

MATERIAL MARKET UPDATE

The main bourse shed 279 points (-5.9%), marking a 42-month low during the month of December. Blue chip companies experienced significant price correction causing the DSE30 to drop by 134 points (-8.2%). The telecommunication sector suffered the highest price correction (-10.2%) during the month compared to the other sectors as large cap GP's scuffle with the regulator BTRC diminished investors' confidence. AL-HAJTEX was the top price loser (-31.6%) due to its demotion to Z-category while few other stocks such as IMAMBUTTON and MEGHNAPET gained by 40.1% and 27.5%, respectively, during the month despite operating on a negative EPS. Amid such a free-fall situation of the stock market and closure of more than 230 thousand BO accounts in the last 6 months, brokers sought BDT 100 bn from the government and the DSE launched large-cap index CDSET with technical collaboration from its strategic partner Shenzhen Stock Exchange in order to attract foreign investors and restore investor confidence.

RMG exports registered a 6.61% drop in the July to November (2019) period due to which an overall slump in exports persisted in November as well. Hence, despite a declining trend in imports, trade deficit widened by 5.58% in the first four months of the current fiscal year. Remittance has continued to enjoy a high influx backed by cash incentive. On the other hand, budget deficit shot up by 183% in Q1 of FY 2019-20 as poor revenue collection by the NBR continued. Consequently, private sector credit growth has been forced down to single digit due to the government's excessive bank borrowing to finance the budget deficit as well as a slowdown in export-import activity in the economy. While the decision to implement single digit lending rates may boost economic activity in the country, it might have an adverse effect of further deteriorating the liquidity crisis in the banking sector.

KEY NEWS UPDATE

MACROECONOMY

- Q1 budget deficit soars by 183%: <https://bit.ly/2SKMkMb>
- Fiscal deficit at a 11-year record high of 5.2% of GDP in FY 2018-19: <https://bit.ly/2QycuiH>
- RMG export drops 6.61% in July-Nov 2019: <https://bit.ly/357tAjr>
- Trade deficit widens by 5.58% in Jul-Oct period of FY 2019-20: <https://bit.ly/2QbZTmh>
- Remittance rises 23% in November as incentive pays off: <https://bit.ly/2SJrBsq>
- Inflation reaches 25-month high of 6.05% in November, 2019: <https://bit.ly/2SFzhMg>
- Private sector credit growth plunges to 9.87% in November, 2019: <https://bit.ly/37ysZlV>
- Single digit lending rate of 9% for all loans except credit card from April, 2020: <https://bit.ly/2SDHaSb>
- Loan rescheduling hits new high of BDT 312 bn YTD: <https://bit.ly/2rKSCk5>
- Financial sector contribution to GDP drops by 0.52% in FY 2018-19: <https://bit.ly/2sCBNIi>
- Power and Energy Ministry doubles LNG import terminal and re-gasification capacity: <https://bit.ly/2ZBLSS9>

CAPITAL MARKET

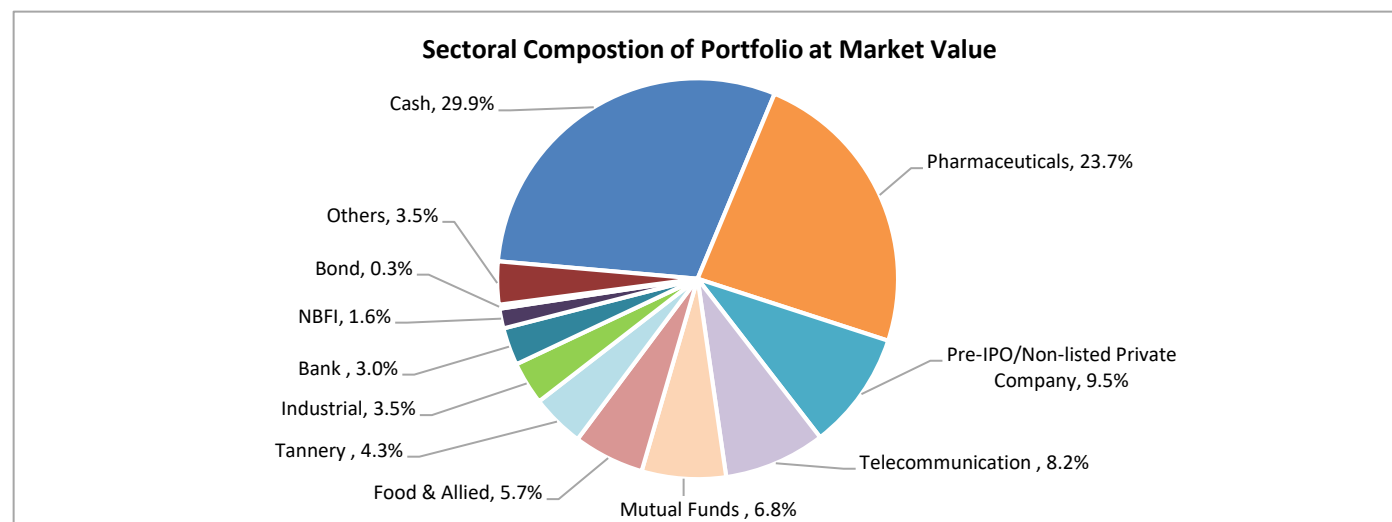
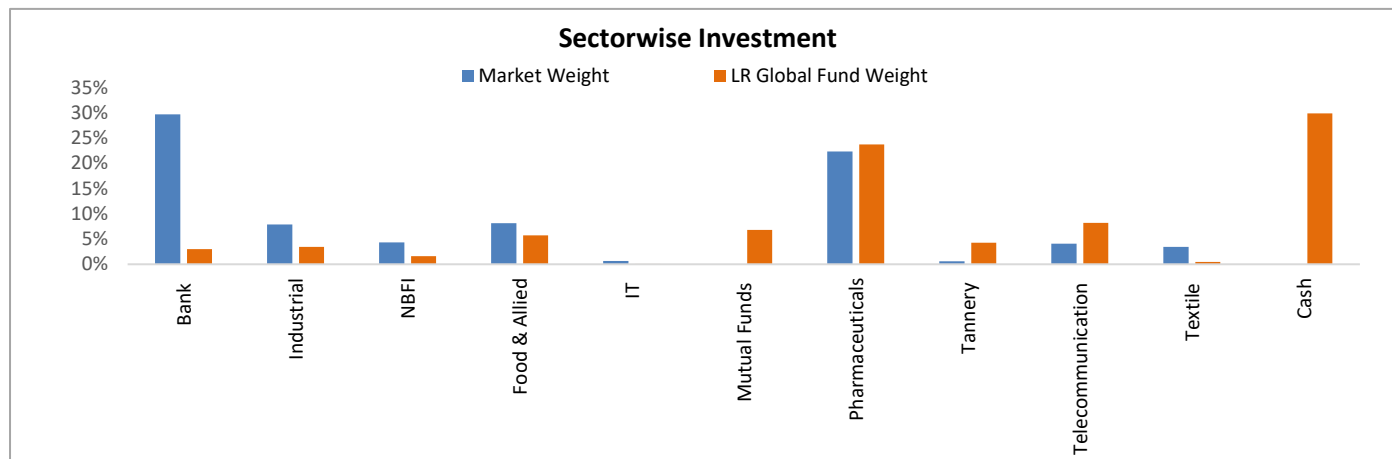
- DSE launches new large-cap index CDSET with 40 companies: <https://bit.ly/2SOMjHr>
- DSEX index plummets 18.5% hitting 42-month low eroding BDT 517 billion in 2019: <https://bit.ly/2sDaVrR>
- Over 230 thousand investor accounts closed in last six months: <https://bit.ly/37s7ovj>
- Stock market exposure of banks declines to 25% from 32%: <https://bit.ly/359Tyw1>
- AB Bank sues 15, including former chairman, 2 MDs for money laundering: <https://bit.ly/35bIX4U>
- Brokers seek BDT 100 bn govt. funds to support market: <https://bit.ly/2SGwUJ2>
- Waiver of transaction tax sought for trading of T-Bond and T-Bill through stock exchanges: <https://bit.ly/2F6ITaH>

INTERNATIONAL:

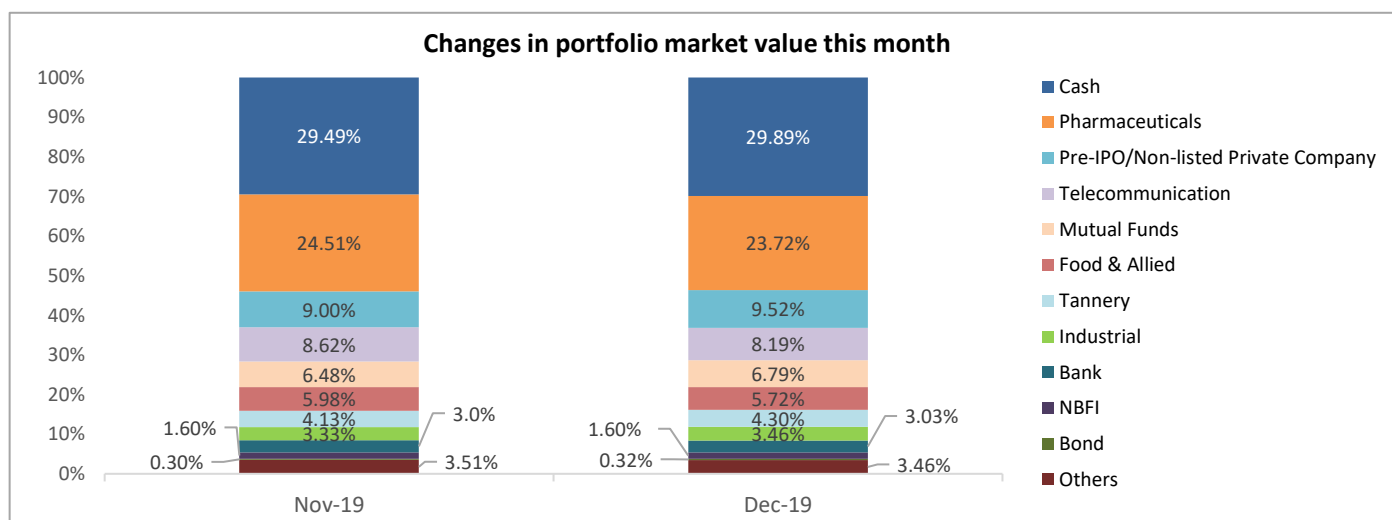
- Declining US inventories and heightened geopolitical tension surges oil prices: <https://bit.ly/2tgLHzz>
- US retail consumer confidence improves as unemployment dips to 50-year low: <https://on.mktw.net/2MHjp3e>
- UK retail sales fall sharply in November, defying growth expectations: <https://on.ft.com/2sABrC0>
- Nearly 39,000 workers return home under Malaysian 'Back for Good' program: <https://bit.ly/2SGKGeO>
- Overseas jobs to fall by 10% this year: <https://bit.ly/2SluUji>

LR GLOBAL PORTFOLIO UPDATE

Our portfolio is **UNDERWEIGHT** in all sectors compared to the benchmark index, except the pharmaceuticals, telecommunication, mutual funds, and tannery sector. We are currently maintaining a high proportion of cash as it is generating a better return compared to the market itself. Moreover, we are also well positioned to buy undervalued securities when appropriate.



We are taking selective positions in well-capitalized and focused companies and also evaluating discounted and transparent mutual funds to gain exposure. We primarily booked profits from few stocks and intend to buy back at more attractive prices.



LR GLOBAL PORTFOLIO PERFORMANCE

LR Global managed funds have consistently beat the market with over 40% cash dividends. Despite a flat market since 2010, LR Global managed funds have materially outperformed the benchmark index.

Value Addition History	1 year	2 year	3 year	4 year	5 year	6 year	7 year	8 year	9 year	Since inception
Cumulative Return LR Global	-7.93%	-14.08%	5.59%	10.84%	20.21%	27.33%	39.99%	39.26%	18.56%	64.28%
Cumulative Return Benchmark	-15.44%	-27.89%	-10.05%	-2.73%	-9.62%	5.38%	10.67%	-11.25%	-42.59%	-15.62%
LR Global Value Addition	7.51%	13.81%	15.64%	13.56%	29.83%	21.95%	29.32%	50.50%	61.15%	79.90%

Annualized Return LR Global	-7.93%	-7.31%	1.83%	2.61%	3.75%	4.11%	4.92%	4.23%	1.91%	5.22%
Annualized Return Benchmark	-15.44%	-15.08%	-3.47%	-0.69%	-2.00%	0.88%	1.46%	-1.48%	-5.98%	-1.73%
LR Global Value Addition	7.51%	7.77%	5.30%	3.29%	5.75%	3.23%	3.46%	5.71%	7.89%	6.95%

Beta (LR Global vs Benchmark)	0.40	0.40	0.44	0.44	0.48	0.48	0.45	0.43	0.45	0.46
Annualized Alpha over benchmark	-0.04	-0.04	0.01	0.00	0.02	0.01	0.02	0.02	0.02	0.04

Our funds perform resiliently even when the market experiences a bearish phase. For instance, DBH1STMF and GREENELMF successfully disbursed attractive dividends with their commencement in 2010 even though the market crashed in that same year. The cumulative dividend yield of our funds in the last five years indicate that our unitholders have been the recipient of attractive returns as a result of investing in our mutual funds.

Dividend History	DBH1STMF	GREENELMF	AIBL1STMF	MBL1STMF	LRGLOBMF1	NCCBLMF1
Fund Inception Date	4-Feb-10	23-Sep-10	6-Jan-11	3-Feb-11	15-Sep-11	24-May-12
Initial Fund Size (BDT Mn)	1,200	1,500	1,000	1,000	3,000	1,000
Total Dividend Disbursed (BDT Mn)	667.20	472.50	415.00	370.00	1,250.33	434.01
% Cash Dividend to Initial PAR	56%	32%	42%	37%	42%	43%

Cumulative Dividend Yield	DBH1STMF	GREENELMF	AIBL1STMF	MBL1STMF	LRGLOBMF1	NCCBLMF1
5 year	42.4%	45.1%	49.7%	49.0%	49.0%	44.4%
4 Year	33.7%	35.3%	46.8%	45.3%	31.7%	37.2%
3 Year	25.2%	26.5%	29.6%	30.4%	23.3%	26.9%
2 Year	19.6%	21.1%	21.0%	21.3%	13.1%	22.3%
1 Year	9.3%	10.4%	10.8%	11.5%	5.9%	9.0%

Cumulative Div. Yield (Annualized)	DBH1STMF	GREENELMF	AIBL1STMF	MBL1STMF	LRGLOBMF1	NCCBLMF1
5 year	8.5%	9.0%	9.9%	9.8%	9.8%	8.9%
4 Year	8.4%	8.8%	11.7%	11.3%	7.9%	9.3%
3 Year	8.4%	8.8%	9.9%	10.1%	7.8%	9.0%
2 Year	9.8%	10.6%	10.5%	10.6%	6.5%	11.1%
1 Year	9.3%	10.4%	10.8%	11.5%	5.9%	9.0%

Note: The most recent dividend data used for NCCBLMF1 is for 2018 while the rest are for 2019.

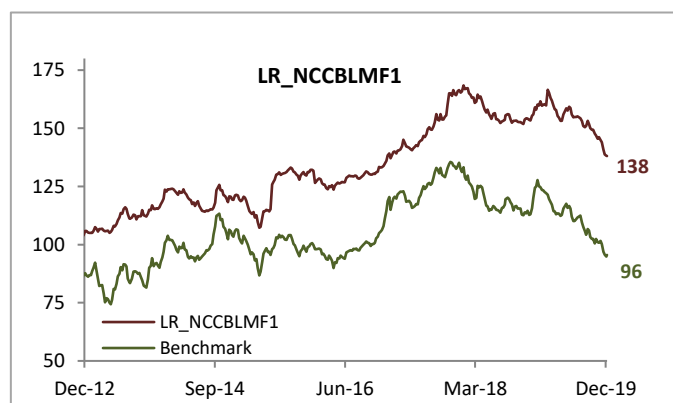
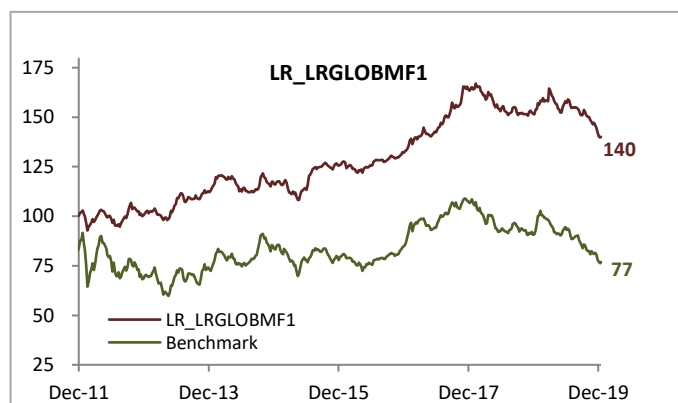
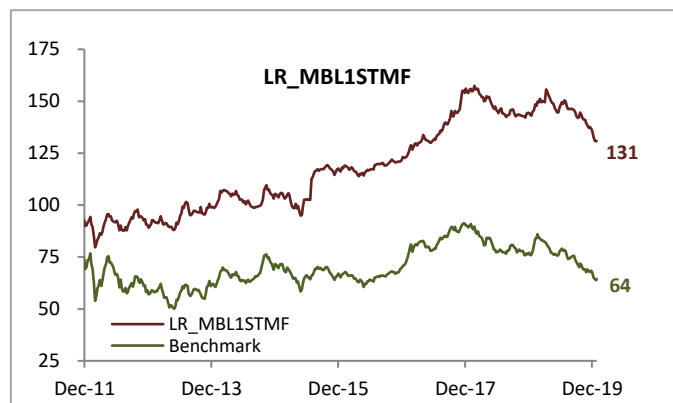
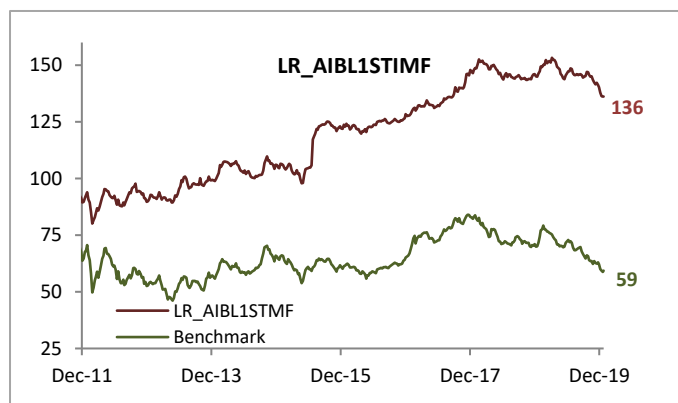
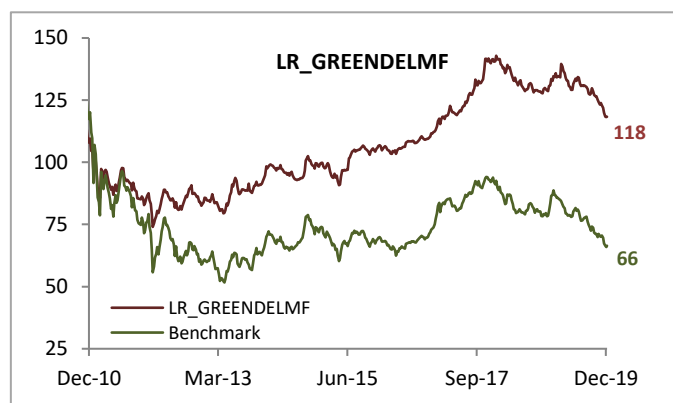
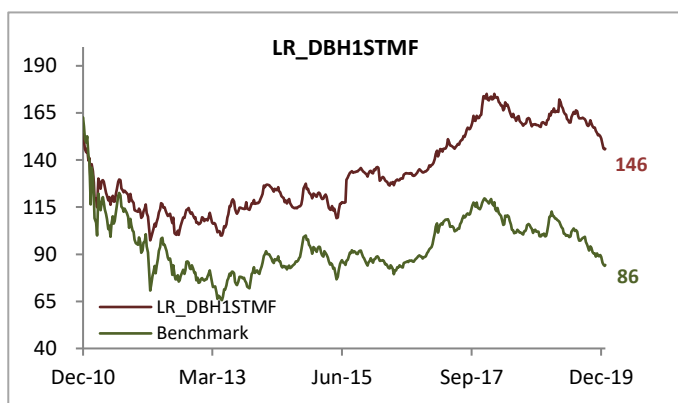
Our ten years of tested investment process has generated attractive returns, including attractive cash dividends. Our tested investment process includes security selection, asset allocation and an ongoing risk management process.

All LR Global managed funds outperformed the benchmark index during the month, except LRGLOBMF1.

Monthly Market Performance

	This Month	Last Month	Change
DSEX	4,452.93	4,731.44	-5.9%
DBH1STMF	9.15	9.57	-4.4%
GREENELMF	9.14	9.50	-3.8%
AIBL1STMF	9.44	9.79	-3.6%
MBL1STMF	9.33	9.75	-4.3%
LRGLOBMF1	9.31	10.11	-7.9%
NCCBLMF1	9.31	9.77	-4.7%

We have consistently outperformed the benchmark index across all funds since inception due to our security selection, asset allocation, market timing, and rating process.



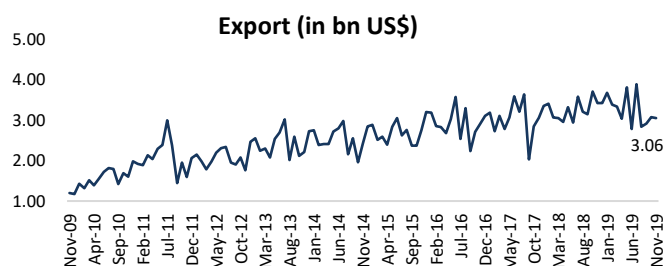
Source: LR Global Research

MACRO UPDATE

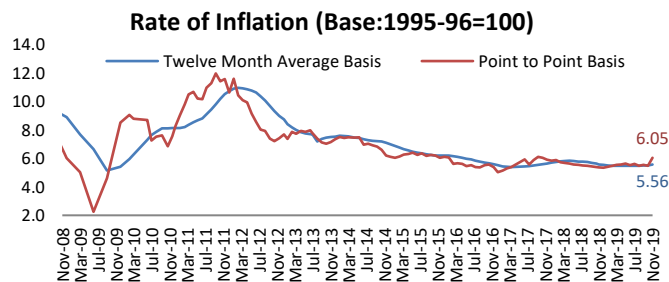
	FY 2019-20	FY 2018-19	% Change
Export (mn \$) (Jul-Nov)	15,775	17,074	-7.6%
Import (mn \$) (Jul-Oct)	19,604	20,244	-3.2%
Remittances (mn \$) (Jul-Nov)	7,741	6,286	23.1%
Tax Revenue (NBR) (mn \$) (Jul-Oct)	7,675	7,357	4.3%
Total Domestic Credit (mn \$) (Oct)	141,280	123,468	14.4%
Credit to the Private Sector (mn \$) (Oct)	120,843	109,817	10.0%
Broad Money M2 (mn \$) (Oct)	148,623	132,606	12.1%
LC Opening of Industrial Raw Material (mn \$) (Jul-Aug)	2,738	3,381	-19.0%
LC Opening of Capital Machinery (mn \$) (Jul-Aug)	700	760	-7.8%
Current Account Balance (mn \$) (Jul-Oct)	(1,304)	(2,066)	N/A
Net Sales of National Savings Certificates (mn \$) (Jul-Oct)	728	2,102	-65.4%
	This Month	Last Month	% Change
Foreign Exchange Reserve (mn \$)	32,487	31,728	2.4%
Call Rate (Weighted Average Rate)	4.97	3.85	29.1%
Taka-Dollar Exchange Rate (Avg BDT)	84.90	84.90	0.0%
	November	October	% Change
US Retail Sales (mn \$)	538,185	525,865	2.3%
UK Retail Sales (mn \$)	10,627	10,691	-0.6%

Source: Bangladesh Bank, US Census Bureau, UK Office for National Statistics

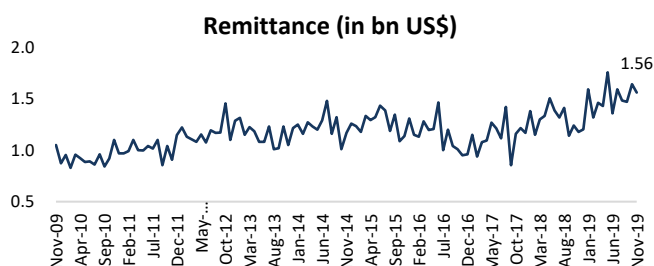
Exports continued on its negative trend and fell significantly by 10.7% YoY in November



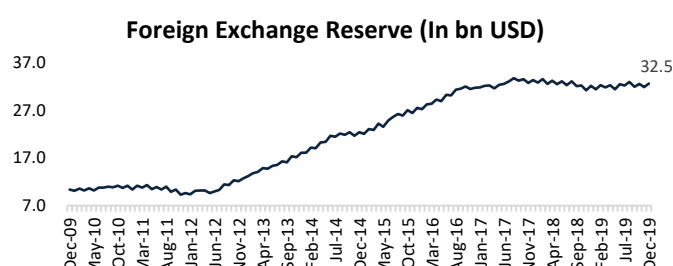
Inflation shot up to a 25-month high in November due to a spike in food inflation



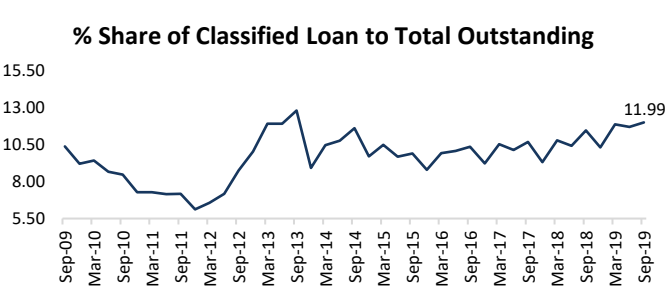
Remittance is exhibiting healthy growth, backed by 2% cash incentive by the government



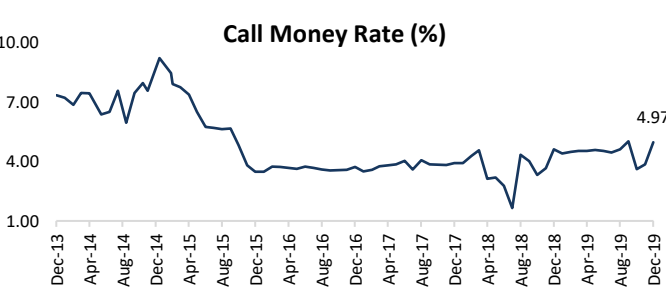
Foreign exchange reserve has remained stable at a \$31 bn to \$33 bn level for the last 4 years



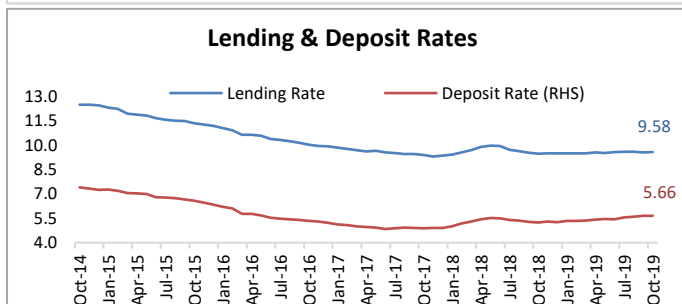
A relaxed rescheduling policy backfired as classified loan climbed to 11.99% of total outstanding loan



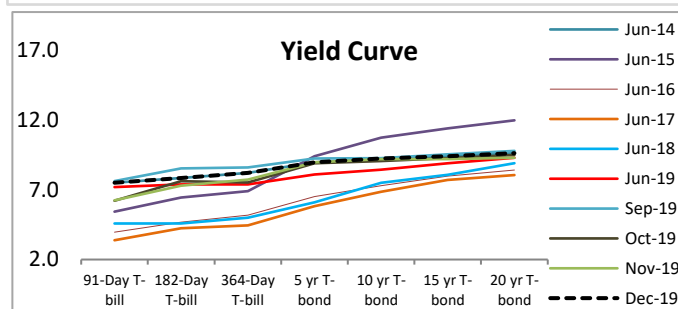
Call money rate increased by 112 bps in December, continuing on its upward trend from the previous month



Interest rate spread has been narrowing as they are being adjusted to single digits as per central bank directives



Yield curve of short term bills and long-term treasury bonds have flattened significantly



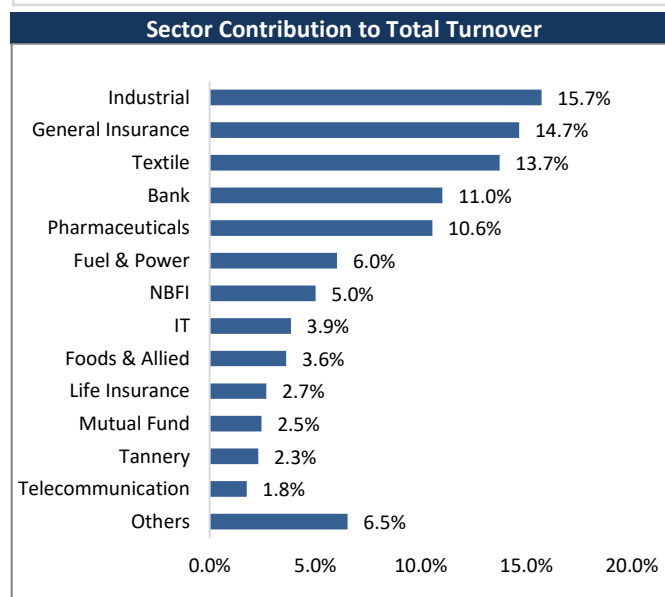
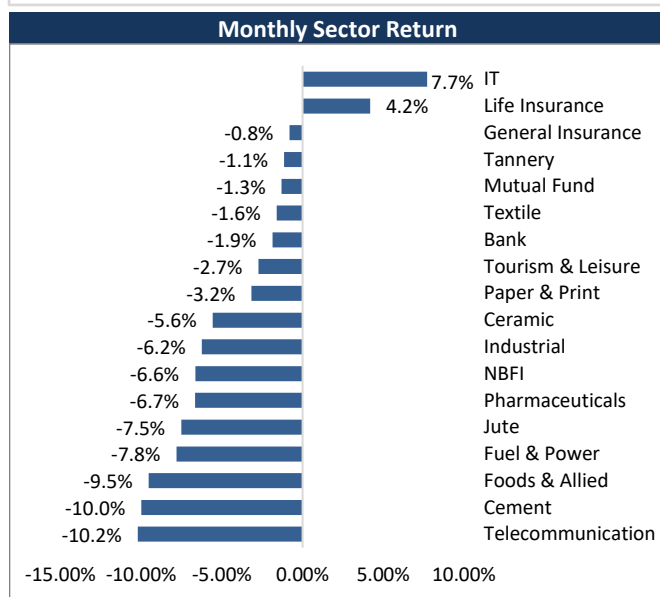
Source: Bangladesh Bank

CAPITAL MARKET UPDATE

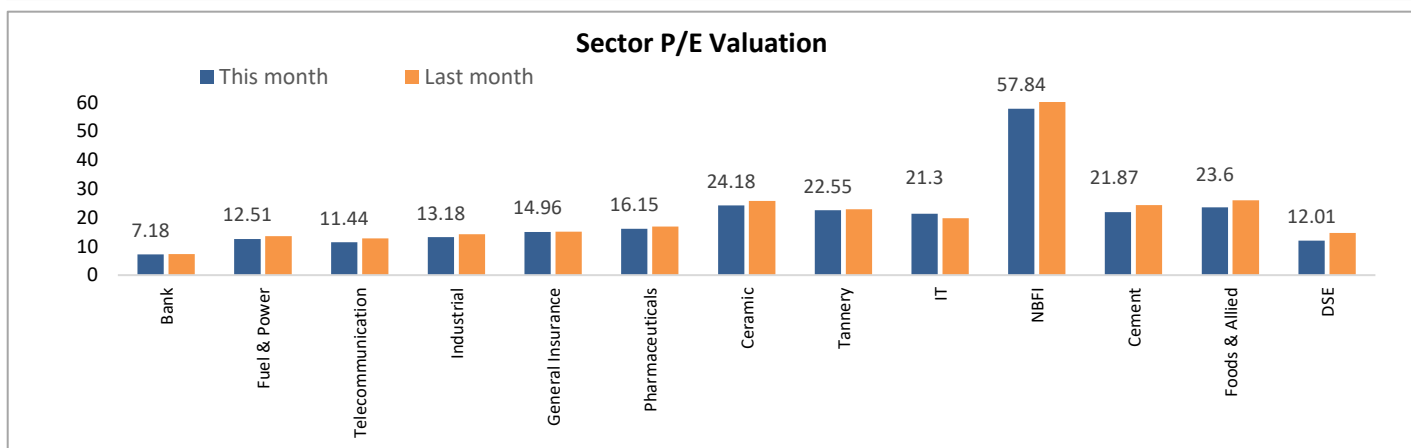
The DSEX shed 279 points (-5.9%) during the period with the market sinking to a 42-month low during the month.

With the exception of the IT and Life Insurance sector, all sectors yielded a negative return during the month. The telecommunication sector eroded most in value due to GP's continued conflict with BTRC.

Cheap industrial stocks, stability of the pharmaceutical sector, and positive earnings growth alongside the government's mandate to enlist all insurers drove investors to binge on the stocks in these sectors.



The P/E ratio of majority sectors also declined with the overall market, making stock prices more attractive for investors.



The dismal condition of the country's macroeconomic indicators, fund liquidation by foreign investors, alongside liquidity shortage has further depressed market participation during the month. Hence, the monthly total market turnover shrank by 9.56% compared to the previous month.

Market Liquidity

	This Month	Last Month	Change
Total Turnover (USD MN)	790.42	873.92	-9.56%
Avg. Daily Turnover (USD MN)	39.52	46.00	-14.08%

SQURPHARMA dominated the turnover chart during the month, with its cheap price and strong fundamentals attracting a large number of investors.

IMAMBUTTON, MEGHNAPET, MEGCONMILK and BEACHHATCH registered unusual price hike, despite having a negative EPS.

AL-HAJTEX experienced the highest price erosion with its Z-category demotion while most other stocks plunged along with the market.

Turnover Leaders	
Ticker	Turnover (BDT MN)
SQURPHARMA	1,356.65
KPCL	1,330.26
LHBL	1,309.11
SONARBAINS	1,301.83
SINOBANGLA	1,221.22
BEACONPHAR	1,214.91
PARAMOUNT	1,201.02
RINGSHINE	1,174.61
GENEXIL	964.65
DAFODILCOM	953.23

Top Ten Gainers	
Ticker	% Change
PARAMOUNT	55.51%
ANLIMAYARN	51.08%
SAMATALETH	46.01%
IMAMBUTTON	40.10%
PROGRESLIF	35.32%
MEGHNAPET	27.50%
BEACONPHAR	26.84%
MEGCONMILK	24.76%
SUNLIFEINS	23.03%
BEACHHATCH	21.21%

Top Ten Losers	
Ticker	% Change
AL-HAJTEX	-31.57%
BANGAS	-31.08%
SSSTEEL	-26.23%
TALLUSPIN	-25.64%
SONARBAINS	-25.52%
ACI	-23.23%
ACTIVEFINE	-23.04%
FAMILYTEX	-20.00%
AMBEEPHA	-19.94%
RSRMSTEEL	-19.80%

NOTABLE QUARTERLY EARNINGS DURING THE MONTH

With an exception of DSE debutant RINGSHINE and BEACHHATCH, most companies registered negative earnings growth in quarter one. BATASHOE's EPS reduced to one third compared to the previous year as it continues to suffer from weak demand of its products. Alongside this, SAFKOSPINN joined the league of textile companies that reported a negative earnings due to increased costs.

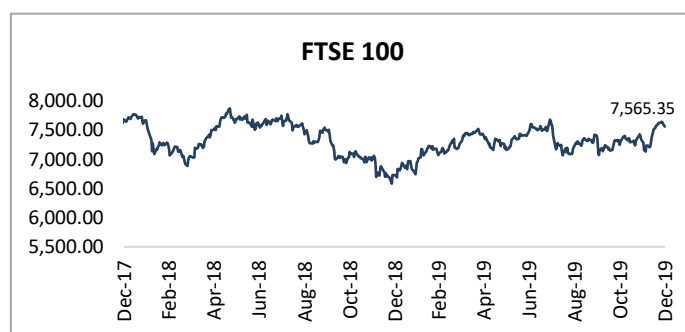
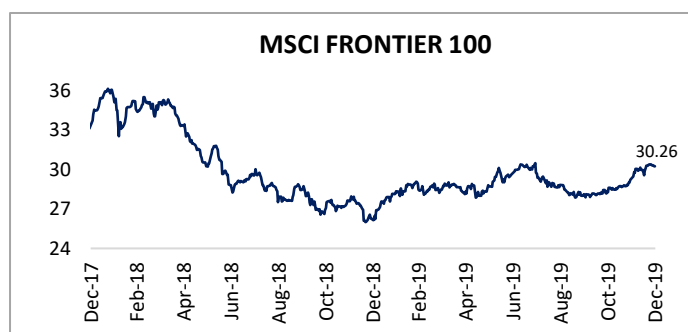
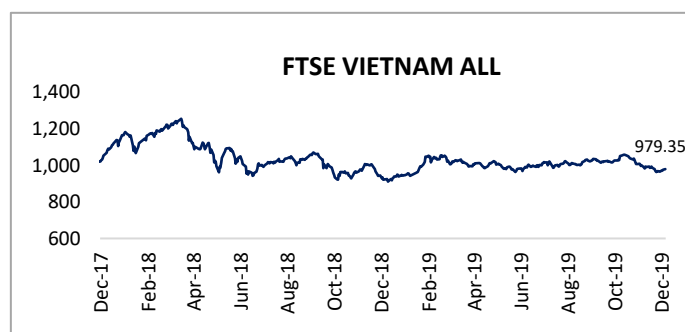
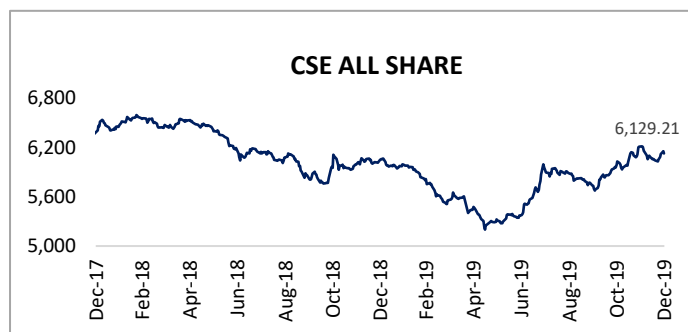
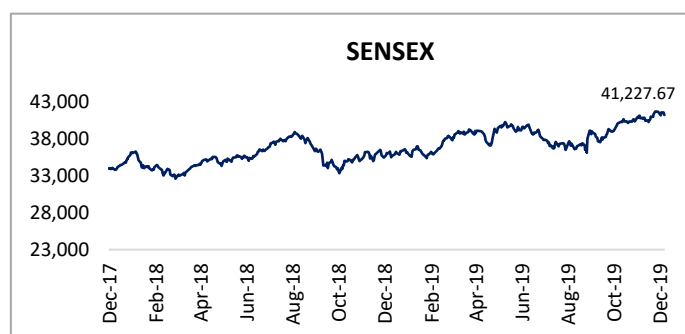
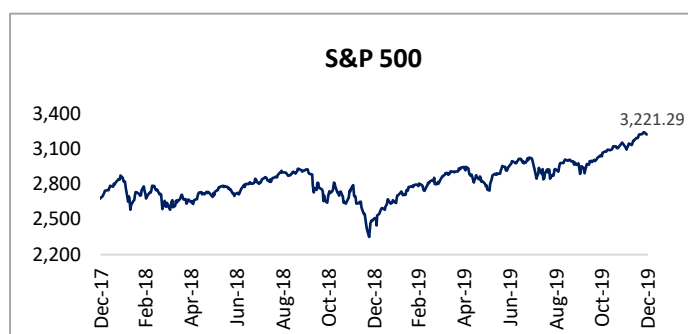
TICKER	COMPANY NAME	SECTOR	EPS 2019 (Jul-Sep)	EPS 2018 (Jul-Sep)	CHANGE
BATASHOE	Bata Shoe Bangladesh Ltd.	Tannery	24.06	61.51	-60.9%
SAFKOSPINN	Safko Spinnings Mills Ltd.	Textile	-1.62	1.23	-231.7%
AMBEEPHA	Ambee Pharmaceuticals Ltd.	Pharmaceuticals	0.75	0.84	-10.7%
RINGSHINE	Ring Shine Textiles Ltd.	Textile	0.70	0.50	40.0%
MIRACLEIND	Miracle Industries Ltd.	Miscellaneous	-1.25	0.28	-546.4%
ACTIVEFINE	Active Fine Chemicals Ltd.	Pharmaceuticals	0.45	0.75	-40.0%
AFCAGRO	AFC Agro Biotech Ltd.	Pharmaceuticals	0.55	0.84	-34.5%
BEACHHATCH	Beach Hatchery Ltd.	Food and Allied	-0.08	-0.09	N/A

NOTABLE YEARLY EARNINGS & DIVIDEND DECLARATIONS DURING THE MONTH

BANGAS posted an exceptional increase in earnings, continuing to bounce back from its negative earnings two years ago. FAMILYTEX and BEACHHATCH failed to declare dividends due to negative earnings.

TICKER	COMPANY NAME	SECTOR	EPS 2019 (Jul-Jun)	EPS 2018 (Jul-Jun)	CHANGE	DIVIDEND (2019)
BANGAS	Bangas Ltd.	Food and Allied	2.17	0.81	167.90%	5% C & 5% B
ACTIVEFINE	Active Fine Chemicals Ltd.	Pharmaceuticals	2.97	3.44	-13.66%	2% C
AFCAGRO	AFC Agro Biotech Ltd.	Pharmaceuticals	3.22	3.41	-5.57%	10% B
FAMILYTEX	Familytex (BD) Ltd.	Textile	-0.08	-0.07	N/A	NO
BEACHHATCH	Beach Hatchery Ltd.	Food and Allied	-0.36	-0.37	N/A	NO

WORLD MARKET



INDICES, COMMODITIES & CURRENCIES

Indices	1-Year	6-Month	3-Month	1-Month	1-Week
S&P500	29.59%	8.67%	9.56%	2.56%	-0.08%
SENSEX	15.19%	4.31%	8.49%	1.87%	-0.20%
CSE ALL	2.34%	13.76%	7.37%	-0.90%	2.06%
FTSE VTNM	6.24%	-0.89%	-5.31%	-2.13%	1.37%
MSCI FRONTIER 100	15.19%	0.90%	7.99%	3.52%	-0.33%
FTSE 100	12.67%	-0.29%	3.08%	2.41%	-0.48%
DSEX	-18.52%	-17.24%	-9.79%	-5.89%	1.42%

Commodities Return	1-Year	6-Month	3-Month	1-Month	1-Week
Gold	15.60%	5.98%	1.99%	3.12%	2.01%
Copper	5.24%	5.39%	10.62%	6.42%	0.89%
Crude Oil	36.07%	9.65%	15.03%	11.80%	1.92%
Sugar	9.20%	7.89%	5.05%	4.56%	0.59%
Wheat	8.66%	8.10%	11.71%	2.47%	2.87%

Currencies Return*	Exchange Rate	1-Year	6-Month	3-Month	1-Month	1-Week
Euro	0.89	2.1%	0.7%	-2.4%	-1.7%	-1.1%
INR	71.32	2.0%	3.7%	0.3%	-0.6%	0.1%
Yen	108.88	-1.3%	1.0%	0.7%	-0.6%	-0.5%
CNY	6.99	1.6%	1.5%	-2.3%	-0.6%	-0.4%
VND	23,170.50	-0.1%	-0.3%	-0.1%	0.0%	0.0%
BDT	84.90	1.5%	0.5%	0.5%	0.0%	0.0%

*Calculated against USD, positive return denotes depreciation against USD

Source: investing.com