

## MATERIAL MARKET UPDATE

The DSEX broad index plunged 472 points (10.5%) during the month of March as the coronavirus (COVID-19) outbreak in the country triggered massive panic selling. In the initial 6 trading sessions, the premier bourse shed 193 points (-4.3%) as investors' sentiment were dampened by the reluctance of banks to create a special fund to support the capital market, and the overall grim outlook of the global economy and markets as the reported number of global COVID-19 cases continued to climb. The 7th trading session took the biggest hit with the market recording a steep drop of 279 points (6.5%), the highest decline in 7 years, as the first few cases of COVID-19 were reported inside Bangladesh. However, the market reversed and added back 223 points in the next two days as investors rushed to buy the dip and the central bank asked banks to fasten creation of the capital market special fund. Such positive momentum failed to sustain as the WHO declared the virus a global pandemic, making the market tumble by 628 points (14.8%) in 4 consecutive days, and consequently dragging the market below the 'psychological' threshold of 4,000 points for the first time in 5 years. With the market having lost 876 points (19.6%) by this time (in 13 trading days) since the beginning of the month, the 14th trading session opened with a circuit breaker, where the average closing price of 5 preceding days was set as the floor price, allowing the DSEX to bounce back with 371 points (10.3%) in a single day in a thinly traded market. Trading hours were also cut short by an hour for the remaining month. The DSEX marginally edged up by 33 points (0.8%) in the last 4 sessions, allowing the DSEX to barely settle above 4000 points before it closed for the holidays.

Remittance picked up in February, registering a gain of 10.2% YOY, backed by the 2% cash incentive. Inflation calmed down by 11bps as both food and non-food inflation declined. Meanwhile, the crippling effect of the pandemic has been taking its toll in the country. Exports remained bruised in February with a -1.8% fall compared to the same period last year. Amid supply chain disruption and slackening demand, buyers have cancelled/suspended apparel orders worth USD 2.87 bn and counting. Private sector growth also slowed down to 9.13% YOY as the main procurement source of businesses, China, still struggles to shake off the virus shock. With the COVID-19 now having entered Bangladesh, the country has joined others in enforcing a shutdown to curb the spreading of the virus. At present, the IMF is expecting a negative global growth in 2020 that may be just as devastating as or even worse than the 2008 financial crisis.

**We remain bearish and are maintaining highest level of liquidity. We are in the process of recalibrating possible outcomes given recent developments and impact to the economy as well as sectors. Due to our asset allocation and security selection all our funds materially outperformed the market in March.**

## KEY NEWS UPDATE

### MACROECONOMY

- Exports drop 1.8% in Feb and 4.8% in July-Feb: <https://bit.ly/3421Gj5>
- PM announces BDT 50 bn stimulus package for export-oriented industries: <https://bit.ly/2WP08HP>
- Buyers cancel orders worth \$2.87 bn: <https://bit.ly/2WVP4sn>
- Import orders drop by 12% in January due to coronavirus fallout: <https://bit.ly/3awAOdl>
- July-Feb remittance flow crosses USD 12 bn: <https://bit.ly/2UZ5myf>
- Inflation drops further to 5.46% in February: <https://bit.ly/39yX6KA>
- Pandemic slows private sector credit growth further to 9.13% in Feb: <https://bit.ly/3dCuiUw>
- COVID-19 evolves and crosses into Bangladesh: <https://bit.ly/2QXazVT>
- Coronavirus pandemic hits hard flow of foreign funds to BD: <https://bit.ly/3auO3eT>
- BB cuts repo rate by 25 bps, CRR by 50 bps to increase cash availability for banks: <https://bit.ly/2UtOamU>
- Budget deficit swells to BDT 359 bn in five months: <https://bit.ly/3avrmaa>

### CAPITAL MARKET

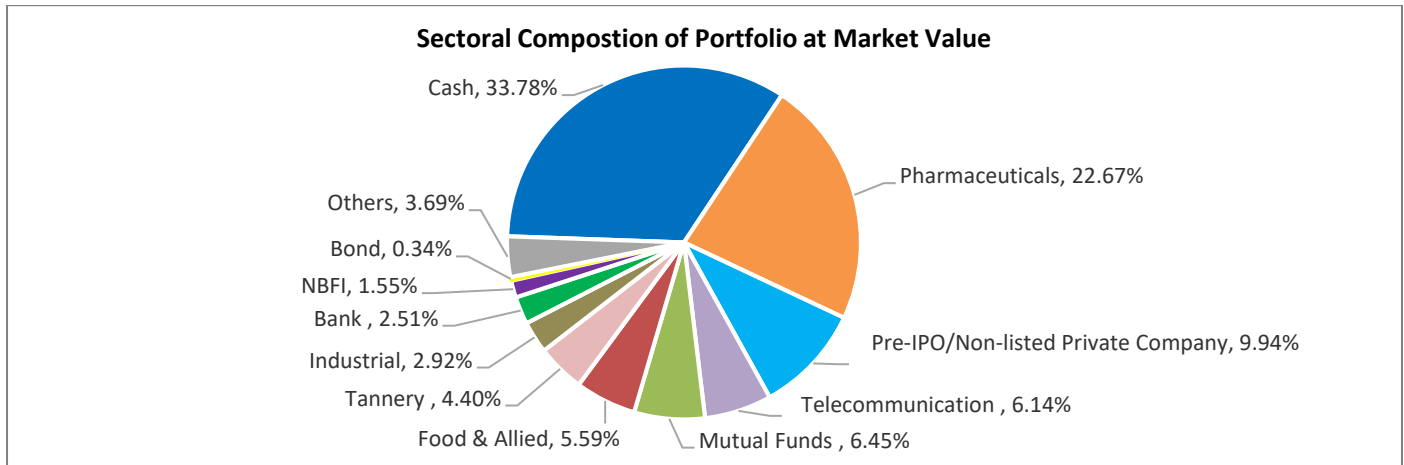
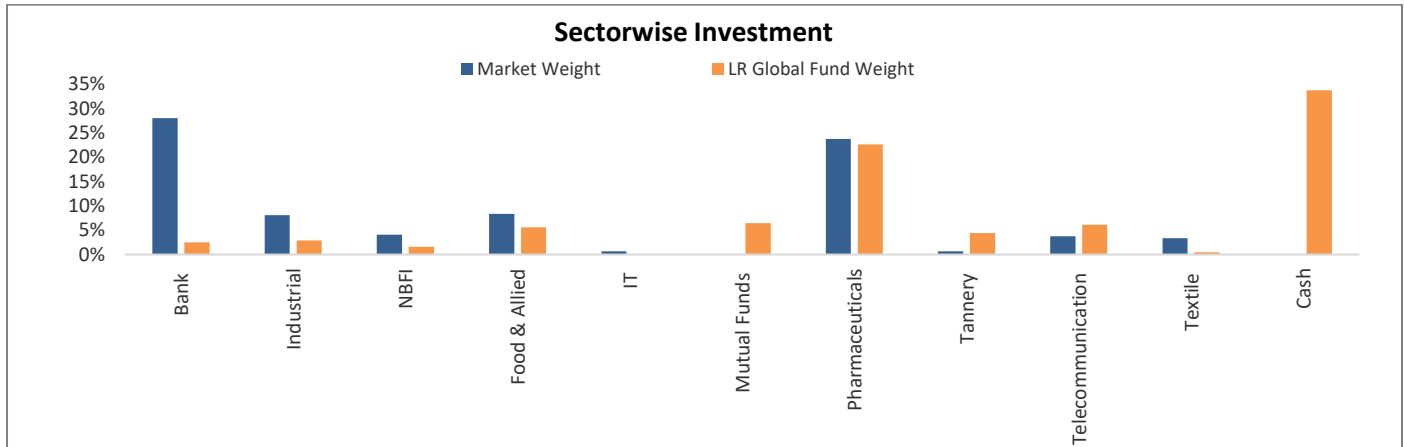
- Reluctant banks pushed to buy stocks for market support: <https://bit.ly/3dH9U4J>
- Square Pharma signs contract manufacturing deal with Renata Oncology and Apex Pharma: <https://bit.ly/2QVrOqO>
- Robi files for IPO: <https://bit.ly/2ygRVSl>
- Walton shares receives abnormal bids from eligible investors: <https://bit.ly/3bDnRi2>
- FRC finds irregularities in Advent Pharma: <https://bit.ly/3bxEU5l>
- Regent Textile Mills and Aman Feed face penalty for non-compliance: <https://bit.ly/39uXr0w>
- Bourses to remain shut from March 29 to April 4: <https://bit.ly/3au06Jq>

### INTERNATIONAL

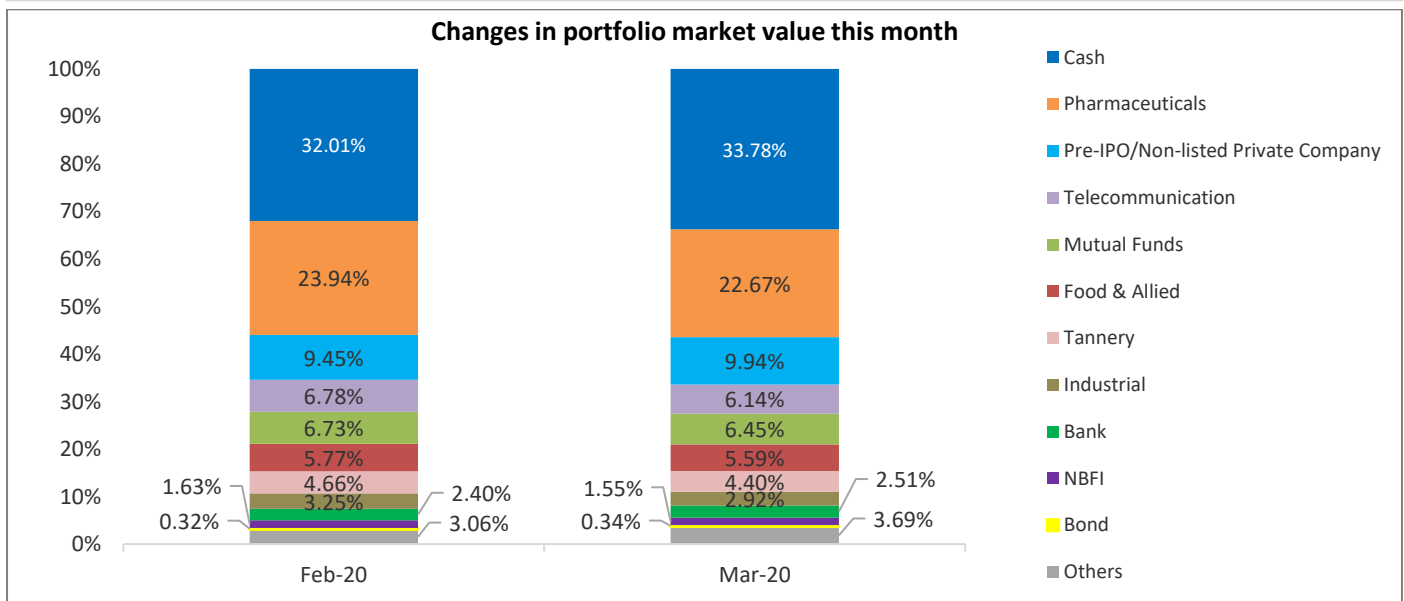
- US Retail sales drop 0.5% in February: <https://cnb.cx/346eLbr>
- UK retail sales down 0.3% monthly in February amid extreme weather: <https://bit.ly/2xBRQbr>
- Nearly 25 mn jobs could be lost globally due to the coronavirus: <https://cnb.cx/2ybUoxk>
- IMF's Georgieva says world in recession: <https://reut.rs/39v3lcN>

**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.



Source: LR Global Research

**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	-18.63%	-17.06%	-4.20%	7.41%	18.75%	12.74%	29.22%	46.32%	17.15%	57.20%
Cumulative Return Benchmark	-29.13%	-29.84%	-29.60%	-10.27%	-13.96%	-15.70%	-6.77%	2.93%	-44.11%	-24.04%
<b>LR Global Value Addition</b>	<b>10.50%</b>	<b>12.78%</b>	<b>25.40%</b>	<b>17.67%</b>	<b>32.71%</b>	<b>28.44%</b>	<b>35.99%</b>	<b>43.39%</b>	<b>61.26%</b>	<b>81.24%</b>

Annualized Return LR Global	-18.63%	-8.93%	-1.42%	1.80%	3.50%	2.02%	3.73%	4.87%	1.77%	4.64%
Annualized Return Benchmark	-29.13%	-16.24%	-11.04%	-2.67%	-2.96%	-2.81%	-1.00%	0.36%	-6.26%	-2.72%
<b>LR Global Value Addition</b>	<b>10.50%</b>	<b>7.31%</b>	<b>9.62%</b>	<b>4.47%</b>	<b>6.46%</b>	<b>4.82%</b>	<b>4.73%</b>	<b>4.51%</b>	<b>8.03%</b>	<b>7.35%</b>

Beta (LR Global vs Benchmark)	0.50	0.46	0.49	0.47	0.50	0.50	0.47	0.44	0.45	0.46
<b>Annualized Alpha over benchmark</b>	<b>-6.27%</b>	<b>-3.82%</b>	<b>1.65%</b>	<b>0.65%</b>	<b>2.70%</b>	<b>1.14%</b>	<b>1.81%</b>	<b>2.21%</b>	<b>2.12%</b>	<b>3.46%</b>

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	41.6%	44.2%	48.9%	48.2%	48.3%	44.1%
4 Year	33.1%	34.7%	46.9%	45.1%	31.3%	37.2%
3 Year	25.5%	26.9%	30.1%	30.9%	23.6%	27.5%
2 Year	20.3%	21.9%	21.4%	22.2%	13.5%	23.4%
1 Year	9.8%	10.7%	11.1%	12.0%	6.0%	9.5%

Cumulative Div. Yield (Annualized)	DBH1STMF	GREENELMF	AIBL1STMF	MBL1STMF	LRGLOBMF1	NCCBLMF1
5 year	8.3%	8.8%	9.8%	9.6%	9.7%	8.8%
4 Year	8.3%	8.7%	11.7%	11.3%	7.8%	9.3%
3 Year	8.5%	9.0%	10.0%	10.3%	7.9%	9.2%
2 Year	10.1%	10.9%	10.7%	11.1%	6.7%	11.7%
1 Year	9.8%	10.7%	11.1%	12.0%	6.0%	9.5%

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

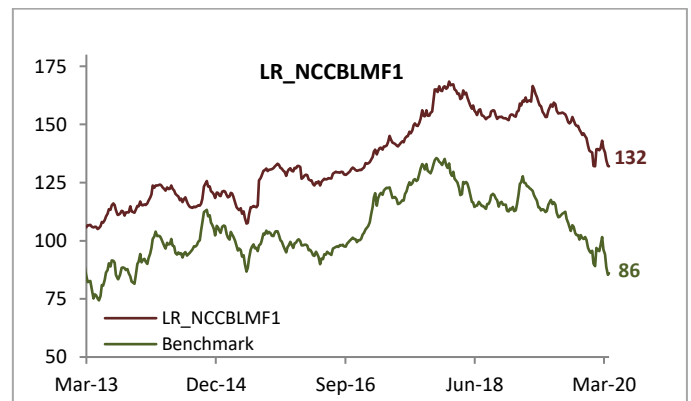
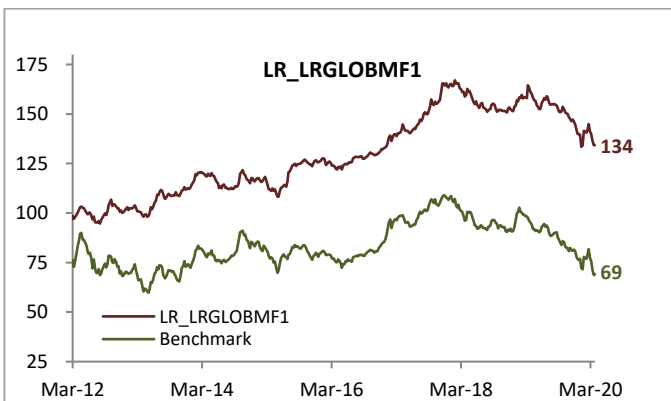
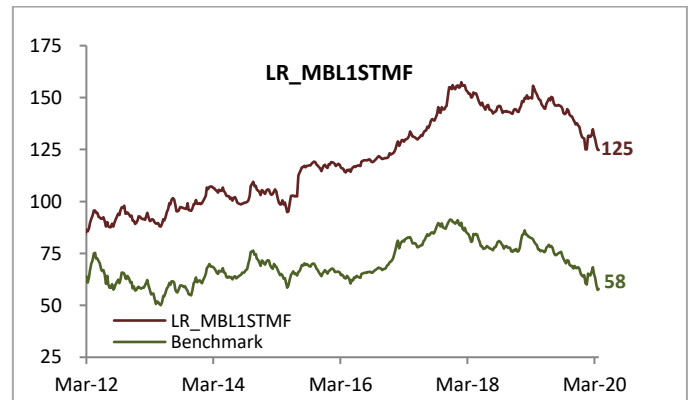
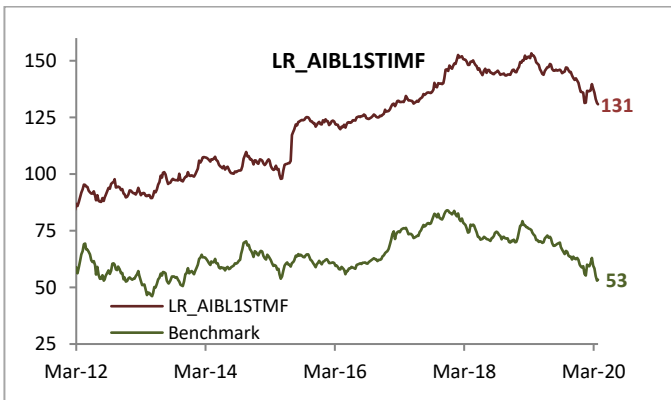
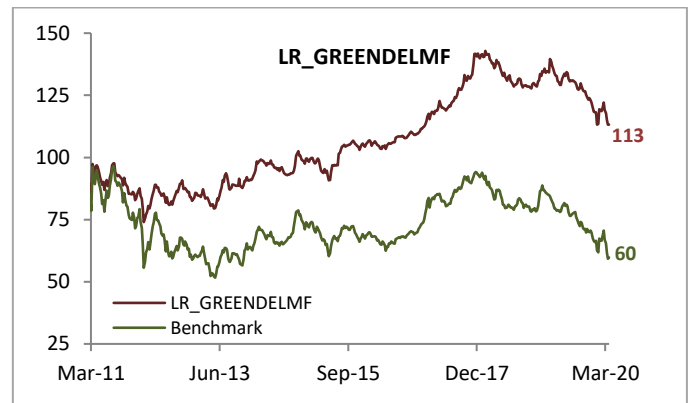
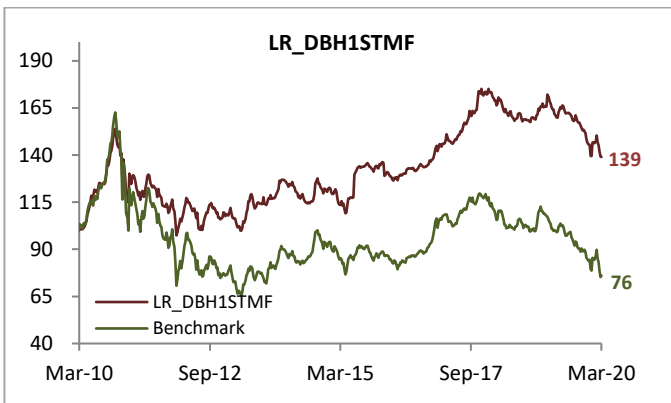
Our ten years of tested investment process has generated attractive returns, including attractive cash dividends. Our tested investment process includes security selection, asset allocation and an ongoing risk management process.

All LR Global managed funds materially outperformed the benchmark index during the month.

Monthly Market Performance

	This Month	Last Month	Change
<b>DSEX</b>	<b>4,008.29</b>	<b>4,480.23</b>	<b>-10.53%</b>
DBH1STMF	8.72	9.21	-5.32%
GREENELMF	8.75	9.19	-4.79%
AIBL1STMF	9.07	9.55	-5.03%
MBL1STMF	8.90	9.40	-5.32%
LRGLOBMF1	8.92	9.38	-4.90%
NCCBLMF1	8.90	9.42	-5.52%

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



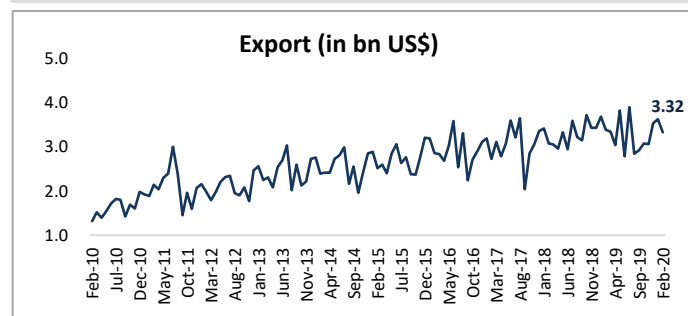
Source: LR Global Research

**MACRO UPDATE**

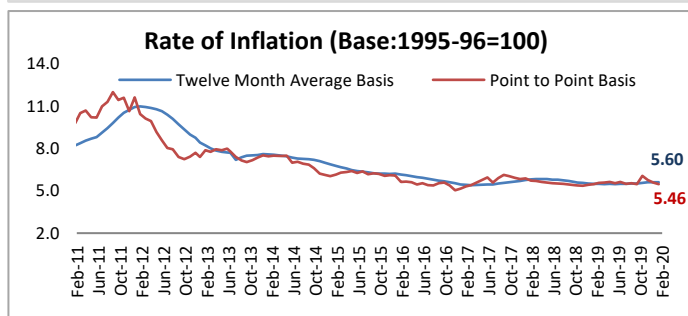
	FY 2019-20	FY 2018-19	% Change
<b>Export (mn \$) (Jul-Feb)</b>	26,240	27,563	-4.8%
<b>Import (mn \$) (Jul-Jan)</b>	34,585	36,191	-4.4%
<b>Remittances (mn \$) (Jul-Feb)</b>	12,508	10,397	20.3%
<b>Tax Revenue (NBR) (mn \$) (Jul-Jan)</b>	14,739	13,762	7.1%
<b>Total Domestic Credit (mn \$) (Feb)</b>	147,284	127,977	15.1%
<b>Credit to the Private Sector (mn \$) (Feb)</b>	124,650	114,226	9.1%
<b>Broad Money M2 (mn \$) (Feb)</b>	153,796	136,618	12.6%
<b>LC Opening of Industrial Raw Material (mn \$) (Jul-Aug)</b>	2,738	3,381	-19.0%
<b>LC Opening of Capital Machinery (mn \$) (Jul-Aug)</b>	700	760	-7.8%
<b>Current Account Balance (mn \$) (Jul-Jan)</b>	(1,516)	(4,041)	N/A
<b>Net Sales of National Savings Certificates (mn \$) (Jul-Jan)</b>	982	3,652	-73.1%
	<b>This Month</b>	<b>Last Month</b>	<b>% Change</b>
<b>Foreign Exchange Reserve (mn \$)</b>	32,986	32,702	0.9%
<b>Call Rate (Weighted Average Rate)</b>	5.06	5.09	-0.6%
<b>Taka-Dollar Exchange Rate (Avg)</b>	84.95	84.95	0%
	<b>January</b>	<b>December</b>	<b>% Change</b>
<b>US Retail Sales (mn \$)</b>	528,113	530,930	-0.5%
<b>UK Retail Sales (mn \$)</b>	9,964	9,995	-0.3%

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

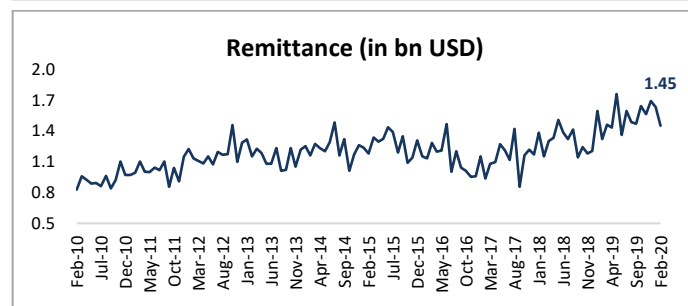
**Exports earnings stood at \$26.24 bn in Jul-Feb of FY2020, 12.72% lower than its target for the period.**



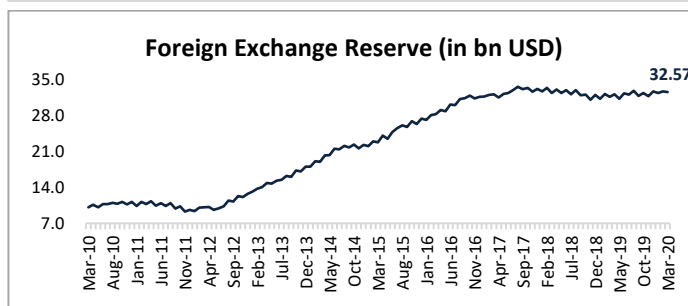
**Food inflation settled at a 42-month low, while non-food also declined, bringing down overall inflation by 11 bps.**



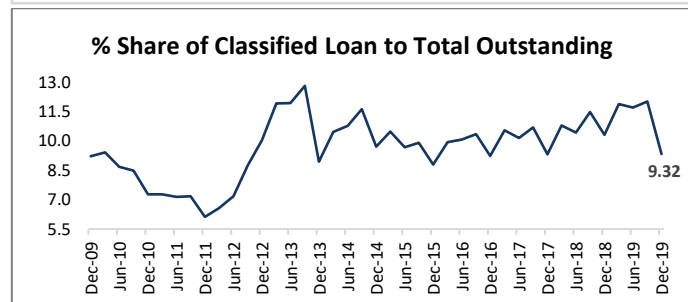
**While remittance went up by 20.3% in Jul-Feb, its outlook remains gloomy amid the looming global recession.**



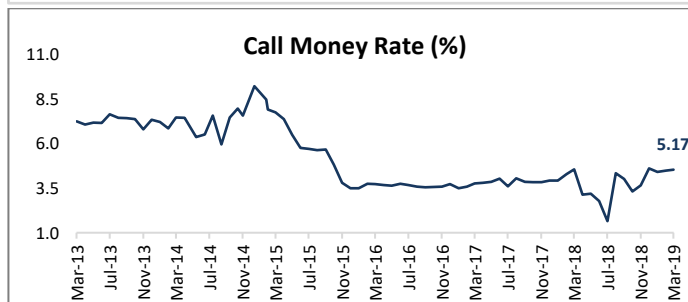
**Foreign exchange reserve has remained stable at a \$31 bn to \$33 bn level for the last 4 years.**



**Classified loan declined significantly in the latest quarter due to the relaxed rescheduling policy.**

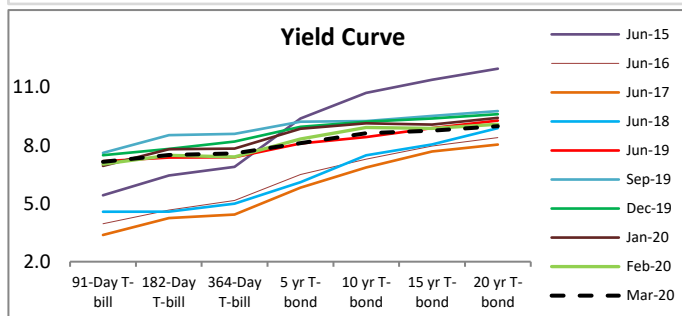
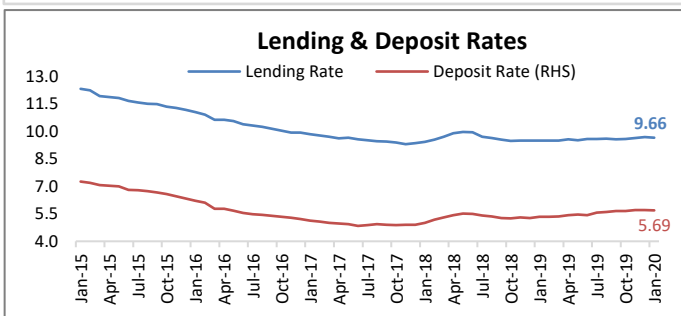


**Call money rate edged up by 11 bps in March compared to the previous month.**



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

Yield curve is gradually flattening as the long-term economic outlook is more promising than the short-term.



Source: Bangladesh Bank

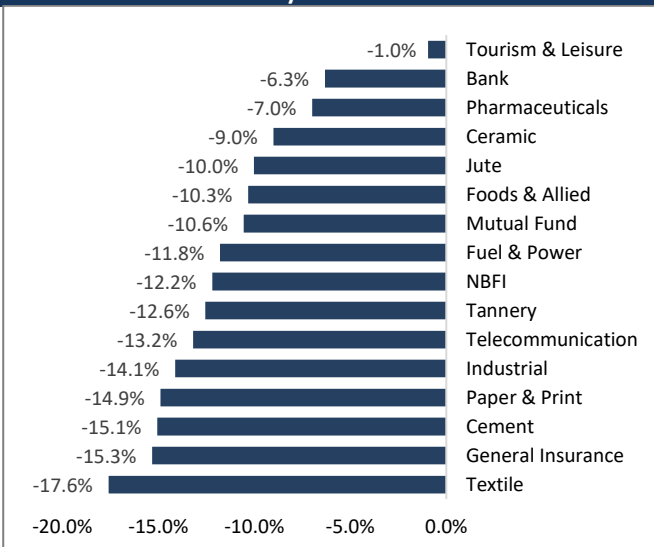
### CAPITAL MARKET UPDATE

The DSEX shed 472 points (10.5%) during the period due to the coronavirus outbreak and bleak economic outlook.

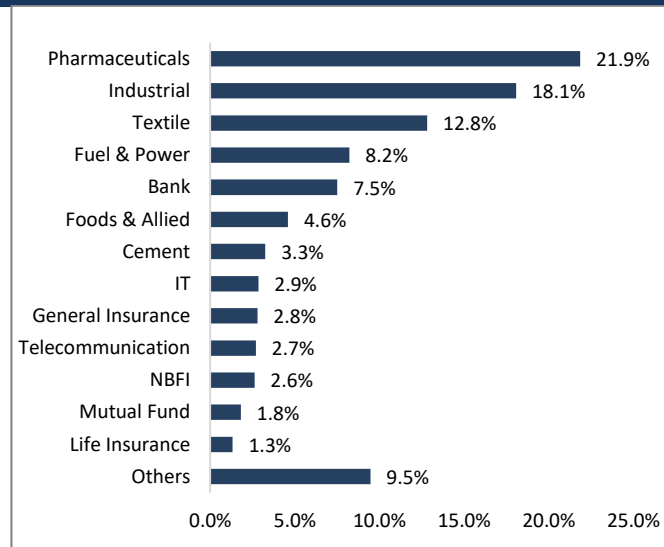
All sectors were hit hard by the bearish market. The tourism sector eroded the least due to SEAPEARL's unusual price hike, while Textile suffered the most as its conditions deteriorated further with the pandemic.

The positive outlook of the pharmaceutical sector alongside cheap industrial and textile stocks drove investors to continue to binge on the stocks in these sectors.

#### Monthly Sector Return

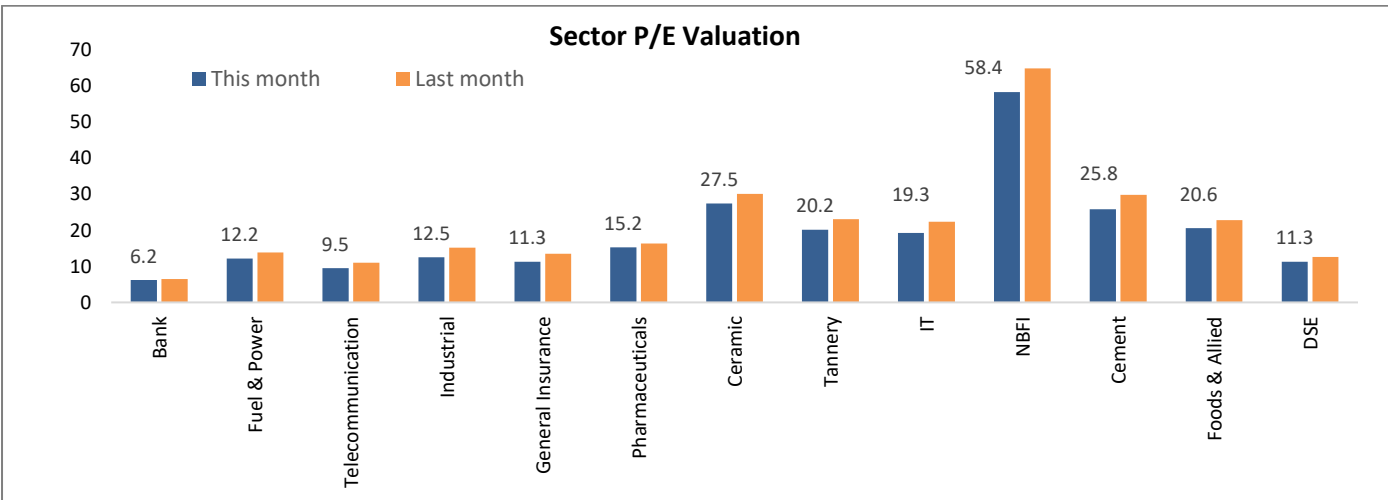


#### Sector Contribution to Total Turnover



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

#### Sector P/E Valuation



Investors' participation in March was subdued as confidence in the capital market remained shaky. Average daily market turnover worsened by -40.58% compared to the previous month over growing tensions from the COVID-19. Total turnover during the month was also significantly lower than the previous month due to reduced trading hours and general holiday.

**Market Liquidity**

	This Month	Last Month	Change
Total Turnover (USD MN)	783.22	1,464.68	-46.53%
Avg. Daily Turnover (USD MN)	43.51	73.23	-40.58%

Some pharma companies were among the most traded stocks due to investor optimism from soaring local demand for pharma products as COVID-19 cases are on the rise.

Majority of the top gainers enjoyed a price gain without being backed by fundamentals. ILFSL also registered a positive gain despite having an NPL of 24.57%.

Most of the top ten losers that lost significant value during the month also reported an EPS decline or a negative EPS, which sent investors on a selling spree.

**Turnover Leaders**

Ticker	Turnover (BDT MN)
SQURPHARMA	1,838.62
MONNOCERA	1,398.84
ORIONPHARM	1,369.12
LHBL	1,300.17
GP	1,232.42
ORIONINFU	1,172.60
VFSTDL	1,152.73
FARCHEM	993.02
KPCL	929.04
SILVAPHL	910.84

**Top Ten Gainers**

Ticker	% Change
SEAPEARL	31.83%
INTECH	24.84%
APEXSPINN	19.14%
MONNOCERA	17.99%
KOHINOOR	15.15%
AZIZPIPES	11.94%
ACIFORMULA	10.45%
ABBANK	9.59%
KPPL	7.98%
ILFSL	7.69%

**Top Ten Losers**

Ticker	% Change
SHEPHERD	-29.11%
EMERALDOIL	-29.10%
FORTUNE	-28.05%
STANCERAM	-27.66%
RUNNERAUTO	-27.52%
AGRANINS	-27.27%
RDFOOD	-27.16%
CITYGENINS	-26.92%
PRIMETEX	-26.51%
SAIHAMTEX	-26.43%

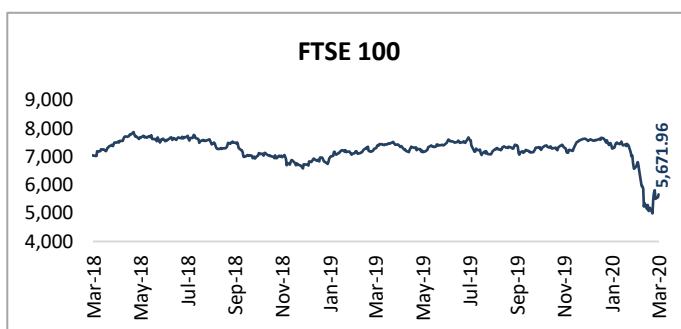
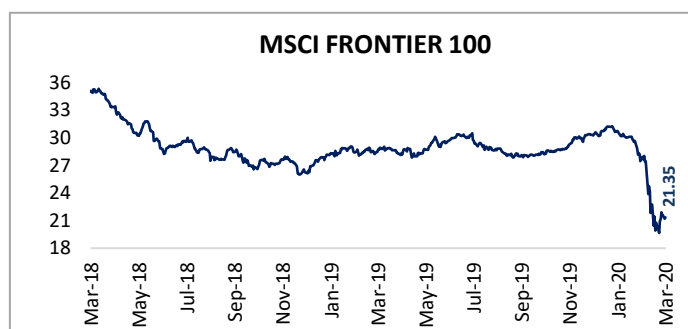
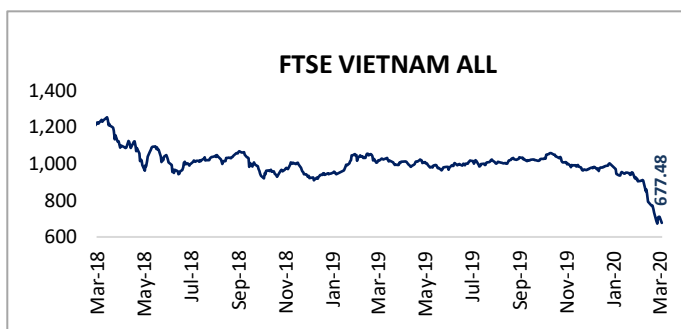
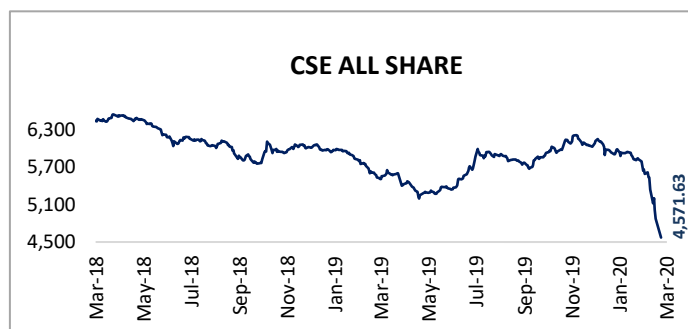
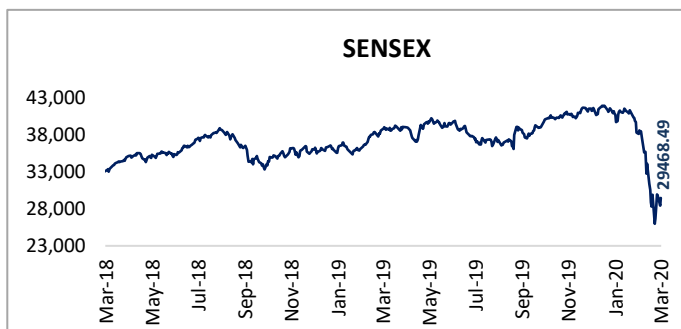
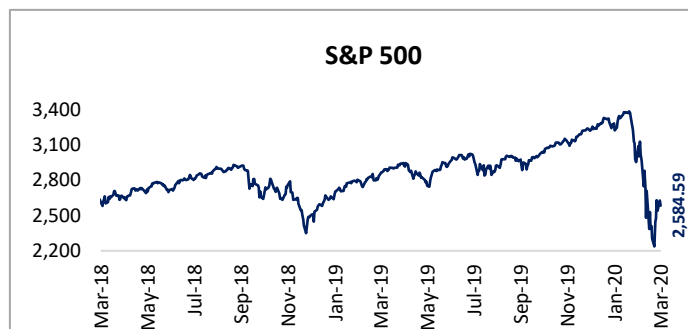
**NOTABLE YEARLY EARNINGS & DIVIDEND DECLARATIONS DURING THE MONTH**

Banks published mixed performances for 2019. Other companies such as BRACBANK had to postpone EPS and dividend declaration due to the general holiday as per BSEC order. Alongside this, LHBL registered significant EPS growth of 56.3% due to moderate sales growth and better cost management.

TICKER	COMPANY NAME	SECTOR	EPS 2019 (Jan-Dec)	EPS 2018 (Jan-Dec)	CHANGE	DIVIDEND (2019)
MERCANTILE	Mercantile Bank Ltd.	Bank	3.01	3.12	-3.5%	11% Cash, 5% Stock
UNITEDINS	United Insurance Ltd.	Insurance	1.95	2.06	-5.3%	11% cash
DUTCHBANGL	Dutch Bangla Bank Ltd.	Bank	8.68	8.40	3.3%	30% cash
LHBL	Lafarge Holcim Bangladesh Ltd	Cement	1.50	0.96	56.3%	10% cash
STANDBANKL	Standard Bank Ltd.	Bank	1.57	1.31	19.8%	5% Cash, 5% Stock
BGIC	Bangladesh General Insurance Co. Ltd.	Insurance	1.08	1.04	3.8%	11% cash
BANKASIA	Bank Asia Ltd.	Bank	1.68	1.92	-12.5%	10% cash

Source: LR Global Research and DSE

**WORLD MARKET**



**INDICES, COMMODITIES & CURRENCIES**

Indices	1-Year	6-Month	3-Month	1-Month	1-Week
S&P500	-9.86%	-12.10%	-20.00%	-12.51%	15.52%
SENSEX	-24.19%	-23.07%	-28.57%	-22.74%	13.42%
CSE ALL	-17.94%	-21.10%	-24.37%	-21.60%	-8.92%
FTSE VTNM	-34.14%	-34.44%	-30.82%	-26.31%	-1.57%
MSCI FRONTIER 100	-24.98%	-23.80%	-29.65%	-23.50%	2.20%
FTSE 100	-23.26%	-22.94%	-25.03%	-23.44%	4.15%
DSEX	-27.52%	-19.05%	-9.29%	-10.53%	0.84%

Commodities Return	1-Year	6-Month	3-Month	1-Month	1-Week
Gold	21.56%	7.23%	4.83%	0.11%	1.85%
Copper	-24.78%	-10.55%	-20.88%	-14.92%	0.73%
Crude Oil	-67.27%	-61.81%	-66.46%	-56.19%	-14.70%
Sugar	-17.76%	-19.10%	-22.35%	-24.55%	-7.54%
Wheat	22.58%	14.08%	1.41%	8.18%	1.32%

Currencies Return*	Exchange Rate	1-Year	6-Month	3-Month	1-Month	1-Week
Euro	0.91	1.6%	-0.9%	1.6%	0.9%	-2.2%
INR	75.34	10.1%	6.1%	5.8%	3.4%	-1.4%
Yen	107.54	-3.4%	-0.2%	-1.0%	-0.7%	-3.3%
CNY	7.08	5.5%	-0.9%	1.7%	1.7%	0.3%
VND	23,617.00	1.8%	1.8%	1.9%	1.6%	0.1%
BDT	84.85	1.0%	0.4%	-0.1%	0.0%	0.0%

\*Calculated against USD, positive return denotes depreciation against USD