmad*. My report is grounded on “**Portfolio Management Services & Investment Performance of IDLC Investment Limited (IDLCIL)**”. The report is basically consists of the overview of the company, their departmental activities, their performance evaluation etc. This report also surrounds how the product deal within the market, which I personally acted at a very close proximity and was my major job responsibility within the company and how it was able to better facilitate not only my department but also the whole division.

❖ 1.3 METHODOLOGY OF THE REPORT

1.3.1 Sources of collecting data:

There are two sources of collecting data, these are-

- ✓ Primary data
- ✓ Secondary data

1.3.1.1 Primary Data: Primary data have been obtained by conducting interviews. The executives of the Discretionary Portfolio Management (DPM) departments of IDLC Investment Ltd. were interviewed to obtain a clear idea about their principal activities. Primarily, the interviews were oral and informal. No formal questionnaires were used to take the interviews of the executives.

1.3.1.2 Secondary Data: The secondary data is collected from IDLC Investment Ltd.’s Official website, their Annual Report of 2013 to 2017 and others web site.



❖ 1.4 LIMITATION OF THE REPORT

Through I have tried my best to prepare this report with maximum possible effort and dedication but still there are some limitations to complete this report, those are given below:

- The primary limitation was a time restriction. I have learned a lot of things during my internship period. But it was not enough to learn and develop knowledge about all the activities of the department. Hence, I was unable to conduct depth analysis and include that in my report.
- Every organization maintains its own confidentiality that is not open to the external world. In IDLCIL, some of my superiors did not disclose enough information for the sake of confidentiality of the organization. And also in few cases I was not allowed to share sensitive information about IDLCIL due to company secrecy.
- As my work is surrounded in field job, so I have a lack of knowledge about the inner activities of the organization.



CHAPTER TWO

Overview of IDLC



❖ 2.1 OVERVIEW OF IDLC FINANCE LTD.

In Bangladesh, IDLC Finance Ltd. is the first leasing company which started its journey in 1985. Although IDLC was known as a leasing company, it expands its activities and transformed the name from the Industrial Development Leasing Company into IDLC Finance Ltd. in 2007.

After Last 33 years of business IDLC build a strong brand image in non-banking financial institution (NBFI). They provided various services like home loans, automobile loans, corporate and SME lease and term loan, structured finance services ranging from capital restructuring and a complete suite of merchant banking and capital market services. IDLC Finance is the listed corporate member of Dhaka Stock Exchange (DSE) since 2006 and Chittagong Stock Exchange (CSE) since 2009. On that point are some reputed international development agencies which were assisting to build IDLC Finance such as:

- Korean Development Leasing Corporation (KDLC), South Korea.
- Kookmin Bank, South Korea.
- International Finance Corporation (IFC)
- Aga Khan Fund for Economic Development (AKFED)
- German Investment and Development Company (DEG)

IDLC finance Ltd. (IDLC FL) created three wholly owned subsidiaries to extend the activities of IDLC. There are given below:

- ✓ *IDLC Investments Limited (IDLC IL)*
- ✓ *IDLC Securities Limited (IDLC SL)*
- ✓ *IDLC Asset Management Limited (IDLC AML)*

	IDLC FL	IDLC IL	IDLC SL	IDLC AML
Type of Business	<i>Financial Institution</i>	<i>Merchant Bank</i>	<i>Brokerage House</i>	<i>Asset Management</i>
Key Business Segments	Small Medium Enterprise (SME) financing; Corporate financing; Consumer financing including home loans, car loans & personal loans; and Wealth Management.	Portfolio management, Issue Management	Trade in capital market.	Mutual fund, portfolio management, Alternative investments Management (proposed).



➤ 2.1.1 Company Philosophy:



Our Vision

We will be the best financial brand in the country.



Our Mission

We will focus on quality growth, superior customer experience and sustainable business practices.



Our Strategic Objectives

- ▶ Grow and develop our talent pool
- ▶ Fully leverage the core banking platform
- ▶ Optimise distribution points
- ▶ Grow and diversify funding sources
- ▶ Grow sales and service capabilities in the consumer division
- ▶ Sustainably grow SME portfolio
- ▶ Focus on top-tier clients in the corporate segment
- ▶ Consolidate capital market operations and enhance capabilities
- ▶ Embrace internationally accepted corporate governance and sustainable business practices



Our Code of Conduct and Ethical Guidelines

In accordance with the approved and agreed Code of Conduct, IDLC employees shall:

- ▶ Act with integrity, competence, dignity and in an ethical manner when dealing with customers, prospects, colleagues, agencies and the public
- ▶ Act and encourage others to behave in a professional and ethical manner that will reflect positively on IDLC employees, their profession and on IDLC at large
- ▶ Strive to maintain and improve the competence of all in the business
- ▶ Use reasonable care and exercise independent professional judgment
- ▶ Not restrain others from performing their professional obligations
- ▶ Maintain knowledge of and comply with all applicable laws, rules and regulations
- ▶ Disclose all conflicts of interest
- ▶ Deliver professional services in accordance with IDLC policies and relevant technical and professional standards
- ▶ Respect the confidentiality and privacy of customers, people and others with whom they do business
- ▶ Not engage in any professional conduct involving dishonesty, fraud, deceit or misrepresentation or commit any act that reflects adversely on honesty, trustworthiness or professional competence.

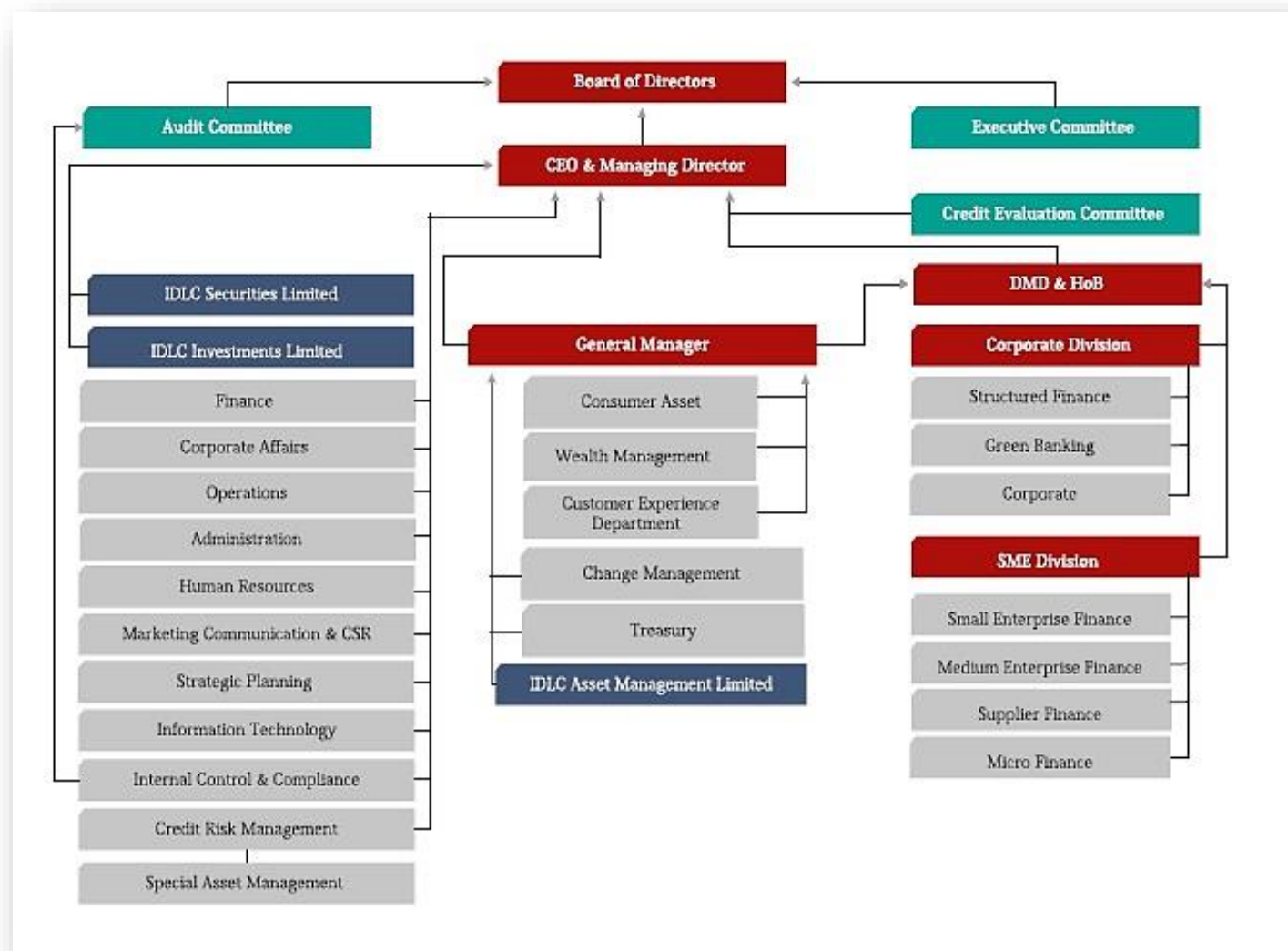
IDLC employees have an obligation to know and understand not only the guidance contained in the Code of Conduct but also the spirit on which it is based.



Our Core Values

- ▶ Integrity
- ▶ Customer Focus
- ▶ Trust and Respect
- ▶ Equal Opportunity
- ▶ Eco-friendly
- ▶ Passion
- ▶ Simplicity

➤ 2.1.2 Organizational Chart:





❖ 2.2 OVERVIEW OF IDLC INVESTMENT LTD.

IDLCFL started its merchant banking operations in 1999 through contributing in the underwriting of IPOs. The Company managed its first IPO as issue manager in 2003. It also did the first IPO under the book-building method in the capital market history of Bangladesh. Aligning with regulatory requirements, the merchant banking operation was carved out and transferred to IDLC Investments Limited (IDLCIL), a fully-owned subsidiary of IDLC Finance which was established in 2011. IDLCIL started its merchant banking division in 1999. After in 2010, it begins as an individual company as per the rules of Bangladesh Securities and Exchange Commission. The firm offers Investment Banking, Portfolio Management, Margin Loans and Securities Research services to its clients, which include both corporations and individuals.

2.2.1 Unique Selling Proposition (USP):

- ✓ 11 years' strong track record of 22% average return
- ✓ Dedicated expert research team
- ✓ Outperformed market in “in bearish and bullish spell”
- ✓ 18 years' experienced FMs headed by a CFA holder
- ✓ Dedicated trade terminals with experienced traders

2.2.2 Target Client of IDLCIL:

- ✓ Don't have enough money to invest
- ✓ Want to avail tax benefit
- ✓ Are too busy earning money to worry about doing it
- ✓ Don't induce the time or expertise to follow market trends and make investments at the proper time



2.2.3 Products & Services of IDLCIL:

2.2.3.1 Product:

1. Margin Loan
2. Discretionary portfolio management (DPM)
 - MAXCAP
 - Profit-loss sharing scheme
 - Capital protected scheme
 - Portfolio advisory service
 - Easy invest

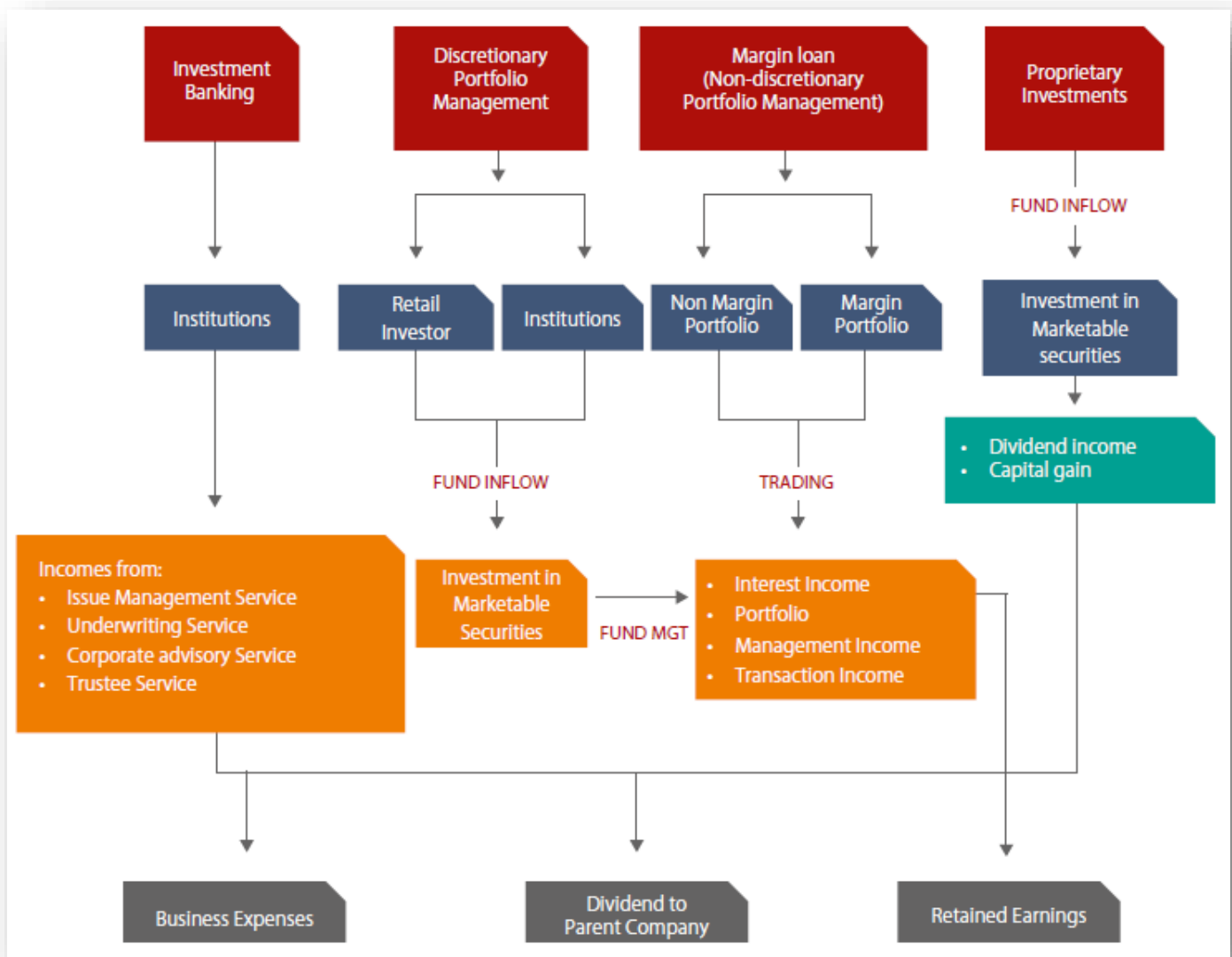
2.2.3.2 Service:

- Initial public offering (IPO)
- Repeat public offering (RPO)
- Rights issue management
- Corporate advisory on pre-IPO capital raising:
- Underwriting
- Mergers & acquisitions
- Arranging pre-IPO placement/ capital raising under IPOs, substantial share acquisition and takeover and equity valuation
- Valuation services for repatriation of sale proceeds of nonresident owned equity in unlisted companies



➤ 2.2.4 Activity Model of IDLC Investments Ltd.

There are several departments of IDLC Investments Limited but most of them works as a team. The whole organization activity model is given below:





CHAPTER THREE

WEALTH MANAGEMENT SERVICE OF IDLC INVESTMENT LTD.



❖ 3.1 DISCRETIONARY PORTFOLIO MANAGEMENT (DPM) SERVICE OF IDLC INVESTMENT LTD.

Discretionary portfolio management (DPM) service of IDLC Investment Ltd. was launched in 14th March 2007 as “Managed Cap Invest”, which was subsequently rebranded as “MAXCAP” in 2010. Last year IDLCIL’s generating average annual return was 26% in “MAXCAP”. They have an experienced team of fund managers who manage funds on behalf of their investors by developing appropriate investment strategies for value investment with a long-term objective in mind. They plan to put clients’ money in the companies that have good governance, reliable financials and a sustainable business model. According to desired risk-return profiles, their clients can choose from a wide variety of investment products including:

- MAXCAP
- Easy Invest
- Profit-Loss Sharing Scheme
- Capital Protected Scheme
- Portfolio Advisory Services

They are the largest merchant bank in terms of asset under management in the discretionary category, serving more than 3,300 clients, the highest in the industry. Being the pioneer in launching monthly investment product “Easy Invest” for retail investors in 9th August 2016, they have got overwhelming responses from around the country providing a satisfactory return of 30.3% excluded charges in 2017 to their clients.

IDLCIL’s DPM team has 11 years’ worth of strong track record in generating average annual return is 22% of all products. Last year IDLCIL’s generating average annual return is 28% of all products. Currently, they have asset under management of BDT 2,346 million. They also have 18 years experienced FM’s headed by a CFA holders and dedicated trade terminals with expert traders. The Moto of IDLCIL is -

“Maximize Your Return

Beat the Inflation, Get Tax Rebate”



➤ 3.1.1 MAXCAP

MAXCAP is an improved discretionary investment account designed for individuals and institutional clients. IDLCIL's Portfolio Manager, will follow a well-organized investment process and structured approach to build portfolio, tailored to specific needs and constraints.



3.1.1.1 Key Features:

- Minimum Investment Amount (Individual/Institutions) is BDT 5 Lacs.
- Minimum Investment Horizon is 2 (Two) Years.
- IDLCIL's has margin loan facility based on investor's preference.

3.1.1.2 Investment Process:

Portfolio Manager will implement a clear and transparent investment process in terms of portfolio structure, stock selection, trade execution, monitoring and rebalancing.

The investment process has been wisely designed to ensure:

- ✓ Independent professional judgment and duty in each area of decision making
- ✓ Exclusion of all sorts of conflicts of interest
- ✓ Fair dealing and objectivity in every transaction
- ✓ Compliance of law and other duties



3.1.1.3 Investment Approach:

IDLCIL adopt a Top-down Approach to determine suitable sector allocation and security selection to build portfolio. They use both fundamental and quantitative analysis for supervision the investments.

3.1.1.4 Investment Style:

Portfolio Manager will focus on achieving long term returns at a sensible risk through active management of portfolio.

3.1.1.5 Where to Invest?

Portfolio Manager will invest only in capital market securities (both debt and equity) permitted by the Securities and Exchange Commission and/or Bangladesh Bank. To protect the capital of investor and increase the profit potential, funds should be invested by a defense strategy which quoted/unquoted debt securities, depository instruments, or fixed deposit accounts.

Portfolio manager will take by the following restrictions while creating investment decisions:

- ✓ Client's funds is not be invested in securities having lock in period of more than 1 year.
- ✓ Client's funds is not be invested in private venture capital.
- ✓ Funds amounting to more than 30% of client's total assets will not be invested in unlisted equity/debt securities, including IPO and pre-IPO private placements.
- ✓ Client's funds amounting to more than 30% and 60% of total assets will not be allocated in a single security and single industry respectively.

3.1.1.6 Risk Aspect:

Investors of MAXCAP account should knowledge about portfolio investment in capital market is subject to certain risk factors, as detailed below, which are not necessarily commonly exclusive:

- ✓ Return is dependent on the macro economic situation and the capital market in particular.
- ✓ Lack of liquidity and extreme price volatility may affect portfolio performance. Due to lack of good number of securities, the portfolio may not be optimally diversified.
- ✓ Appropriate balancing between different assets may not be accomplished due to absence of an active debt market.



- ✓ Despite careful selection of stocks, the companies may fail to provide expected dividend or make timely payments.
- ✓ The value of the portfolio assets may be impacted by uncertainties such as political or social instability, adverse climatic condition, and change in any law or regulations of the territory etc.

3.1.1.7 Who Will Bear the Risk?

As a client of "MAXCAP" need to withstand the risk of volatile portfolio performance. However, portfolio manager will be responsible for undertaking diligent risk control measures.

3.1.1.8 Risk Control Measures:

To control volatile portfolio performance, Portfolio Manager will follow various risk control measures which has been described below:

- ✓ Portfolio Manager will set suitable limits on downside shortfall in securities, industry and portfolio levels.
- ✓ Portfolio Manager will try to minimize risk by choosing fundamental and potential securities and achieving adequate diversification.
- ✓ Portfolio Manager will nonstop monitor the performance of portfolio and the capital market conditions. Client's Portfolio will be actively balanced in line with the changed market scenario.

3.1.1.9 Reporting:

Quarterly portfolio and transaction statements will be given to the clients.

3.1.1.10 Fees and Charges:

- ✓ Account Opening Fee is BDT 500.
- ✓ Management Fee is 2.50% on market value of securities, charged quarterly.
- ✓ Settlement Fee is 0.35% on transaction value.
- ✓ Early Exit Fee (within tenor) is 0.50% on the withdrawal/closing amount.



➤ 3.1.2 EASY INVEST

Easy Invest is a discretionary portfolio management service with small investments at regular intervals. IDLCIL's follow a disciplined and structured investment process which helps to reduce the risk of market volatility.

The image shows a three-page brochure for IDLC's Easy Invest service. The first page, titled 'ABOUT IDLC INVESTMENTS LTD.', describes IDLC as a wholly-owned subsidiary of IDLC Finance Limited, a premier brand for investment banking in Bangladesh. It introduces the 'EASY INVEST' scheme, stating that investors can build a portfolio by investing as little as BDT 3,000 a month. The second page, titled 'KEY INFORMATION', lists the monthly investment amount (BDT 3,000 and multiples of BDT 1,000) and investment tenure (3, 5, and 10 years). It also details the 'FEES & CHARGES', including account opening fees (BDT 500), management fees (3.00% p.a.), brokerage fees (0.50% on transaction amount), insurance premium (BDT 74 per year), CDBL charges (BDT 500 per year), late payment fees (BDT 50 per month), and early exit fees (5% before 1 year and 1% after 1 year). The third page, titled 'EASY INVEST', features the slogan 'THERE'S MORE TO LIFE THAN YOUR PAYCHECK' and 'A MONTHLY INVESTMENT SCHEME'. It includes the IDLC logo and the text 'DISCRETIONARY PORTFOLIO MANAGEMENT'.

3.1.2.1 Key Information:

- ✓ Minimum monthly investment amount is BDT 3,000 & in multiple of BDT 1,000.
- ✓ Investment Tenure is 3, 5 & and 10 years

3.1.2.2 Key Features:

- ✓ Easy Invest can be started with very small amount of money which is affordable.
- ✓ Reduces risk by cost averaging method over a long time horizon.
- ✓ For the long term financial solutions for children's education, marriage, buying flat etc.
- ✓ It is a disciplined and systematic investment approach.
- ✓ "Auto Debit" instruction facility to eliminate physical submission of cheques.



- ✓ An opportunity to get tax rebate and tax exemption for individual on capital gain.
- ✓ To reduce risk insurance coverage up to BDT 1 Lac per year for accidental death & permanent disability (optional).

3.1.2.3 Fees and Charges:

- ✓ Account Opening Fee is BDT 500.
- ✓ Management Fee is 3.00% on market value of securities, charged quarterly.
- ✓ Settlement Fee is 0.50% on transaction value.
- ✓ CDBL fee is BDT 450.
- ✓ Insurance Premium is BDT 74 per year (optional).
- ✓ Early Exit Fee is 3.00% within 6 months and 1.00% before maturity.

➤ 3.1.3 PROFIT-LOSS SHARING SCHEME

"Profit-Loss Sharing Scheme" is a discretionary portfolio management service of IDLC Investments Ltd. will manage client's fund and take all investment decisions. This is a structured product where IDLC Investments Ltd. will be a partner of the client's investment with limited sharing as much as 30%. So, the ratio of the total investment will be 70:30, where client will invest 70% and IDLCIL 30%.

3.1.3.1 Key Features:

- ✓ Minimum Investment Amount (Individual/Institutions) is BDT 10 Lacs.
- ✓ Minimum Investment Horizon is 2 (Two) Years.
- ✓ Investment and Profit-Loss sharing is under at 70:30 Ratio.



3.1.3.2 Where to Invest?

Portfolio manager will accept by the following restrictions while making investment decisions:

- ✓ Both funds will not be invested in securities having lock in period of more than 1 year.
- ✓ Both funds will not be invested in private venture capital.
- ✓ Both funds amounting to more than 30% of total assets will not be invested in unlisted equity/debt securities, including IPO and pre-IPO private placements.
- ✓ Both funds amounting to more than 30% and 60% of total assets will not be allocated in a single security and single industry respectively.

PROFIT-LOSS SHARING SCHEME
Your Participation is a Win-Win Situation

WHY INVEST IN CAPITAL MARKET?
Capital market offers avenues for investment diversification. Investing a portion of your corpus fund in capital market will help you build assets and meet your long term financial goals. It also works as a wonderful tool for liquidity management as listed stocks can be sold/converted very easily, unlike FDI or real estate investment.

Return Comparison Graph (2007-2013)
While some market volatility in the short term may persist, a long term investment horizon is key towards generating wealth over a period of time.

Highlights

- Year-end profit sharing opportunity
- Skilled professional service at minimal cost
- Tax rebate opportunity for individuals
- Partnership business opportunity with the leading investment bank
- Proportionate profit-loss distribution

KEY INFORMATION

Minimum investment amount	₹10,00,000
Investment tenure	Two (2) years
Profit loss sharing	70:30 (ratio)

Fees & charges**

Account opening fees	₹10,500
Management fees	1.5%
Transaction fees	0.35%
Performance fund withdrawal fees	0.0%

** Fees & charges may vary from time to time depending to management decision and with justification.

DISCRETIONARY PORTFOLIO MANAGEMENT
IDLC

3.1.3.3 Net Gain Distribution Policy:

In "Profit-Loss Sharing Scheme" is that a minimum 50% of the realized gain (if any) will be provide to client proportionally (70:30) at the end of each year and rest of the amount will be reinvested in capital market.

3.1.3.4 Who Will Bear the Risk?

As a client of "Profit-Loss Sharing Scheme" both profit and risk will be shared proportionately according to 70:30 ratio where IDLCIL will take 30% responsibility of the total portfolio.



3.1.3.5 Reporting

Semi-annually portfolio and transaction statements will be given to the clients.

3.1.3.6 Fees and Charges

- ✓ Account Opening Fee is BDT 500.
- ✓ Management Fee is 2.50% on market value of securities, charged quarterly.
- ✓ Settlement Fee is 0.35% on transaction value.
- ✓ Early Exit Fee (within tenor) is 0.50% on the withdrawal/closing amount.

➤ 3.1.4 CAPITAL PROTECTED SCHEME

"Capital Protected Scheme" is a DPM service of IDLC Investments Limited will manage client's fund and take all investment decisions. This is also a structured product that includes a capital guarantee of the initial investment amount for clients up to a set percentage (100%).



3.1.4.1 Key Features:

- ✓ Minimum Investment Amount (Individual/Corporate) is BDT 10 Lacs.
- ✓ Minimum Investment Horizon is 4 (Four) Years & 3 (Three) Months.
- ✓ Here margin loan facility is N/A.



3.1.4.2 Investment Process:

The investment process has been designed to ensure:

- ✓ Independent professional judgment and responsibility in every area of decision making
- ✓ Elimination of all sorts of conflicts of interest with IDLCIL
- ✓ Fair dealing and objectivity in every transaction for investment

3.1.4.3 Where to Invest?

Portfolio Manager will invest only in capital market securities (both debt and equity) permitted by the Securities and Exchange Commission and/or Bangladesh Bank. In order to protect the capital and increase the profit potential, funds may be invested by a defense strategy which quoted/unquoted debt securities, depository instruments, or fixed deposit accounts.

3.1.4.4 What is guaranteed?

In "Capital Protected Scheme", whatever the market condition, principal investment amount will be 100% secured. On top of that, client will have all the benefits of the bullish market trend and even in the current market condition that can expect a sustainable growth on portfolio in the long term.

3.1.4.5 Reporting:

Here semi-annually portfolio and transaction statements will be given to the clients.

3.1.4.6 Fees and Charges:

- ✓ Account Opening Fee is BDT 500.
- ✓ Management Fee is 1.50% p.a. on market value of securities, charged quarterly.
- ✓ Settlement Fee is 0.35% on transaction value.
- ✓ Early Exit Fee (within tenor) is 2.00% on the withdrawal/closing amount.



➤ 3.1.5 PORTFOLIO ADVISORY SERVICE

"Portfolio Advisory Service" is an investment advisory service of IDLCIL. It is a value-added service provided to clients who looking for a portfolio management advisory and research support. IDLCIL have more than one decade of expertise in analyzing performance and follow the trends of stock market.

3.1.5.1 Key Features:

- ✓ Minimum Investment Amount (Individual/Institutions): BDT 10 Lacs
- ✓ Minimum Investment Horizon: 2 (Two) Years
- ✓ Margin Loan Facility: N/A

3.1.5.2 Investment Approach:

IDLCIL adopt a Top-Down Approach to control appropriate sector allocation and security selection to build portfolio. IDLCIL use both fundamental and quantitative analysis for managing the investments of client.

3.1.5.3 Reporting:

Daily basis Portfolio statement will be given to the clients.

3.1.5.4 Fees and Charges:

- ✓ Account Opening Fee is BDT 500.
- ✓ Management Fee (Fixed Charge) is BDT 5,000 (monthly).
- ✓ Equity Incremental Fee is 10% on incremental value (quarterly).
- ✓ Settlement Fee is 0.40% on transaction value.
- ✓ Early Exit Fee (within tenor) is 0.50% on the withdrawal/closing amount.



❖ 3.1.6 MARGIN LOAN

During 2004, IDLCFL had launched a margin lending product, 'Cap Invest' and since then considered as one of the top portfolio managers in the Bangladesh capital market. Subsequently, this business was shifted to IDLC Investments. Since the market crash of 2010, IDLCIL had reduced its margin loans significantly. During these times, IDLC took the initiative of counselling clients to build a constructive and risk-mitigated portfolio. Those advisory includes knowledge sharing on the market scenario, stock analysis, effects of leverage, effective risk management and the importance of disciplined portfolio management. Accordingly, IDLCIL empowered clients with multiple value added services (VAS).

3.1.6.1 Key Function:

- ✓ Extending margin loan facilities to enable investors to earn enhanced return
- ✓ Collecting dividends and bonus shares by registering securities
- ✓ Subscribing to the rights issues
- ✓ SMS and E-mail alerts

3.1.6.2 Major Characteristics:

- ✓ Cap Invest clients will have absolute discretionary power to make their own investment decisions. IDLCIL, the Portfolio Manager, will provide all support for efficient performance of the trades
- ✓ Clients will be allowed to invest only selected and approved securities (ALOS-Approved List of Securities) by the Portfolio Manager
- ✓ The Portfolio Manager will extend Margin Loan to the clients for their return on investments through leveraging
- ✓ All the securities bought for the clients shall remain in lien in favor of the Portfolio Manager
- ✓ Clients will have right of entry to various research materials on market, industry and companies prepared by the independent research team of the Portfolio Manager



- ✓ Investment in "Cap Invest" will be considered allowable investments for obtaining rebate on income tax and also tax-exempted from capital gains
- ✓ Clients can give Trade Orders through Internet/SMS/Mobile Applications

3.1.6.3 Key Features:

- ✓ Minimum Investment Amount is BDT 1 Lac.
- ✓ Margin Loan Amount is maximum 0.50% of client's equity, but not exceeding BDT 80m.
- ✓ MTM (Mark-to-Market) is an adjustment process to protect clients' equity level. If equity level drops, deposit will be required by the next working day to raise it. Any account having E/D ratio below 30% will be auto adjusted through daily MTM.
- ✓ In the event of the client's equity falling below 50% of the total debt liability, the Portfolio Manager will call for additional margin deposit from the client to maintain equity to debt ratio of the given loan ratio.

3.1.6.4 Fees and Charges:

Margin Loan Account:

- ✓ Account Opening Fee is BDT 500.
- ✓ Interest on Margin Loan is 14.75% P.A, charged quarterly.
- ✓ Management Fee is 1.50% p.a. on market value of securities, charged quarterly.
- ✓ Settlement Fee is 0.35% on transaction value.
- ✓ Annual BO account maintenance charges follow as per regulator.

Non Margin Account:

- ✓ Account Opening Fee is BDT 500
- ✓ Settlement Fee is 0.40% on transaction value
- ✓ Annual BO account maintenance charges follow as per regulator.
- ✓ Out of pocket and third party charges (Central Depository, SMS charges etc.) follow at actual basis, subject to change at the discretion of portfolio Manager.



3.2 PORTFOLIO MANAGEMENT ACTIVITIES

Portfolio Management is the main work of IDLCIL. All other department is acting as a supporting wing of portfolio management. Research Department also function as a supportive department. They show the portfolio manager where to invest. Portfolio manager takes the decisions to invest or not.

Duty towards Client: There are some duties toward clients which given below –

- ✓ Provide Acknowledgement letter
 - ✓ Provide Portfolio Statement through email
 - ✓ Provide Tax Certificate
 - ✓ Provide Wealth Certificate
 - ✓ Provide Transaction Statement
 - ✓ Buy and Sell knowledge of Stock
 - ✓ Answer to the Quarries
 - ✓ Tax advice
 - ✓ Change Investment when necessary
 - ✓ Frequent Communication
-
- **3.2.1 Portfolio Statement:** Portfolio statement are provided at per quarterly in Easy Invest. This is reflect of utilization a client's investment amount. It contains the quantity of shares, Avg. cost of shares, Total cost of shares, market rate and market values of shares, unrealized gain, gain from share, deposit and withdrawal amount, accrued fees & charges, net worth of a client, net inflow, net gain/loss, bonus share receivable, cash dividend receivable and most importantly time weighted rate of return.



The format of portfolio statement which is maintaining by IDLC Investments Limited are given below. This portfolio is given without number and name of the shares because of confidentiality issue –



IDLC
Investments Limited
financing happiness

IDLC Investments Limited
D R Tower (4th Floor), Culvert Road, 65/2/2 Purana Paltan, Dhaka-1000

www.idlc.com

Portfolio Statement

Trade Date: 01- January- 2018

Account Type: EI Branch: _____

Account No. _____ Name: _____

Sl	Company Name	Quantity		Average Cost	Total Cost	Market Rate	Market Value	Unrealized Gain	% Gain	%Mkt. Val.
		Total	Saleable							
1	Name of the Share	00	00	00	00	00	00	00	00	00
2	Name of the Share	00	00	00	00	00	00	00	00	00
3	Name of the Share	00	00	00	00	00	00	00	00	00
4	Name of the Share	00	00	00	00	00	00	00	00	00
5	Name of the Share	00	00	00	00	00	00	00	00	00
6	Name of the Share	00	00	00	00	00	00	00	00	00
7	Name of the Share	00	00	00	00	00	00	00	00	00
8	Name of the Share	00	00	00	00	00	00	00	00	00
9	Name of the Share	00	00	00	00	00	00	00	00	00
10	Name of the Share	00	00	00	00	00	00	00	00	00
Total:		00	00		00		00	00	00	00

Current Balance : 00

Receivables Sales : 00

Receivables Dividend : 00

Accrued Fees & Charge : 00

Current Assets/ (Liability) : 00

Equity to Debt Ratio : 00 %

Total Deposit : 00

Total Fund Transfer In : 00

Realized Gain / (Loss) : 00

Dividend Income : 00

Deposit : 00

Withdrawal : 00

Total Fund Transfer Out : 00

Total Withdrawal : 00

Current Deposit : 00

Required ED Ratio : 00

Market value of Securities : 00

IPO & Placement : 00

Right Application : 0.00

Right Order : 0.00

AV of the Portfolio : 00

Equity : 00

Loan Ratio : 00

Fund Withdrawal Order : 00

Purchase Power : 00

Netting : 00%

Dividend Income : 00

Realized Gain / (Loss) : 00

Unrealized Gain / (Loss) : 00

Net Gain / (Loss) : 00

Time Weighted Rate of Return

Year 2017 : 00%

Year 2016 : 00%

Year 2015 : 00%

Year 2014 : 00%

Year 2013 : 00%

Dividend Receivable

Sl.	Company Name	Amount
1	Name of the Company	00



- **3.2.2 Tax Certificate:** In every year from the 1st July clients ask for tax certificate. In the Tax certificate few things are very important such as Dividend Income, Income Tax on Dividend income, Advance Income Tax, Realized Gain, Loan Amount, Unrealized Gain, Locked Equity and Deposit during this period.

Here is the format of Tax Certificate which is maintaining by IDLC Investments Limited. The name of the client, numeric data, date etc. are given here on the basis of assumption because of confidentiality issue –

Dhaka, March 19, 2018

To Whom It May Concern

This is to certify that **Mr./Mrs. XXXXXXXX** S/D/W of **Mr. XXXXXXX / XXXXXX**, Merlin Address, Mirpur-2, Dhaka, has been maintaining an MAXCAP In IDLC Investments Ltd.

His/Her detail information is given below:

A/C No. : MC - XXX

Investment Period : July 01, 2016 - June 30, 2017

Opening Equity	207,658.85	Closing Equity	214,793.11
Deposit during this period	0.00	Withdrawal	0.00
Fees & Charges	5,173.29	Credit / (Loan) Balance	683.09
Cost value of Securities	214,110.02	Market value of Securities	251,577.90
Dividend Receivable	0.00	Unrealized Gain/Loss	37,467.88
Locked Equity	0.00	Marginable Equity	214,793.11
		*Net Manual Adjustment	520.00

Return Information:

Dividend Income	5,582.50	Income Tax on Dividend at source	837.38
Realized Gain	8,082.43	Advance Income Tax	0.00
Loan	0.00	Investment	214,110.02

(All figures are in Bangladeshi Taka)

Authorized Signatory

* Please refer to transaction statement for detail



- **3.2.3 Wealth Certificate:** Here is the format of Wealth Certificate which is maintaining by IDLC Investments Limited. The name of the client, numeric data, date etc. are given here on the basis of assumption because of confidentiality issue –

Dhaka, March 19, 2018

To Whom It May Concern

This is to certify that XXXXXX XXXX, S/D/W of XXXXX, Address: Mirpur-2, Dhaka, has been maintaining a MAXCAP (MCXXX) In IDLC Investments Ltd. He had opened the account on December 29, 2015.

His detailed Information is presented below:
Since Account Opening Till Date:

Total Deposit	200,000.00
Capital Gain	38,691.58
Dividend Income	10,537.00
Withdrawal	0.00

Balance as of March 19, 2018 :

Security Value at Cost	143,619.50
Current Equity	240,359.85
Current Balance (Loan)	96,923.35

(All figures are in Bangladeshi Taka)

.....
(Authorized Signatory)



- **3.2.4 Acknowledgement Letter:** Acknowledgement letter are provided at the beginning of account opening. This is the conformation that the account is successfully opened. By this a client can claim to the IDLCIL's for their account.

Here is the format of Acknowledgement letter which is maintaining by IDLC Investments Limited. The name of the client, numeric data, date etc. are given here on the basis of assumption because of confidentiality issue –

No.IDLCIL/Easy Invest/

March 11, 2018

15/2 Narinda Lane, Khan Manzil (2nd Floor), ,Narinda,Dhaka,Bangladesh,

Dear Sir/Madam:

OPENING OF EASY INVEST ACCOUNT

We take this opportunity to thank you for opening 'Easy Invest' account, a discretionary portfolio management service of IDLC Investments Limited, one of the country's leading investment banking institutions. The details of your investment are:

Name of the Investor	:	
Easy Invest Account No	:	
Account Opening Date	:	04-Mar-2018
Initial Deposit Amount	:	0.00
Monthly Installment	:	10000.00
Tenor (In Month)	:	60
Installment Start Date	:	04-Mar-2018
Installment End Date	:	28-Feb-2023
Auto Debit Start Date	:	07-Apr-2018

For more queries, please call at +8801708 457025 or send email to dpm@idlc.com.

Assuring you of our best services at all times.

Happy Investing!

With Best Regards.

.....
(Authorized Signatory)



3.3 MY CONTRIBUTION IN IDLC INVESTMENT LTD.

I was assigned in IDLC Investments Limited by Discretionary Portfolio Management (DPM) department. This department works as wings of Portfolio Management. I was assigned in several tasks by these departments. I started my internship by short term training provided by IDLC Investment Ltd.

3.3.1 Duties/Responsibilities:

- ✓ To achieve the assign monthly corporate sales target properly through opening accounts
- ✓ To maintain a healthy relationship with the company's clients
- ✓ Always be available to the client and providing necessary information related to services
- ✓ To provide the acknowledgment letter, portfolio statement and also tax certificate to the client
- ✓ To analysis the daily capital market flash provided by the IDLC research team
- ✓ To learn and perform the activities of a financial adviser to the client
- ✓ To arrange corporate client meeting and perform the all types of marketing activities to promote the various services of IDLCIL such as “Easy Invest”, “MAXCAP” etc.

3.3.2 Training Session:

I joined IDLC Investment Ltd. on 15th January, 2018. As I had no knowledge about their product and services, so they arranged a training session about their product and services. As my main job is to promote their product and services in the corporate sector, so first three days they provided different type of training that was related to their product and services, Capital market (Fundamental and technical analysis), Investment banking , IPO offering and how to express myself in the corporate sector for fruitful services.

Throughout the whole internship period they provided different types of valuable training. One training session was held in Bangladesh Securities and Exchange Commission (BSEC) provided by BSEC which was related to “Investment in Capital Market”. I get the certificate for part of this program.



3.3.3 Exam Session:

After the training session, in 4th days IDLCIL arranged a short exam session. The question was set by the DPM department on the basis of their product and services. I am glad to say that I obtained highest mark in this exam.

3.3.4 Job under supervisor:

From the 5th working day our main job was started. They divided us (10 person) into three groups and one supervisor was assigned in each group. After that we went to different corporate sector in Dilkusha area. At that time I noticed the activities of my supervisor how he works so that I can apply it in next time.

3.3.5 Job individually:

After working under a supervisor I started work individually. In that time my supervisor assigned the area that I will visited. After assigning the area I went to that area and visited to different corporate sector on that area.

I went to the people of corporate sectors and discussed with them about our product and services. I mainly discussed about their newly launched wealth maximization service called “Easy Invest” and also “MAX CAP”.

From January 15th, 2018 to till April 15th, 2018 was the time period of my internship program and I done it successfully. I am glad that I got the Highest EMI and also opened highest “Easy Invest” accounts rather than others internee. Depends on my performance they offered me to extend the internship period into 6 months. Through this internship program I have able to make a huge and strong client base relationship.



3.3.6 Learnings:

The project in which I am working is named “Learning and Earning”. Besides earning I have learned many things form my job. These are-

- ✓ How to express myself in the corporate sectors
- ✓ I have learned about the capital market of Bangladesh
- ✓ I gathered knowledge how to invest in capital market
- ✓ I have got the opportunity to know different types of Tax benefits that was provided by our government if anyone invest into the capital market.
- ✓ I have also gathered knowledge about the perfect time to invest into the capital market.
- ✓ As my job is target oriented, so now I know how to perform in a target oriented job.
- ✓ This job taught me how to take pressure.

Finally I can say that this is the perfect job for an intern that will give you a practical knowledge.

3.3.7 Observation

IDLC is a really good place to work in. They treat interns as an employee. They leave the work decision of interns on themselves. Advisor assign few responsibilities and regular work which make inters more responsible and dedicate toward their work. They were really helpful when I was making this project.



3.4 STUDY ON LANKABANGLA FINANCE LTD. TO COMPARE THEIR ACTIVITIES WITH IDLCIL

Another top listed non-banking financial institution (NBFI) is LankaBangla Finance Limited (LBFL). LankaBangla Finance Limited (LBFL) is a joint venture financial institution having sponsor shareholder from Bangladesh, Srilanka and Singapore. Its operations in Bangladesh as "Vanik Bangladesh Limited (VBL)" as a multi-product financing company in 1997.

Now a days the world going more comparative. Everyone wants to be regarded as the best. As IDLCIL is served firstly the DPM services in Bangladesh such as "MAXCAP", "Easy Invest" etc. After then following the services LBFL also launched three discretionary portfolio management services such as –

- AlphaPlus (Investment Best Managed)
- AlphaPlus INITIAL
- LankaBangla Nishchinto

Those services also has uncertain rate of return and invest in capital market. Some of services is one-of investment in a period of time and other services is monthly investment.

➤ 3.4.1 ALPHAPLUS (INVESTMENT BEST MANAGED)

LBFL offers some opportunity to invest in its discretionary managed portfolio service known as "AlphaPlus" which is controlled by portfolio management team supported by research team. Time service will save client time and maintain portfolio by expert investment professionals. In volatile capital market, managing investment has become complex and time consuming process for a company or an individual to handle. Discretionary portfolio management service exclusively considered for investment needs where:

- ✓ Portfolio managers will look after investments with their decision and market outlook
- ✓ Investment policy will be designed to attain individual goals and objectives
- ✓ All the market related data and information will be closely monitor
- ✓ Appropriate securities will be placed according to investment needs



- ✓ Forecasting and judging possible market moves will take place properly
- ✓ Investment process will be professional with risk analysis
- ✓ Rebalancing of clients portfolio will be done according to market scenario and future predication

3.4.1.1 Objective of AlphaPlus:

Funds in DPM account will be invested in various securities from the permitted list considering the suitability of the respective clients. The purpose of the policy is to guide the portfolio managers to:

- ✓ Take a reasonable amount of investment risk based on clients' risk profile
- ✓ Maximize return at the risk level.
- ✓ Maintain a prudent diversification of the investment assets.
- ✓ Meet the financial goals of each client category.
- ✓ Periodically monitor and revise the portfolio as required.

There some category of AlphaPlus (Investment Best Managed) which given below:

3.4.1.2 AlphaPlus CORPORATE: For the business entities who want to grow and diversify their assets through capital market investments to achieve goals like

- ✓ Growing funds for future capital expansion & future working capital needs
- ✓ Growing funds to hedge against any future obligation
- ✓ Taking tax benefits through capital market investments
- ✓ Diversifying investments of foreign companies through capital market of Bangladesh

3.4.1.3 Features:

- ✓ Minimum Investment Amount:
 - Corporate: BDT 10 Lacs
 - Spirit: BDT 5 Lacs
 - NRB: BDT 5 Lacs
 - Starter: BDT 3 Lacs
- ✓ Minimum Investment Horizon is 1 (One) Years
- ✓ Margin Loan Facility exist based on investor's preference and SEC regulations



3.4.1.4 Investment Style:

- ✓ Take an appropriate level of investment risk
- ✓ Maximize return at that risk level
- ✓ Maintain a level of cash reserve in order to meet short term emergency expenditures
- ✓ Periodically monitor and revise the portfolio as required

3.4.1.5 Fees and Charges:

- ✓ Account Opening Fee: BDT 500
- ✓ Management Fee: 2.50% Per annum on market value of securities
- ✓ Interest on Margin: 15% P.A. (subject to change)
- ✓ Settlement Fee: 0.40% on transaction value (subject to change)
- ✓ Early Exit Fee (below 1 year): 0.50% on the total assets value

➤ 3.4.2 ALPHAPLUS INITIAL

Some potential investors having small savings left for investment, faces problem in making investments, as their investment amount in most cases is too small for investment in secondary market and little opportunity is available to invest that small amount in fixed income securities. Moreover, the potential return from investment in fixed income securities is very low. On a condition like this, AlphaPlus INITIAL will pave the way of investment in primary market with least hassle for those investors and reducing risks arising out from secondary markets.

➤ 3.4.3 LANKABANGLA NISHCHINTO

LankaBangla Nishchinto is a monthly savings instrument with monthly fixed deposit for 3 years, which will be invested in selected Blue Chip stocks, Mutual Funds and Fixed Income instruments. Any individual can start LankaBangla Nishchinto by depositing minimum BDT 5,000 each month for three years. Profit along with the invested amount will be distributed to the client after maturity. With an objective of introducing new investment avenue for potential investors under the



Discretionally Portfolio Management Services, Investment Banking Services of LBIL developed new Product named "LankaBangla Nishchinto" in end of 2015. The product is designed to facilitate the investment in capital market, through a monthly investment scheme like DPS. This new product has added strength to the discretionary product portfolio of LBIL.

3.4.3.1 Features:

- ✓ Minimum deposit is BDT 2000, 3000 or multiples of BDT 5000
- ✓ Deposited amount will be invested in blue chip shares/mutual funds/fixed income
- ✓ Investment offered in tenures of 3, 5 or 10 years
- ✓ Investment recommendation backed by fundamental and technical analysis
- ✓ Deposit should be made within 15th of a month
- ✓ Deposit may be paid by deposit slip or through BEFTN
- ✓ There is no reinvestment of profits. Realized profits will be stored separately

3.4.3.2 Why invest in LankaBangla Nishchinto?

LBFL manage client funds with structured product design including capital guarantee for investment.

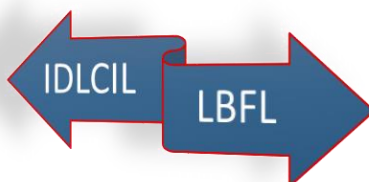
- ✓ High expected return
- ✓ A better hedge against inflation
- ✓ Blue Chip stocks provide greater liquidity
- ✓ Flexible investment facilities aligned with income
- ✓ Tax rebate on total investment as applicable

3.4.3.3 Fees and Charges:

- ✓ Account Opening Fee is BDT 500.
- ✓ Management Fee is 1% per annum to be charged quarterly on market value.
- ✓ Brokerage Fee is 0.40% on transaction.
- ✓ Late Payment Fee is BDT 50.
- ✓ Profit Sharing is 50% profit sharing on additional profit, if profit is above 12%.
- ✓ Early Exit Fee is 2% on withdrawal amount, if before twenty four (24) months.



❖ 3.4.4 EVALUATION BETWEEN IDLCIL AND LBFL



There are some comparison between IDLCIL and LBFL which given below:

MaxCap VS. AlphaPlus

- The past rate of return record of IDLCIL is much higher than LBFL.
- Minimum investment horizon is 2 years in IDLCIL (MAXCAP) which is higher than LBFL (AlphaPlus). As we know capital market is volatile where anything can happen. Professional experts suggest that long term investment is better than short term to get high rate of return.
- In “MAXCAP” the avg. return interest on margin is 22% which is much higher than “AlphaPlus” interest on margin (15%). Client obviously wants the higher rate of return as they take risk.
- The brokerage fee is 0.05% (“AlphaPlus” 0.40% - “MAXCAP” 0.35%) higher in LBFL than IDLCIL on transaction value which is subject to matter of a client for choosing service.
- IDLC provide portfolio statement in quarterly which helps client to make decision for continuing or not and also helps to understand the market position.

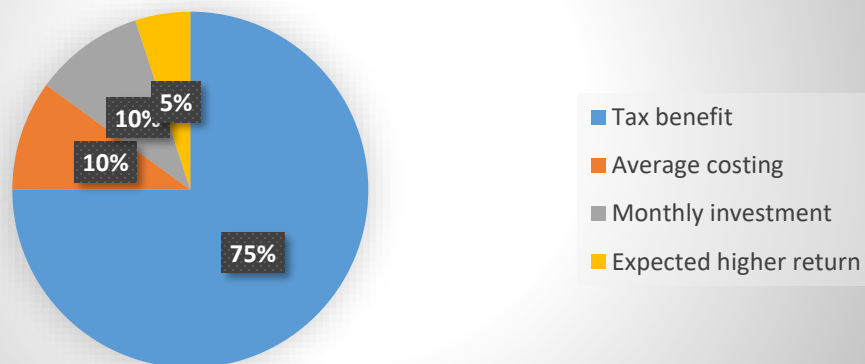
Easy Invest VS. LankaBangla Nishchinto

- Minimum investment amount is BDT 2000 in LBFL which is not require to buy blue-chips stock. At least BDT 3000 is needed for buying blue-chips stock which provided fruitful rate of return and IDLCIL’s minimum investment amount BDT 3000.
- Management Fee is charged 1% quarterly in LBFL but In IDLCIL’s charged 3% per annum on market value. IDLCIL don’t take any late payment fee but LBFL do at BDT 50.
- IDLCIL also provide insurance coverage up to BDT 1 Lac by taking BDT 74 only. This is not mandatory. But this can be reduce the risk level for a client.
- IDLCIL following buy and hold process for generating more return.



❖ 3.5 SURVEY BASED ON IDLCIL'S DPM SERVICES

1. Which feature of "Easy Invest" attracts clients in most cases?



Here we can see most of them believes that Tax benefit feature of this product attracts clients most. As I also worked as an intern to promote this product, the tax advantage attracts most of the clients who are tax bearer.

2. Are Bangladeshi Capital markets popular enough?



This research shows that, capital market in Bangladesh isn't popular enough like other economy. This situation has made the task of promoters of this product hard. The reason of not being popular may be the insatiable market trend.

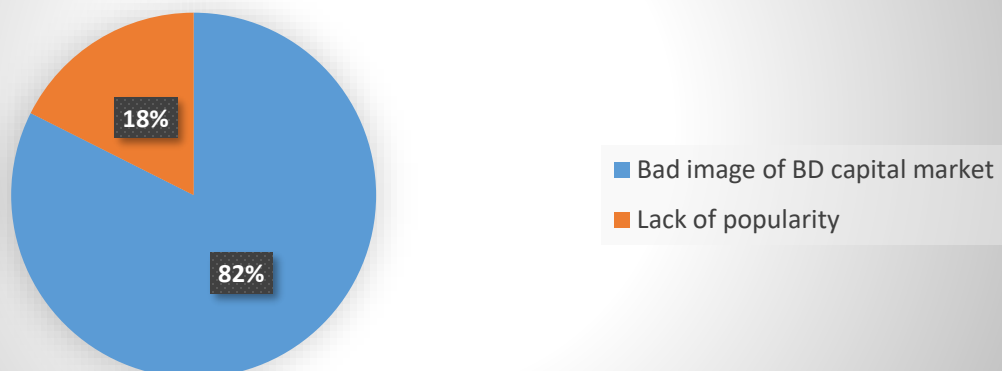


3. People who invest in capital market here, which benefit they look for?



It shows about 95% of investors of Bangladesh who invest in capital market look for short term gain rather than long term benefit. This mentality may be a valid reason why this sector is suffering.

4. What are the main obstacle employee faces while selling this product?



While promoting “Easy invest” to the investors 82% are suffering from the obstacle of bad image in investors mind regarding the capital market. Most of them haven’t enough faith on capital market.

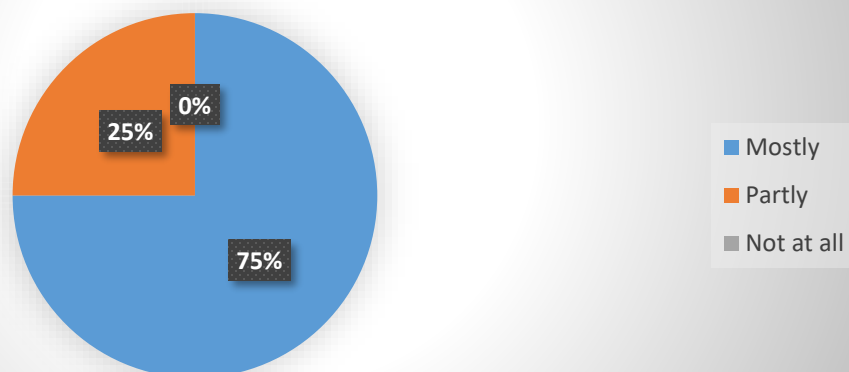


5. Do Current DPS & FDR rate have any effect on productivity? If yes, then is it positive or negative?



All of client have same opinion that current higher rate of DPS & FDR has negative impact on their product. As investors are getting certain return which is sufficient in percentage, they are not supposed to invest in an uncertain invest.

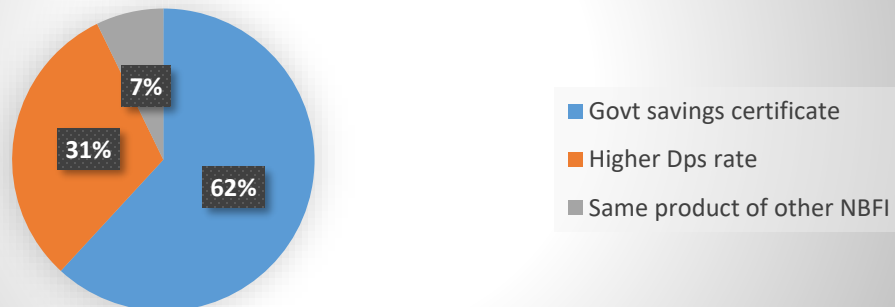
6. If Govement decrease the rate of interest as per their declaration, will it increase sale?



If the rate is decreased as per government declaration, then there have a positive impact. About 75% believe sale will increase mostly, and the rest believe sale will be increased partly.

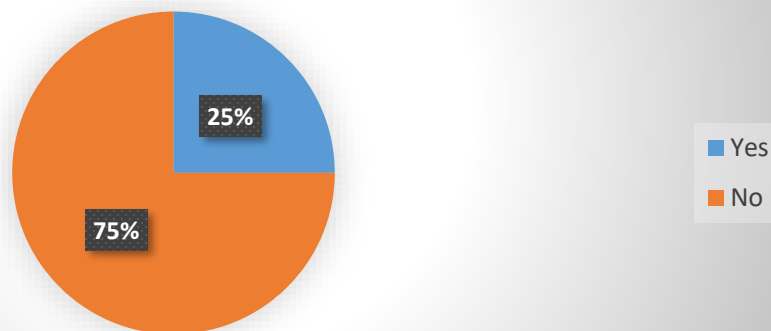


7. Which Invest option is most threatening to employee?



To most of them government savings certificate is the most threatening investment option. As government is giving higher return which is fixed and certain, most of the investors are discouraged to invest in capital market directly or indirectly.

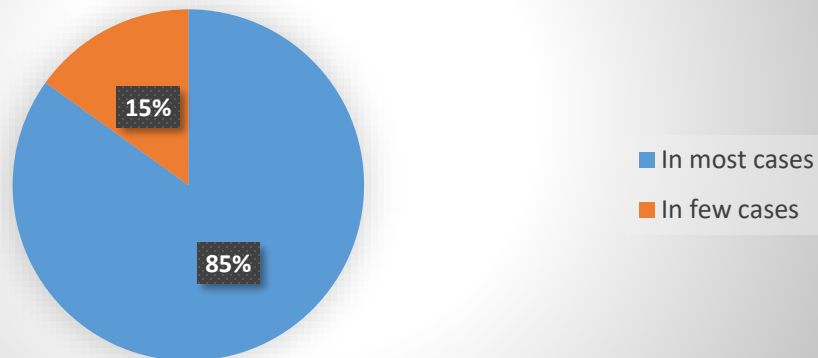
8. Do empolyee think they should revise their fees & charges for the product?



When it is asked about decrease in fees and charge, 75% of them think it is not necessary .But rest 25% think this should be changed.



9. The Bad reputation of "DSE & CSE" makes your task tough?



Most of the employee believe that in most cases bad reputation of DSE & CSE is hampering their task & made it hard to convince investors.

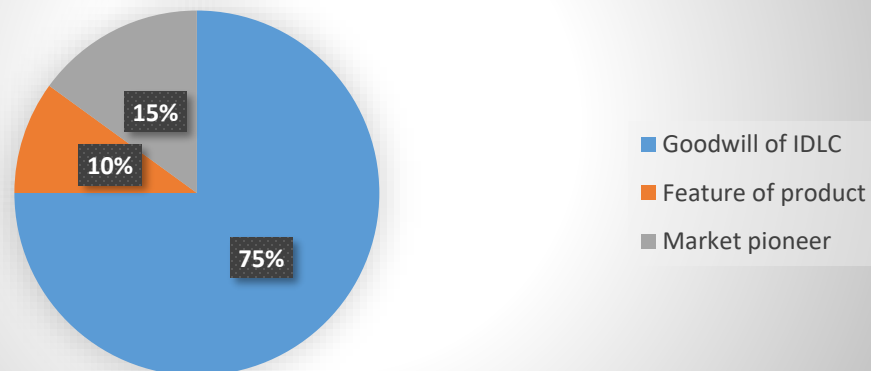
10. How can clients expect to have about 15 % or more return on product?



While convincing clients they declare about 15% expected return on investment investor will get. And 71% of them think this expected return is declared depending on prior experience of similar product. And the rest think that this is declared depending on Cost average principle.

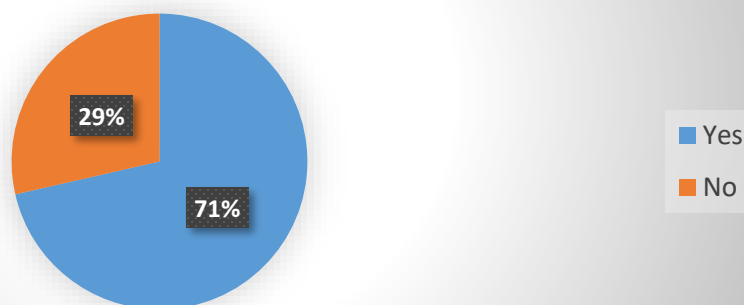


11. What is the main strength of employee while sale of this product?



The main strength to promote this product is the goodwill of IDLC. It has 18 years over experience in capital market. IDLC exist over last 33 years in Bangladesh market.

12. Are IDLCIL getting enough response till now?



IDLC think that they are getting enough response for their product in this downward market. But some of disagree with them. They think the response should be more than they are having till now.

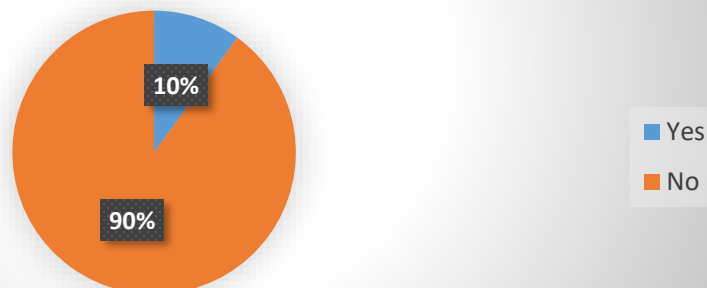


Do Investors know about Cost average principle?



About 90% of them told that most of the clients don't know about Cost average principle. But 10% has given the response that clients know about the principle.

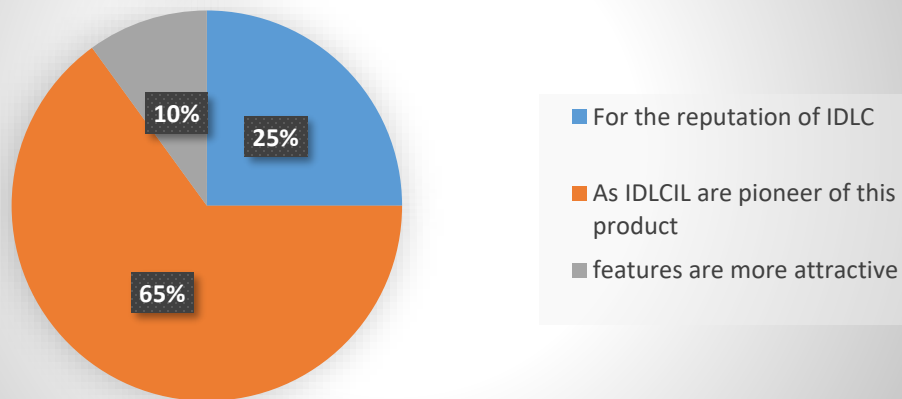
14. Who is the primary target group? Do employee think they should revise their target group now?



NBFI or FI are the primary target group. Most of them think the target group shouldn't be revised. They have explained that as NBFI or FI have clear knowledge about the capital market.



15. IDLCIL competitors have come up with the same product already, So why investors will prefer IDLCIL?



Though competitors have come up with same product in the market, about 65% believe investors will prefer them as they are pioneer of this product. Some also think that this will happen due to the reputation of IDLC.

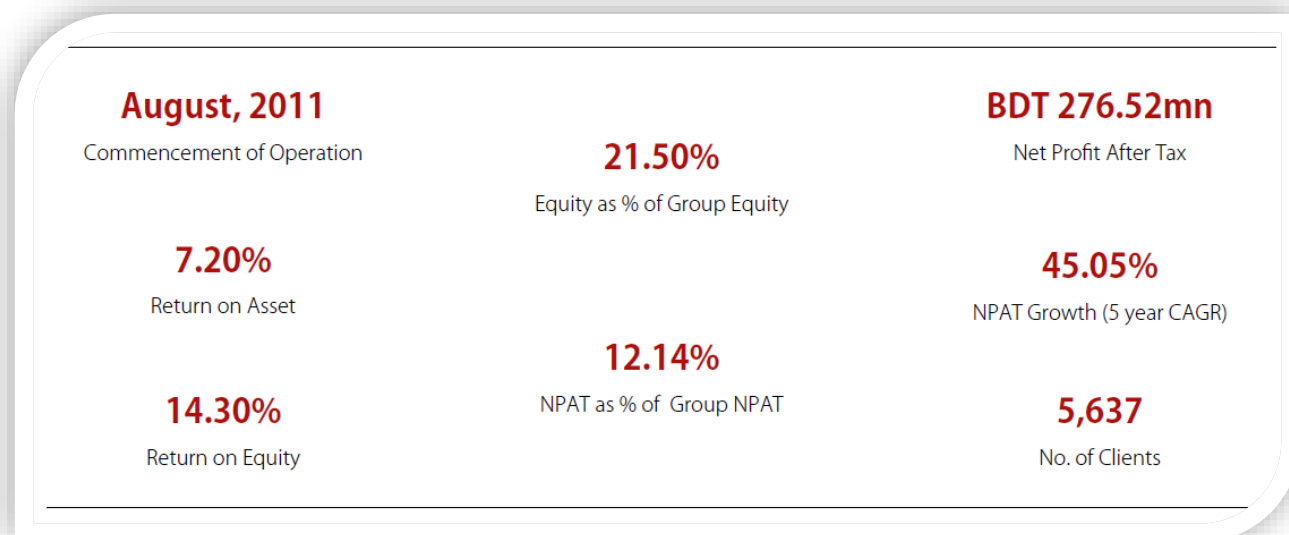


CHAPTER FOUR

FINDINGS AND ANALYSIS



❖ 4.1 CORE HIGHLIGHTS OF IDLC INVESTMENT LTD. 2017



NIM	ROI
6.26%	15%
ROA	ROE
7.20%	14.3%

Operating Income	Operating Profit
BDT 539.70 mn	BDT 450.66 mn
NPBT	NPAT
BDT 446.02 mn	BDT 276.52 mn

- During 2017, operating income and operating profit stood at BDT 539.70mn and BDT 450.66mn.
- Net-Profit-After-Tax (NPAT) grew from BDT 170.08mn in 2016 to BDT 276.52mn in 2017, representing a robust 62.58% growth.
- Higher operating profit and lower-than-usual provisions significantly boosted NPAT.
- Investment banking division achieved a robust performance (with revenue growth of 63.84% to BDT 46.60mn in 2017).



❖ 4.2 FINANCIAL HIGHLIGHTS OF IDLC INVESTMENT LTD.

The year of 2017 show attractive growth for IDLCIL with the Company attaining a net operating income of BDT 451million, which is a significant improvement from BDT 243 million reported in 2016. Consequently, the Company registered a profit after tax of BDT 277 million, representing a growth of 62.58%, year-on-year. The following table demonstrates the breakdown of revenue streams from different products.

➤ 4.2.1 Portfolio Operations

	(In BDT mn.)				
Operational Income	2013	2014	2015	2016	2017
<i>Net interest income</i>	(160.88)	(46.92)	149.69	140.22	102.59
<i>Portfolio management services</i>	60.25	75.44	67.78	44.56	46.61
<i>Settlement and transaction fees</i>	22.09	26.25	21.66	20.02	58.63
<i>Documentation fees</i>	0.03	0.05	0.07	0.75	0.95
Total operational revenue	(78.51)	54.82	239.19	205.55	208.79

Secondary source

In the year 2017, as IDLCIL's net interest income stood at BDT 103 million against BDT 140 million in 2016, with a 27% unfavorable growth due to higher interest expenses compared to 2016. In 2017, margin loan has increased coupled with proprietary investment – requiring more borrowed fund. With regard to fees from portfolio management services, there was a 4.6% growth, while settlement and transaction fees increased by 193% contributable to higher market turnover.



➤ 4.2.2 Financial Performance

	(In BDT mn.)					
<i>Financial Performance</i>	2013	2014	2015	2016	2017	Growth
<i>Total Assets</i>	3,829.30	2,553.18	2,081.17	2,705.36	5,039.47	23.34%
<i>Total Liabilities</i>	2,539.38	1,210.18	618.85	1,072.96	2,319.00	12.46%
<i>Net Income</i>	(213.26)	53.07	119.32	170.08	276.52	1.06%

Secondary source

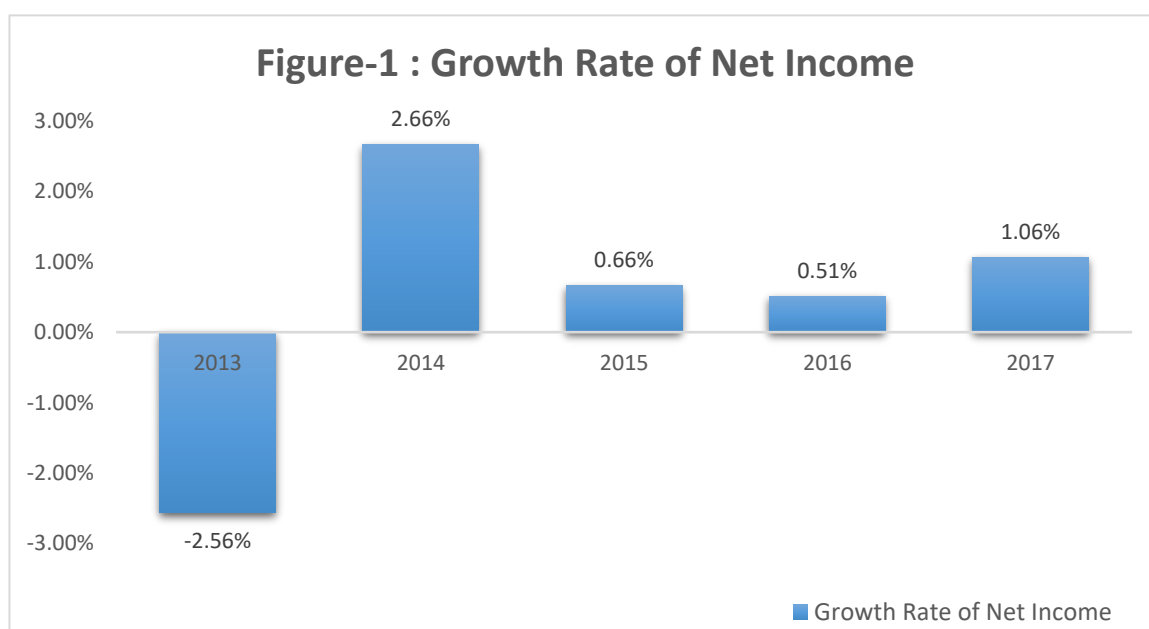


Figure-1 shows that in 2013 the company faced net loss but after from 2014 to 2017 their net income is increasing. In 2017, the growth rate of net income is reached at 1.06%.

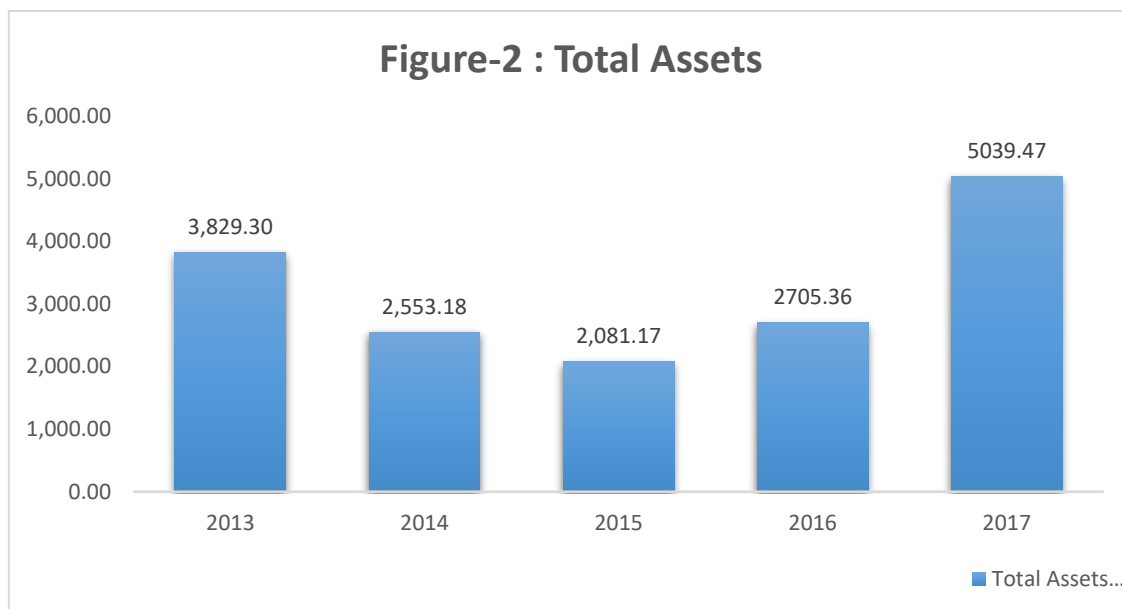


Figure-2 shows that in the year 2017, as IDLCIL's total assets stood at BDT 5039.47 million against BDT 2705.36 million in 2016, with a 23.34% growth. In 2013, the total assets was 3829.30 million that was decreased in 2014 and 2015. But after the year 2015, it was increased in 2016 and reached at BDT 5039.47 million in 2017.

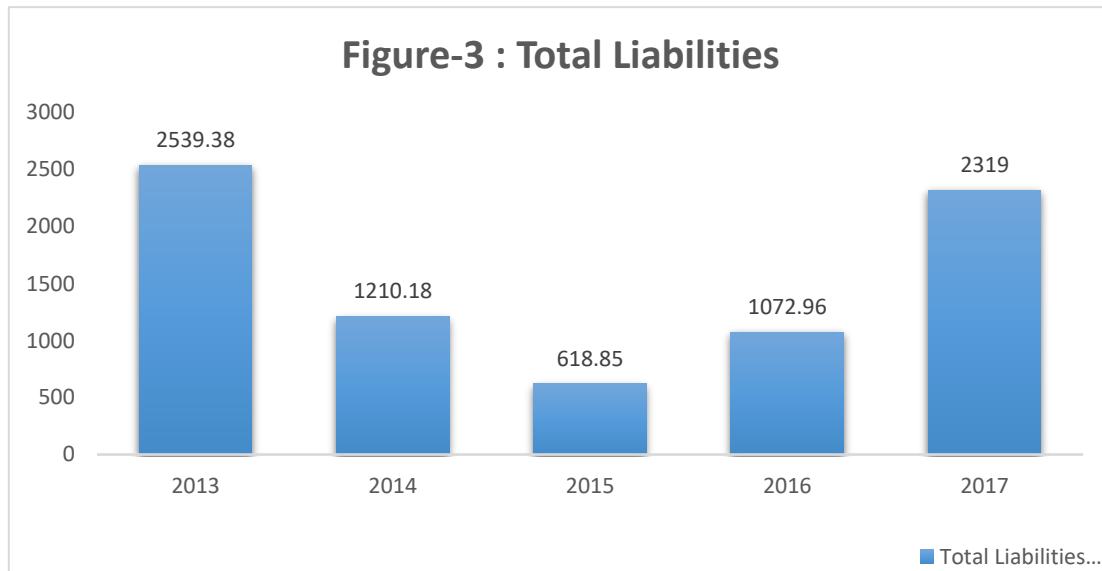


Figure 3 shows that in the year 2017, the total liabilities stood at BDT 2319 million against BDT 1072.96 million in 2016. In 2013, the total liabilities was 2539.38 million that was decreased in 2014 and 2015. But after the year 2015, it was increased in 2016 and reached at BDT 2319 million in 2017.

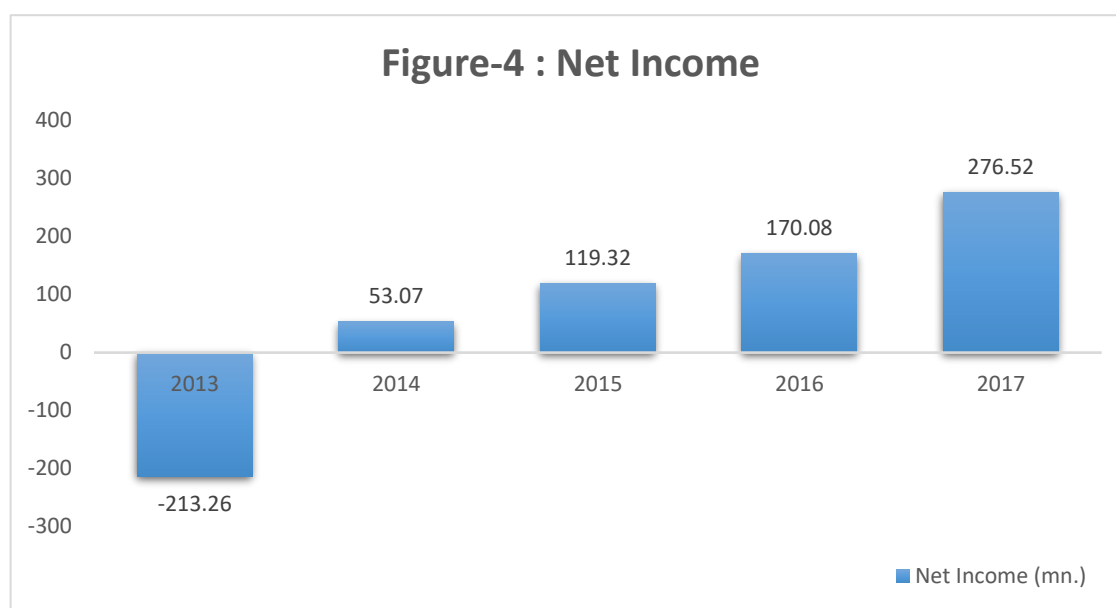


Figure 4 shows that the net income stood at BDT 276.52 million in the year 2017 against BDT 170.08 million in 2016, with 1.06% growth. In 2013, IDLCIL could not perform well as a result they faced net loss at BDT 213.26 million. The main reason for the net loss was that they could not collect the money from their client that was given to the client as margin loan. But after the year 2013, it is being increased continuously and reached at BDT 276.52 million in 2017.

➤ 4.2.3 Investment Banking

(In BDT mn.)

<i>Investment banking</i>	2013	2014	2015	2016	2017
<i>Issue management fees</i>	3.50	9.50	4.61	11.00	2.50
<i>Underwriting</i>	0.92	2.76	1.28	0.20	-----
<i>Corporate advisory fees</i>	13.52	10.50	1.27	17.21	44.06
<i>Total revenue from investment banking</i>	17.95	22.76	18.06	28.42	46.56

Secondary source

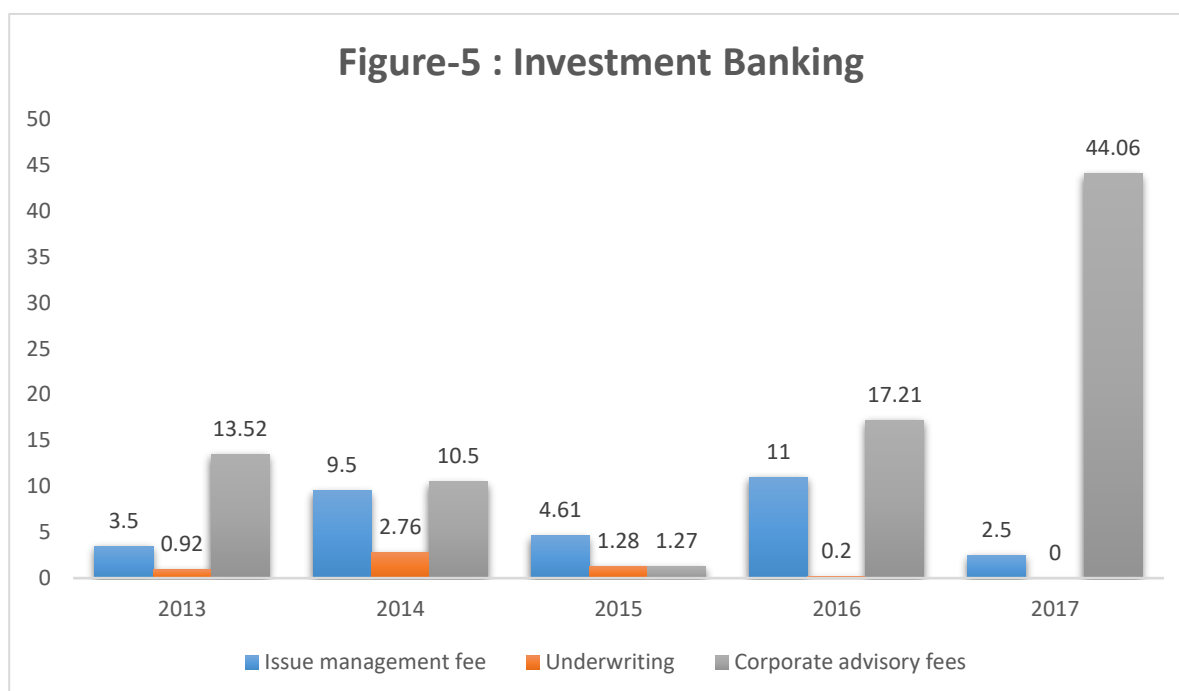


Figure 5 shows that revenue from investment banking stood at BDT 46.56 million in 2017 whereas 95% contribution came from corporate advisory fees. The company is focusing more on advisory services, with an added emphasis on mergers and acquisitions. They have a few pipeline IPO deals, revenues from which are expected to be generated in future.

➤ 4.2.4 Investment Income

(In BDT mn.)

<i>Investment income</i>	2015	2016	2017
<i>Capital gain</i>	41.75	50.98	209.43
<i>Dividend income</i>	5.80	17.38	48.42
<i>Income from Zero Coupon Bond</i>	-----	10.80	18.51
<i>Total Investment income</i>	47.55	79.17	276.37

Secondary source

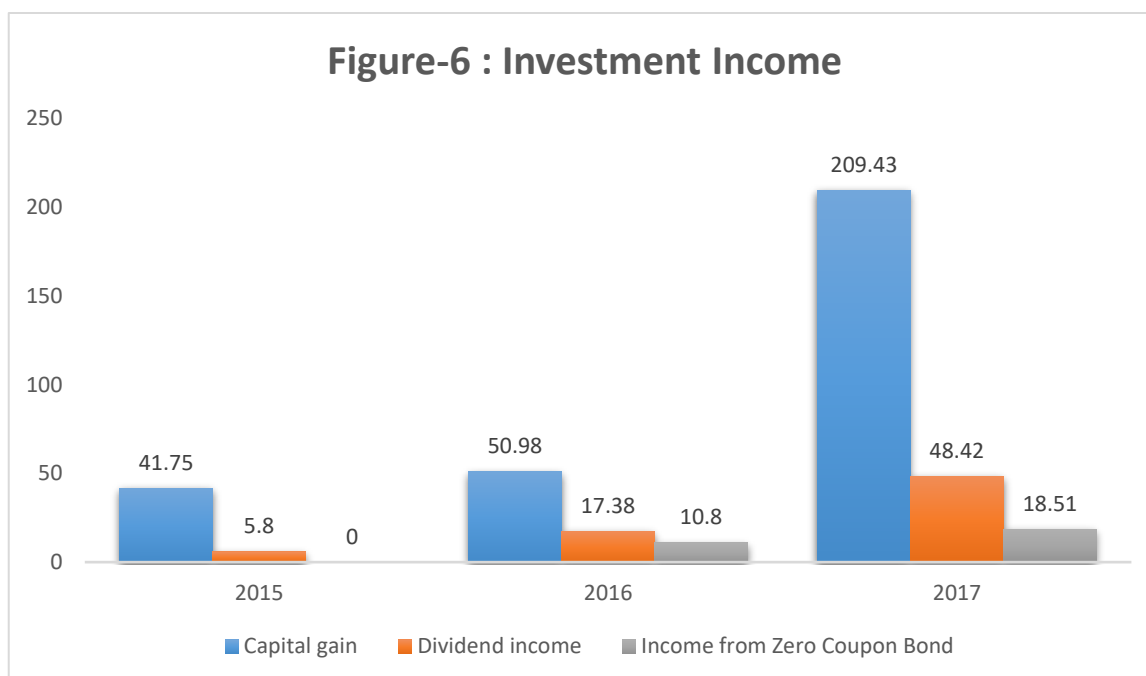


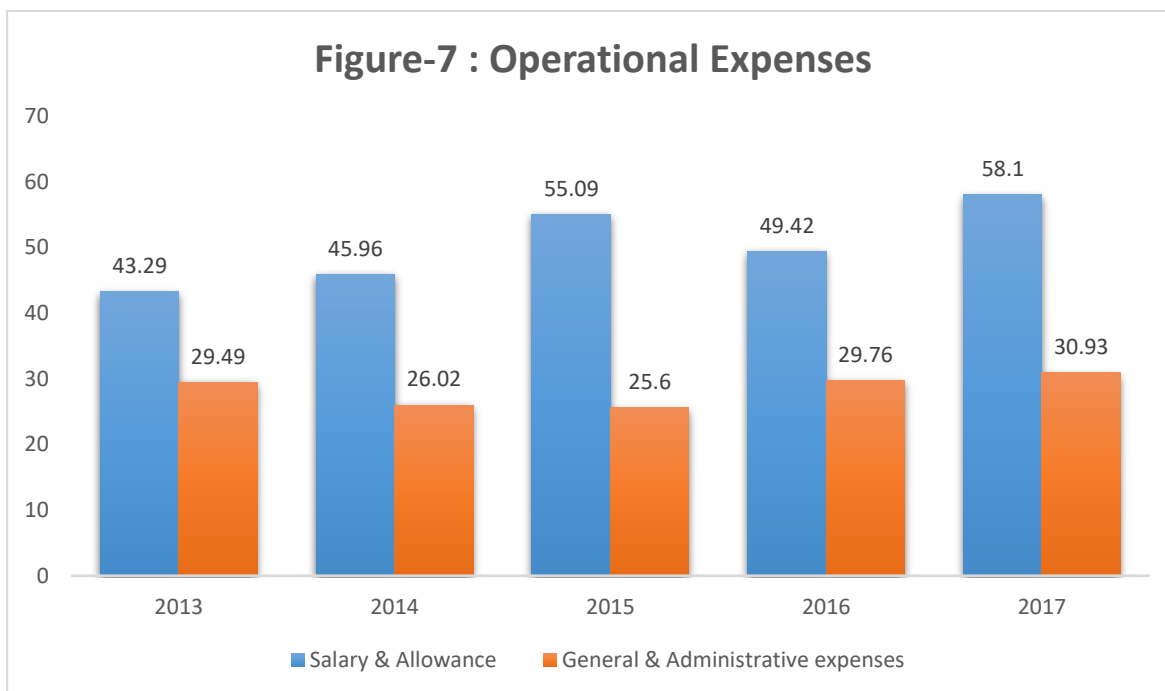
Figure 6 shows that Investment income was BDT 276.37 million in 2017, where significant contribution came from Capital gain (76%). This was due to a higher investment size from the preceding year as well as healthy returns from the equity investments.

➤ 4.2.5 Operational Expenses

(In BDT mn.)

<i>Operational expenses</i>	2013	2014	2015	2016	2017
<i>Salary and allowances</i>	43.29	45.96	55.09	49.42	58.10
<i>General and administrative expenses</i>	29.49	26.02	25.60	29.76	30.93
<i>Total operational expenses</i>	72.78	71.98	80.69	79.18	89.03

Secondary source



The Figure 7 shows that IDLCIL's incurred a total cost of BDT 89.04 million during 2017, out of which 65% was incurred for salary and allowances and the rest was for general and administrative purposes. Continuing our effort to be cost conscious, the company attained the cost income ratio at 16.5% in 2017, on the back of significantly higher income generation.



❖ 4.3 FINDINGS

I performed last three months as an intern in IDLC Investment Ltd. where I found some issues that need to be improve and can find them in a more comfortable place. These improvements may be help both IDLCIL and their clients.

I also try to highlight the financial performance and current situation of IDLC Investment Ltd. After my whole observation I found that:

- ✓ In 2013, IDLCIL faced net loss at BDT 213.26 million.
- ✓ From 2014 to 2017 net income is increasing continuously.
- ✓ From 2013 to 2017, among these five years 2017 has the better growth for IDLCIL.
- ✓ The year 2017 proved to be a year of growth for IDLCIL with the Company attaining a net operating income of BDT 451 million, which is a significant improvement from BDT 243 million reported in 2016.
- ✓ IDLCIL registered a profit after tax of BDT 277 million, representing a growth of 62.58%, year-on-year.
- ✓ In 2017, IDLCIL's Operating Income was BDT 539.70 million and their Operating Profit was 450.66 million.
- ✓ IDLCIL Provide Portfolio statement to the client quarterly in a year.
- ✓ IDLCIL provide Tax Certificate, Wealth Certificate, and Acknowledgement Letter to the clients.
- ✓ The overall financial performance of IDLCIL previous 5 years is good and they are improving day by day.



I worked with a particular service known as “Easy Invest”. Through “Easy Invest” launched in 2016 but in recent days IDLCIL operative some campaigns and activities which helps to increase the number of clients. Under discretionary portfolio management (DPM) department there are some wealth management services like “MaxCap”, “Profit-Loss Sharing Scheme”, “Capital Protected Scheme” and “Portfolio Advisory Services”.

For their services of discretionary portfolio management (DPM) department I have some findings. Those are given below:

- IDLCIL don’t promote their product through digital channel or Press-Ad.
- They don’t promote them individually.
- Portfolio statement does not show the netting ability of the client.
- Tax Certificate does not have how much investment rebate clients will get.
- Training period for the internship program is too short.
- Higher management fee in Easy Invest. There is some complexity in opening an account.



CHAPTER FIVE

Recommendation & Conclusion



❖ 5.1 RECOMMENDATION

- IDLC Finance Limited help to promote IDLC Investment Ltd. services. If IDLCIL wants to regard themselves as an individual brand they need to promote themselves individually.
- IDLCIL need to promote their services through various marketing channel. Digital marketing needs to be preferred choice by which they can communicate with the potential clients.
- Netting ability is how much share IDLCIL behalf of client can buy with the sold amount of money on that particular transaction day. This netting ability should present in the portfolio statement. If it is presented in the portfolio statement, then client can make a pre-budget about the trade.
- To provide Tax Certificate, Client want to know about their investment tax rebate. If IDLCIL adjoin the investment tax rebate in their software right before the Advance Income Tax Column, then it will be more flexible for client to find out their quarries.
- If IDLC want to obtain the better performance from the internee they should expand the training period for the internship program. They should take necessary steps to bring down the management fee for “Easy Invest” so that they can reach more client.
- IDLCIL need to provide transportation allowance and mobile allowance to their internee for reaching client. And also need to be increase the incentive amount for opening account. Incentive should be vary on EMI of the account.



❖ 5.2 CONSLUSION

I delivered a great working experience for IDLC Investments Ltd. The surroundings and the friendly behavior of the employees in the job post is something that I will never forget. Academic learning and practical learning are totally different that I can find out in my internship period. We have learned a lot of basic theories related to business administration and capital market. Those theories have helped us to acquire our knowledge that we can apply in the real corporate world. On the other hand, the practical learning is to find out through real experience. During my internship period at IDLC Investment Ltd, I have got much practical learning experience. I have gathered actual knowledge and I hope I will utilize it to grow more adept at things I lack. The corporate world is competitive and therefore the experience will help me in my spirit to get forwards.



❖ 5.3 REFERENCE

5.3.1 Primary Sources:

- Mohammad Nayem Uddin
Manager, Discretionary Portfolio Management
IDLC Investment Limited
- Abul Ahsan Ahmed
Head of Discretionary Portfolio Management
IDLC Investment Limited
- Sakawat Hossain
Head of Finance
IDLC Investment Limited

5.3.2 Secondary Sources:

- <http://www.idlc.com/idlc-investments-ltd.php>
- https://en.wikipedia.org/wiki/IDLC_Investments_Limited
- <http://www.investopedia.com/>
- Annual Reports of IDLC year of 2013 to year of 2017.



❖ 5.4 APPENDIX

➤ Expected Return Matrix of “Easy Invest”:

Expected Return Matrix – 3 years maturity

3 Years of Maturity						
Monthly payment	Total investment	10%	12%	15%	18%	20%
3000	108,000	125,344	129,229	135,345	141,826	146,362
4000	144,000	167,126	172,306	180,460	189,102	195,149
5000	180,000	208,908	215,383	225,576	236,378	243,937
6000	216,000	250,690	258,460	270,691	283,654	292,725
7000	252,000	292,471	301,537	315,807	330,930	341,513
8000	288,000	334,253	344,614	360,922	378,206	390,301
9000	324,000	376,035	387,690	406,038	425,482	439,089
10000	360,000	417,817	430,767	451,153	472,758	487,876

Expected Return Matrix – 5 years maturity

5 Years of Maturity						
Monthly payment	Total investment	10%	12%	15%	18%	20%
3000	180,000	232,310	245,007	265,721	288,642	305,272
4000	240,000	309,747	326,677	354,296	384,856	407,030
5000	300,000	387,184	408,347	442,870	481,071	508,788
6000	360,000	464,621	490,016	531,445	577,285	610,547
7000	420,000	542,058	571,686	620,019	673,500	712,305
8000	480,000	619,495	653,356	708,594	769,715	814,063
9000	540,000	696,932	735,025	797,168	865,929	915,821
10000	600,000	774,369	816,695	885,743	962,144	1,017,579

Expected Return Matrix – 10 years maturity

10 Years of Maturity						
Monthly payment	Total investment	10%	12%	15%	18%	20%
3000	360,000	614,532	690,113	825,647	993,859	1,128,279
4000	480,000	819,377	920,151	1,100,864	1,325,147	1,504,374
5000	600,000	1,024,222	1,150,190	1,376,081	1,656,435	1,880,469
6000	720,000	1,229,067	1,380,229	1,651,298	1,987,723	2,256,565
7000	840,000	1,433,912	1,610,268	1,926,515	2,319,011	2,632,660
8000	960,000	1,638,757	1,840,306	2,201,732	2,650,300	3,008,755
9000	1,080,000	1,843,602	2,070,345	2,476,949	2,981,588	3,384,850
10000	1,200,000	2,048,447	2,300,384	2,752,166	3,312,876	3,760,946