

MATERIAL MARKET UPDATE

After a prolonged closure of 66 days, the DSEX edged up by 52 points (1.30%) amid thin investor participation as it resumed trading on 31st May. Following recent trends in global markets, investors exhibited a strong appetite for pharmaceutical companies given the sector's high prospects during the pandemic. The sector gained by 5.55% and accounted for the highest portion (58.38%) of the total turnover. The bearish outlook of the banking sector due to the mounting default risk and swelling economic damages resulted in it losing the most market capitalization (-2.40%) amongst all sectors.

As per new BSEC rules, a circuit breaker remained imposed where the average closing price of 5 preceding days has been set as the floor price and trading hours at the local bourses have been cut short by an hour. This severely impacted market liquidity as price movements became restricted. This circuit breaker has disseminated a negative sentiment among both local and foreign investors as they have been anticipating sell pressure. Furthermore, a large number of investors were not keen to buy shares under the floor price limitations and refrained from trading while others opted for a wait-and-watch approach. Consequently, average daily turnover was dragged down by -61.19% in May compared to that of March. Additionally, the market stands at risk of experiencing a huge sell pressure when the circuit breaker is eventually removed as investors who were previously uninterested to sell their shares may then rush to dump their positions.

The impacts of the coronavirus pandemic have continued to pile up on economies. Purchasing power has substantially weakened on a global scale as the jobs of around 200 mn full-time workers may be lost according to ILO and Bangladesh will not be immune to the ramifications of this domino effect. ADB has forecast that around 1.4 mn to 3.7 mn jobs would be lost in Bangladesh much of which has already been observed among RMG and migrant workers. Moreover, as per ADB projections, Bangladesh will suffer a loss of USD 13.30 bn (quadruple the amount estimated back in March) as a result of the coronavirus, which will largely occur due to the implications of the virus on the domestic economy, exports, and remittance; and we have already been witnessing these effects taking shape. With global merchandise expected to ebb away by as much as by 13% in 2020, domestic export growth dramatically fell by -82.85% in April. This was primarily due to RMG factories being closed during the month alongside a worldwide demand contraction. In addition, remittance plunged by 24.48% in April in Bangladesh as the economies of major sources of inward remittance countries were gravely affected by the virus. As the World Bank expects global remittance to decline by 20% this year, right now recovery is a far cry. Meanwhile, the government released the 19th stimulus package at the end of May to help the economy combat the pandemic, which till date has cumulatively reached a total of BDT 1,031.17 bn (3.7% of GDP). However, the implementation of these stimulus packages may be a daunting task for ailing banks as the sector is already poorly-capitalized. Worse still, the government's bank borrowing to finance the budget deficit has been grossly catalyzed by the pandemic, which in turn has been creating a deeper hole in the banking sector. The World Bank has estimated that budget deficit might inflate to 7.7% of GDP by the end of the current fiscal year.

KEY NEWS UPDATE

MACROECONOMY

- Remittance drops 25% in April: <https://bit.ly/2MeGJcl>
- Export earnings witness 82.85% negative growth in April: <https://bit.ly/3gQtVrc>
- Shutdown gobbles up more than 55% of NBR's April collections: <https://bit.ly/3gN4neD>
- Amphan cyclone inflicts BDT 11 bn damage according to primary estimates: <https://bit.ly/2yPw599>
- IMF approves USD 732m loan for Bangladesh to face Covid-19 challenges: <https://bit.ly/2ZWPZdl>
- Government borrowing from banks rises to BDT 810 bn: <https://bit.ly/2ZSS7TG>
- PM announces BDT 20 bn interest subsidy for banks: <https://bit.ly/3eDC7ca>
- Govt decides not to extend general holidays further: <https://bit.ly/2U0eRNV>
- ADB now forecasts economic losses of USD 13.3 bn for Bangladesh: <https://bit.ly/2yNmqs>

CAPITAL MARKET

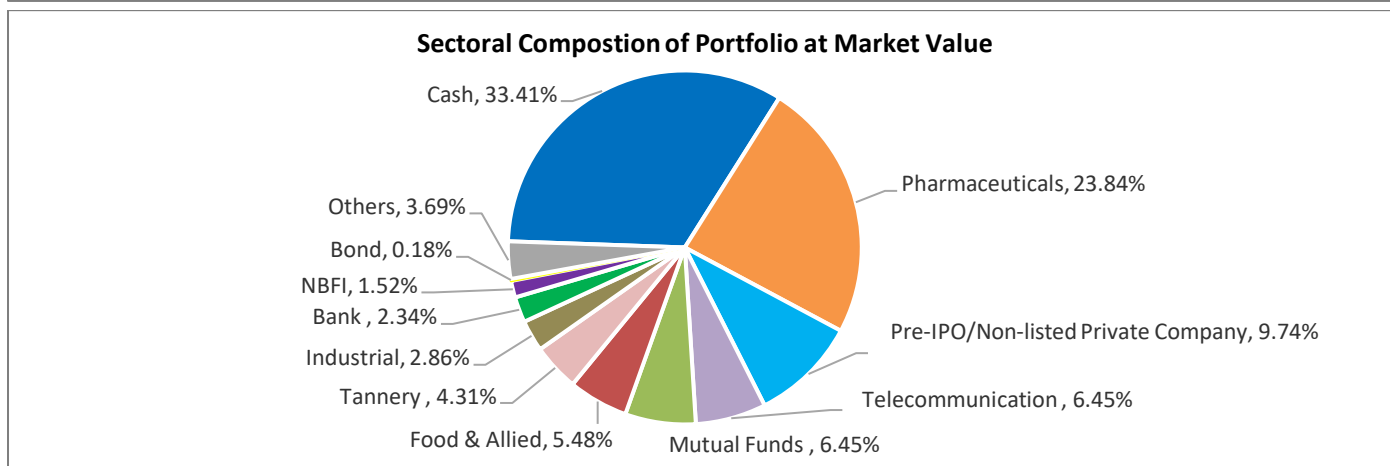
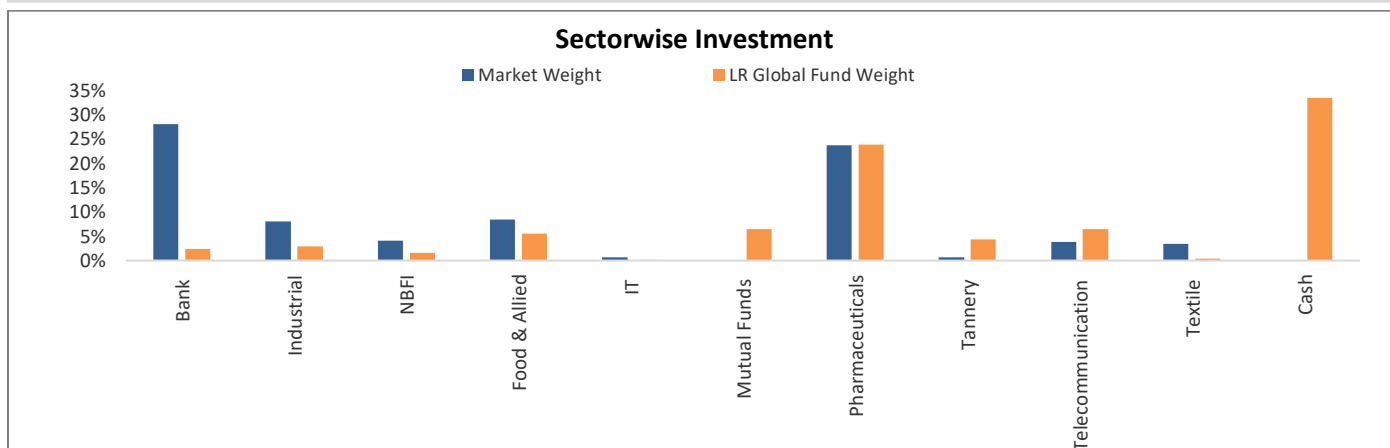
- Professor Shibli Rubayat to be the BSEC Chairman: <https://bit.ly/2XfWdU5>
- BB finally orders banks to suspend dividends until September to prime the pump: <https://bit.ly/2ZNTraq>
- Silva pharma seeks 6 more months for IPO implementation: <https://bit.ly/3eDy0ge>
- BSEC to form panel of independent directors for listed companies: <https://bit.ly/2Xjun9K>
- Bangladesh's bourse is the only one in the world in recess: <https://bit.ly/3eBjHJm>
- Stock market set to reopen on May 31: <https://bit.ly/2AmZ9VZ>

INTERNATIONAL

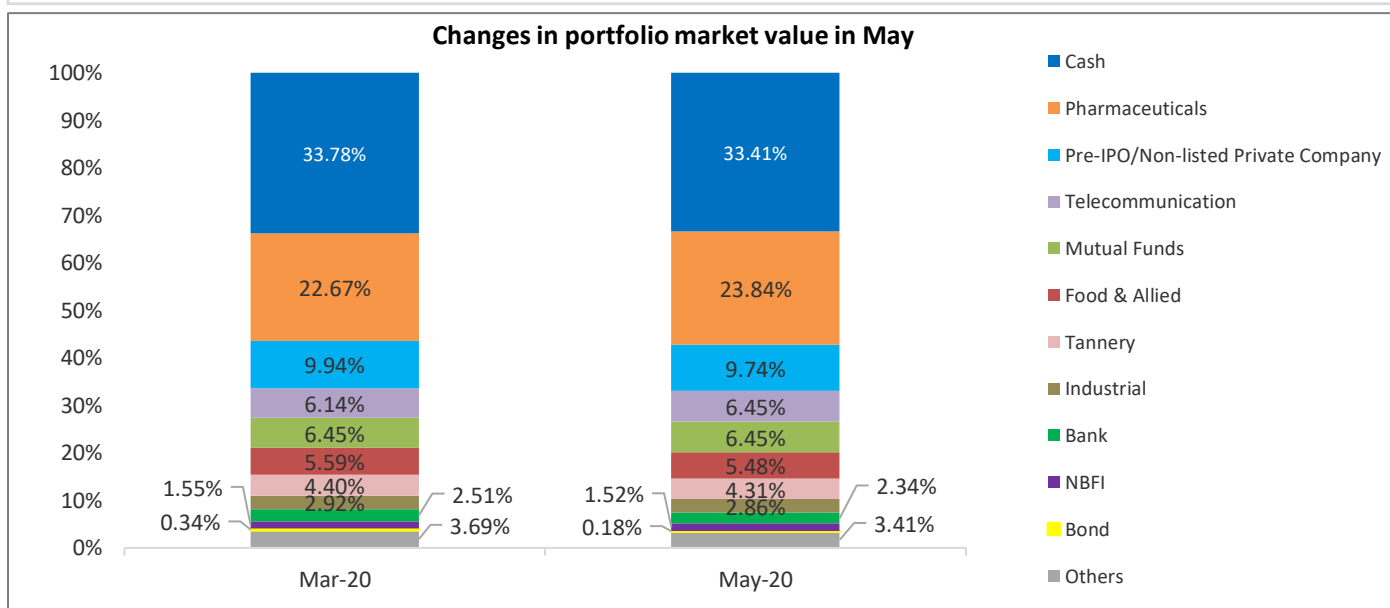
- US retail sales plunge a record 16.4% in April, far worse than predicted: <https://cnb.cx/2ZUeM1S>
- UK Retail sales crash by 18.1% in April as lockdown hits shops: <https://bbc.in/2XQH8Y3>
- 2 mn Bangladeshi migrants may face deportation: <https://bit.ly/2yOCvp3>

LR GLOBAL PORTFOLIO UPDATE

LR Global’s 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	-16.09%	-13.89%	-2.18%	10.12%	23.72%	15.37%	33.98%	47.43%	22.93%	60.87%
Cumulative Return Benchmark	-27.10%	-27.14%	-29.00%	-9.33%	-10.78%	-14.40%	-2.15%	-1.82%	-41.32%	-24.04%
LR Global Value Addition	11.02%	13.25%	26.82%	19.45%	34.50%	29.77%	36.13%	49.25%	64.24%	84.91%

Annualized Return LR Global	-16.09%	-7.20%	-0.73%	2.44%	4.35%	2.41%	4.27%	4.97%	2.32%	4.87%
Annualized Return Benchmark	-27.10%	-14.64%	-10.79%	-2.42%	-2.25%	-2.56%	-0.31%	-0.23%	-5.75%	-2.59%
LR Global Value Addition	11.02%	7.44%	10.06%	4.86%	6.60%	4.97%	4.58%	5.20%	8.07%	7.46%

Beta (LR Global vs Benchmark)	0.51	0.47	0.49	0.47	0.50	0.50	0.47	0.45	0.46	0.46
Annualized Alpha over benchmark	-4.41%	-2.64%	2.30%	1.19%	3.20%	1.43%	2.03%	2.58%	2.50%	3.63%

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	AIBL1STIMF	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	AIBL1STIMF	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%	45.2%	31.3%	37.2%
3 Year	25.5%	26.9%	30.1%	31.0%	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	AIBL1STIMF	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.

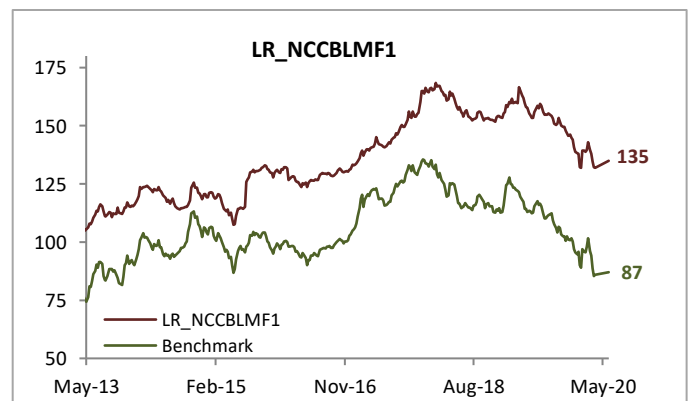
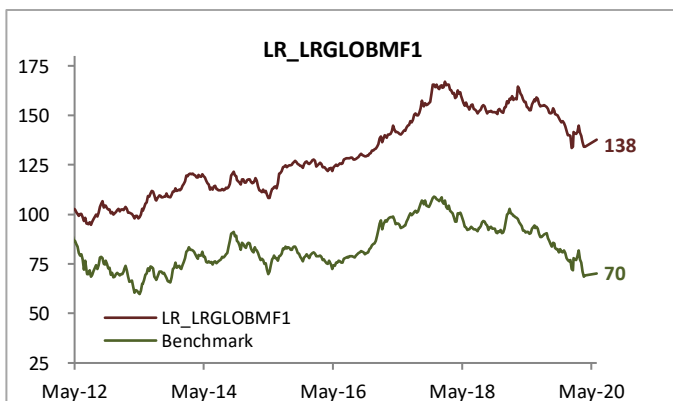
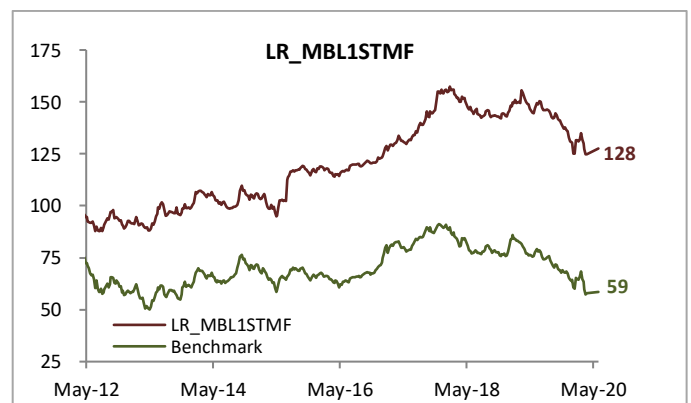
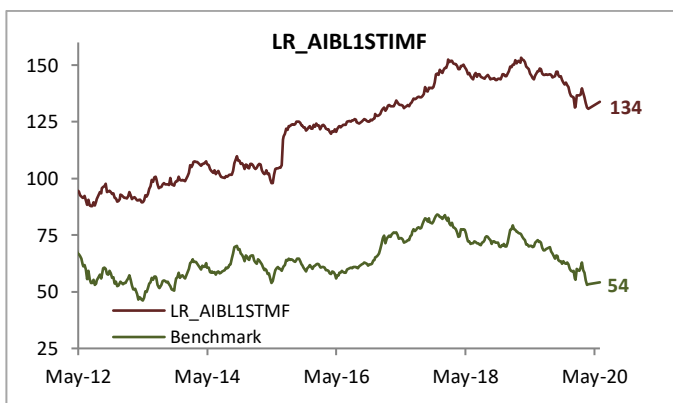
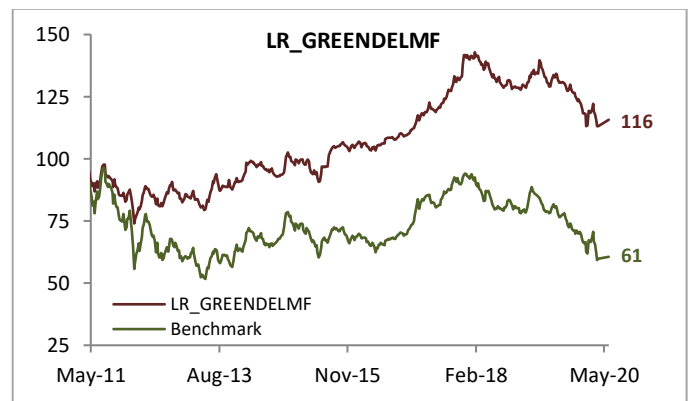
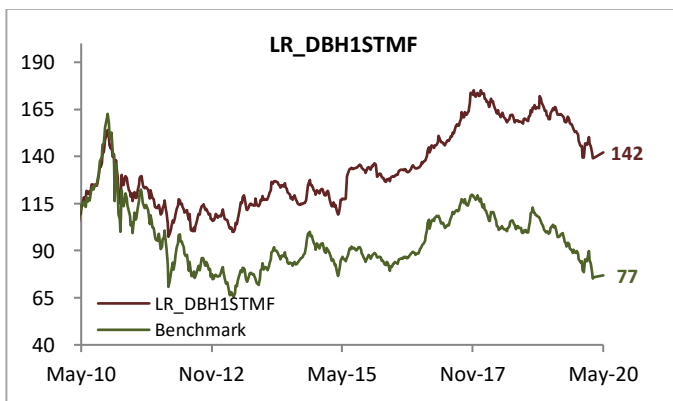
All LR Global managed funds outperformed the benchmark index on the first trading day after its resumption on 31st May. There was only one trading day in May as the DSE remained in recess for 66 days due to the pandemic.

Monthly Market Performance

	May	March*	Change
DSEX	4,060.45	4,008.29	1.30%
DBH1STMF	8.91	8.72	2.18%
GREENELMF	8.94	8.75	2.17%
AIBL1STMF	9.28	9.07	2.32%
MBL1STMF	9.10	8.90	2.25%
LRGLOBMF1	9.15	8.92	2.58%
NCCBLMF1	9.09	8.90	2.13%

*Note: May's fund performance has been compared against 25th March as the market was closed in April.

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



*Fund performances have been calculated and presented on the basis of trading days as the DSE remained closed from 26th March to 28th May 2020.

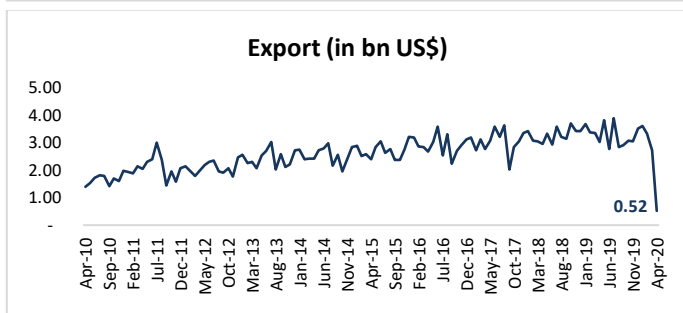
Source: LR Global Research

MACRO UPDATE

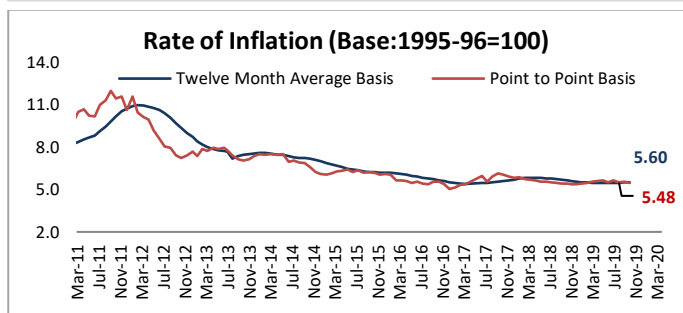
	FY 2019-20	FY 2018-19	% Change
Export (mn \$) (Jul-Apr)	29,490	33,937	-13.1%
Import (mn \$) (Jul-Feb)	39,309	40,895	-3.9%
Remittances (mn \$) (Jul-Apr)	14,884	13,286	12.0%
Tax Revenue (NBR) (mn \$) (Jul-Mar)	19,424	18,023	7.8%
Total Domestic Credit (mn \$) (Feb)	147,284	127,977	15.1%
Credit to the Private Sector (mn \$) (Feb)	124,650	114,226	9.1%
Broad Money M2 (mn \$) (Feb)	153,796	136,618	12.6%
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-Feb)	(1,837)	(3,971)	N/A
Net Sales of National Savings Certificates (mn \$) (Jul-Jan)	982	3,652	-73.1%
	May	April	% Change
Foreign Exchange Reserve (mn \$)	32,843	33,109	-0.8%
Call Rate (Weighted Average Rate)	4.95	4.96	-0.2%
Taka-Dollar Exchange Rate (Avg)	84.95	84.95	0.0%
	April	March	% Change
US Retail Sales (mn \$)	403,946	483,476	-16.4%
UK Retail Sales (mn \$)	7,742	9,453	-18.1%

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

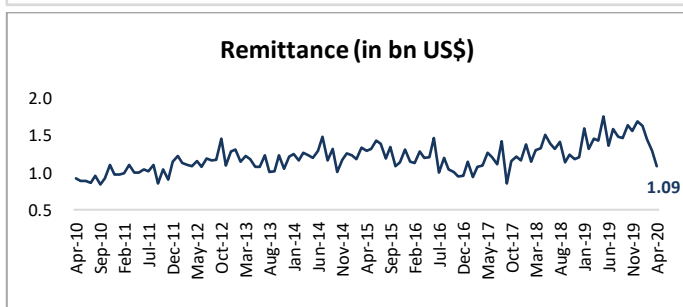
Export earnings slumped by 13.1% in July-Apr FY20 compared to the same period in FY19.



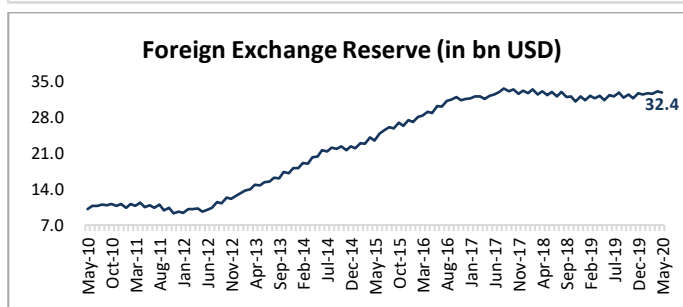
Food inflation shed 10 bps in March, while non-food increased by 22 bps, bringing up overall inflation by 2 bps.



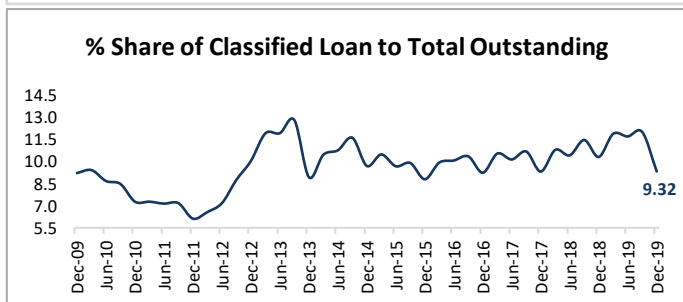
Remittance registered a 24.48% decline in April as unemployment rose sharply on a global scale.



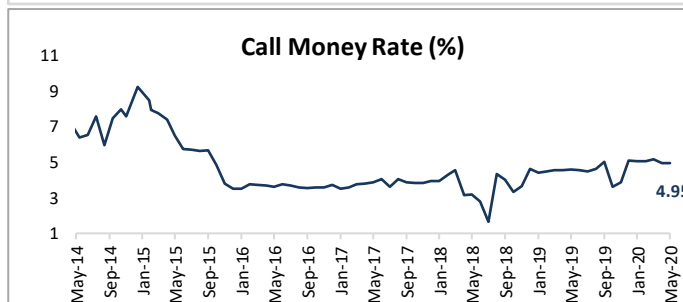
Foreign exchange reserve has remained stable at a \$31 bn to \$33 bn level for the last 4 years.



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

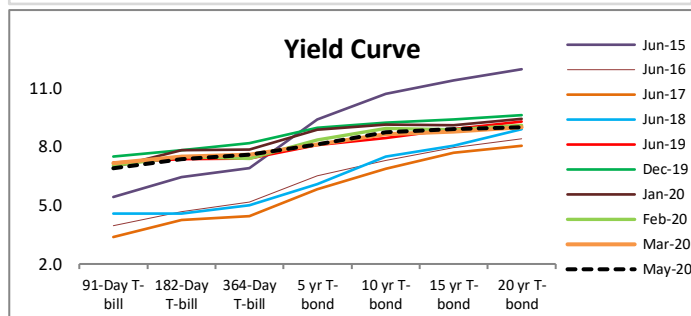
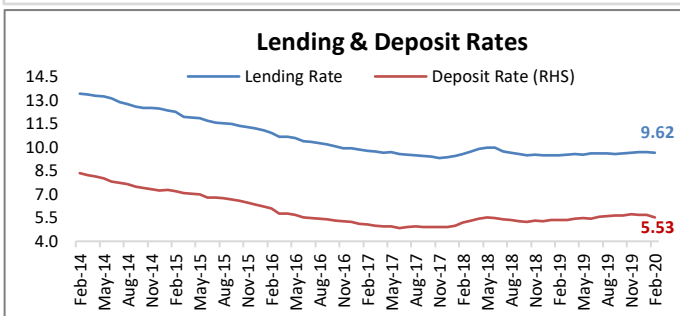


Call money rate reduced by 44 bps in April compared to the previous month.



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, The Financial Express

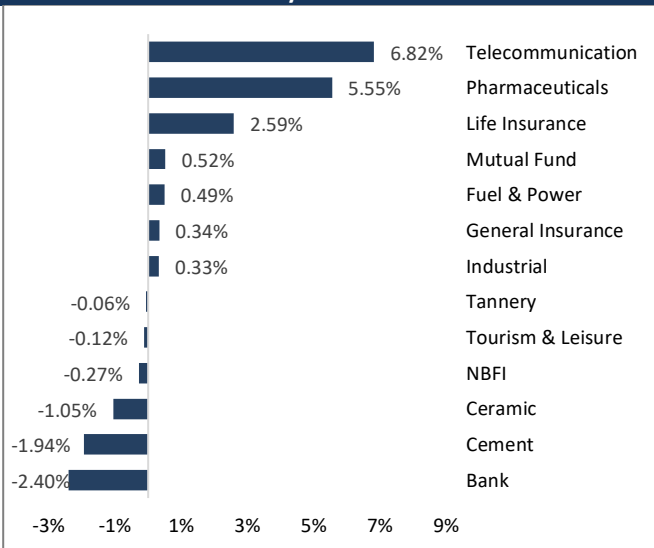
CAPITAL MARKET UPDATE

The DSEX gained 52 points (1.30%) on the last day of May after it resumed after a long hiatus due to the lockdown.

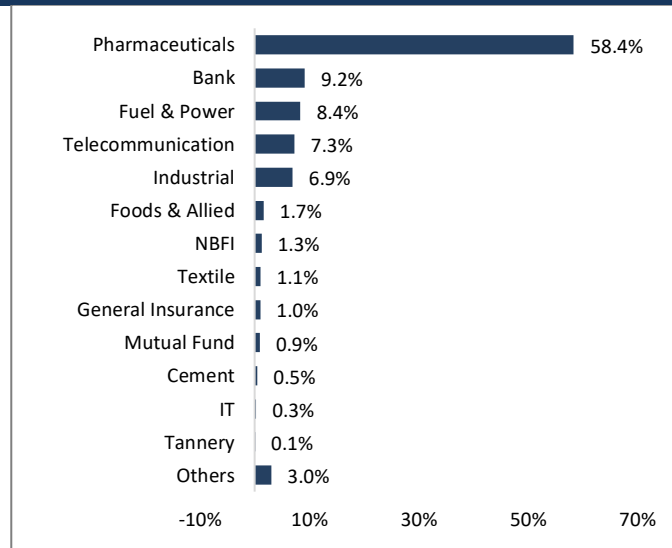
The telecom and pharma sector enjoyed the highest gain due to the bullish sentiment towards these sectors while the negative view towards the banking sector resulted in it experiencing the highest erosion in value.

The positive outlook of the pharmaceutical sector alongside investors' rush to dump their positions in the banking sector caused them to binge on the stocks in these sectors.

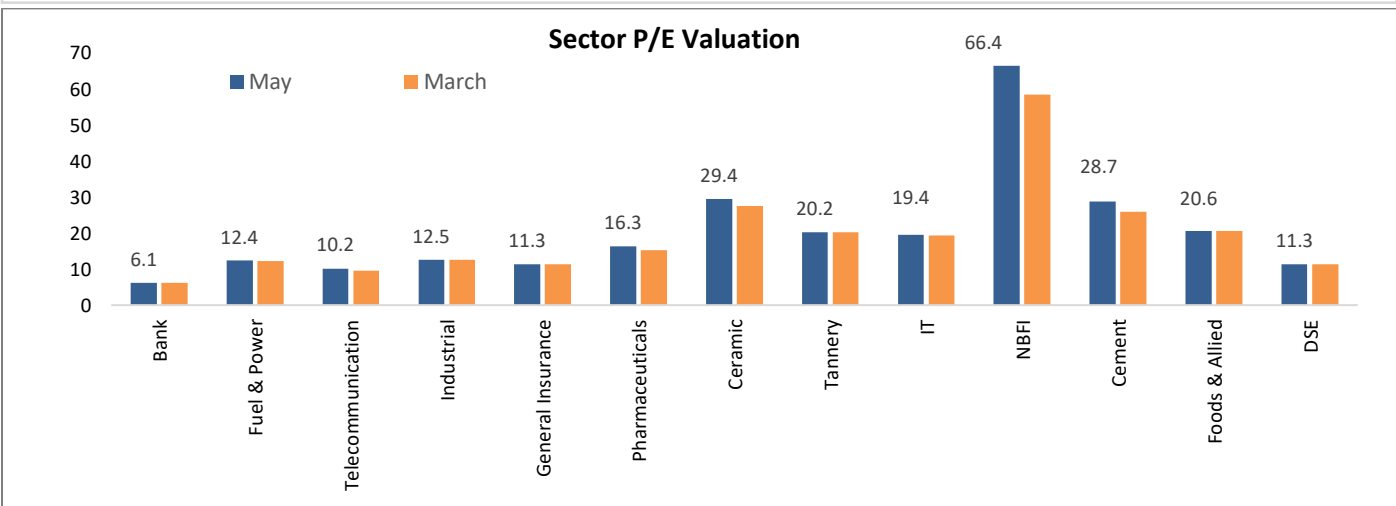
Monthly Sector Return



Sector Contribution to Total Turnover



The P/E ratio of majority sectors increased minimally with the overall market, but stocks still remain at attractive prices.



Average daily turnover plummeted significantly by -61.19% as investor confidence continued to remain feeble and a small number of investors returned to trade in the market after it reopened.

Market Liquidity

	May	March	Change
Avg. Daily Turnover (USD MN)	16.87	43.47	-61.19%

Pharma companies remained among the most traded stocks due to investor optimism from soaring local demand for pharma products as COVID-19 cases continue to rise.

While the stocks of tech and pharma companies are surging globally, investors in Bangladesh followed suit and binged on pharma stocks.

Banks experienced sell pressure as a result of the gloomy outlook towards the sector due to the piling default risk and overall grim economic conditions in the country.

Turnover Leaders

Ticker	Turnover (BDT MN)
SQURPHARMA	196.56
BXPHARMA	82.50
GP	65.07
ORIONPHARM	60.91
BEXIMCO	51.79
SILVAPHL	44.46
CENTRALPHL	42.74
IBP	42.28
RECKITBEN	39.09
MONNOCERA	36.59

Top Ten Gainers

Ticker	% Change
BEXIMCO	10.00%
PF1STMF	10.00%
ACI	9.97%
CENTRALPHL	9.93%
ACIFORMULA	9.92%
SQURPHARMA	9.91%
IBP	9.90%
BXPHARMA	9.88%
SPCL	9.86%
ACMELAB	9.38%

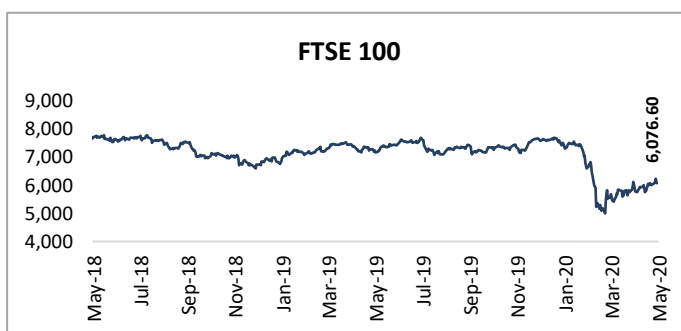
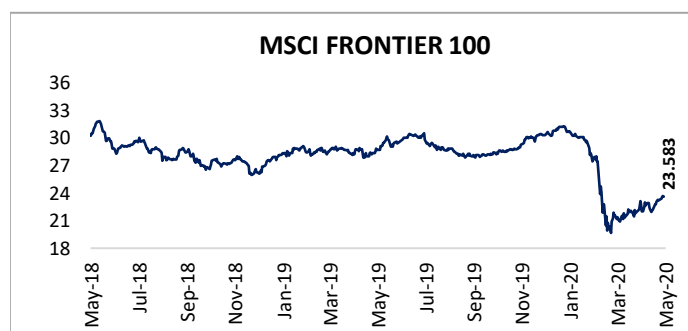
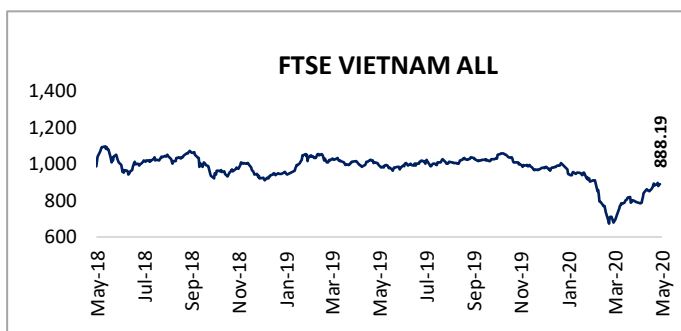
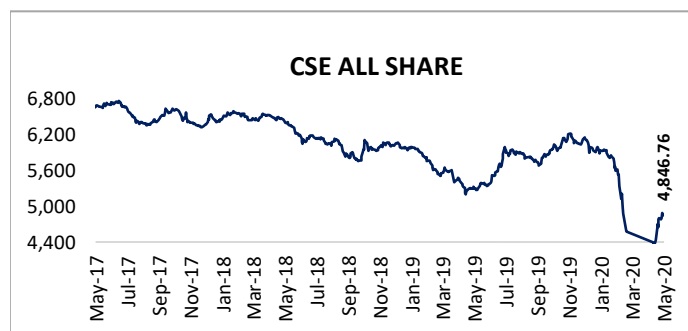
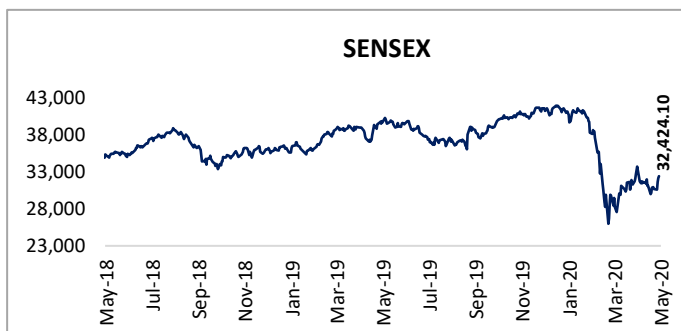
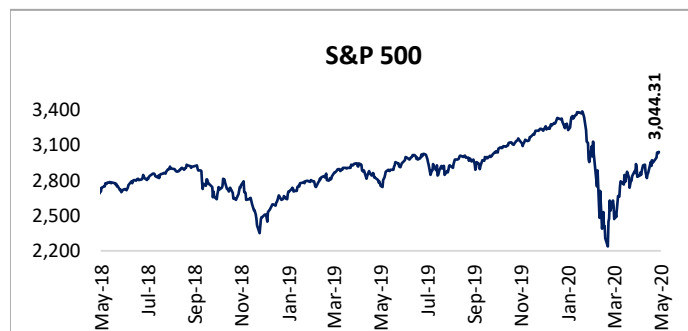
Top Ten Losers

Ticker	% Change
ABBANK	-10.00%
STANDBANKL	-9.09%
ALLTEX	-8.97%
PREMIERBAN	-7.48%
EXIMBANK	-7.29%
FIRSTSBANK	-6.82%
DHAKABANK	-6.60%
AZIZPIPES	-6.38%
JAMUNABANK	-5.88%
NBL	-5.56%

NOTABLE QUARTERLY EARNINGS ANNOUNCEMENTS DURING THE MONTH

BRACBANK registered a negative growth in net income, which can be attributed to the reduction in interest rate spread. On the other hand, GLAXOSMITH secured 35.35% growth in earnings, supported by cost savings from the discontinuation of its pharmaceutical unit and increased sale from its consumer health drink unit. GP also witnessed a 25.91% surge in earnings growth during the same period as a result of robust growth in data usage. Among fuel and power companies, LINDEBD secured 11.50% YoY growth in earnings due to higher income supported by business expansion in the previous year. However, POWERGRID experienced an erosion of 29.66% in earnings owing to the high transmission expenses.

TICKER	COMPANY NAME	SECTOR	EPS 2020 (Jan-Mar)	EPS 2019 (Jan-Mar)	CHANGE
BRACBANK	BRAC Bank Limited	Bank	0.71	1.04	-31.73%
EBL	Eastern Bank Limited	Bank	1.03	1.06	-2.83%
IPDC	IPDC Finance Limited	NBFI	0.42	0.45	-6.67%
IDLC	IDLC Finance Limited	NBFI	0.78	1.37	-43.07%
LHBL	LafargeHolcim Bangladesh Limited	Cement	0.45	0.31	45.16%
GLAXOSMITH	GlaxoSmithKline (GSK) Bangladesh Ltd.	Pharmaceuticals	14.97	11.06	35.35%
GP	Grameenphone Ltd.	Telecommunication	7.92	6.29	25.91%
LINDEBD	Linde Bangladesh Limited	Fuel & Power	20.36	18.26	11.50%
POWERGRID	Power Grid Company of Bangladesh Ltd.	Fuel & Power	0.83	1.18	-29.66%
RAKCERAMIC	RAK Ceramics (Bangladesh) Limited	Ceramics	0.35	0.43	-18.60%

WORLD MARKET

INDICES, COMMODITIES & CURRENCIES

Indices	1-Year	6-Month	3-Month	1-Month	1-Week
S&P500	10.62%	-3.08%	3.05%	3.57%	3.25%
SENSEX	-18.60%	-20.52%	-15.34%	-0.90%	5.71%
CSE ALL	-8.97%	-21.98%	-13.34%	6.02%	0.98%
FTSE VTNM	-11.30%	-11.24%	-1.79%	12.41%	0.87%
MSCI FRONTIER 100	-17.41%	-19.33%	-14.16%	3.97%	1.81%
FTSE 100	-15.15%	-17.29%	-7.66%	-17.97%	1.39%
DSEX	-24.94%	-24.16%	-14.02%	-12.70%	1.30%

*Note: Returns have been calculated on the basis of trading days as several exchanges across the globe remained closed for varying periods due to lockdowns.

Commodities Return	1-Year	6-Month	3-Month	1-Month	1-Week
Gold	32.72%	18.25%	10.06%	3.20%	1.42%
Copper	-7.94%	-7.21%	-6.42%	5.28%	1.54%
Crude Oil	-34.07%	-37.13%	-24.56%	78.31%	7.20%
Sugar	-7.23%	-15.69%	-24.55%	11.78%	-0.18%
Wheat	3.02%	-1.00%	-0.79%	0.92%	2.36%

Currencies Return*	Exchange Rate	1-Year	6-Month	3-Month	1-Month	1-Week
Euro	0.90	0.6%	-0.3%	0.2%	-1.2%	-1.9%
INR	75.61	8.7%	5.4%	3.7%	-0.2%	-0.4%
Yen	107.71	-0.5%	-0.9%	-0.6%	0.7%	0.0%
CNY	7.14	3.4%	1.1%	2.5%	1.1%	0.0%
VND	23,281.50	-0.6%	0.4%	0.2%	-0.6%	0.1%
BDT	84.95	0.6%	0.2%	0.1%	-0.1%	-0.3%

*Calculated against USD, positive return denotes depreciation against USD

Source: investing.com