

MATERIAL MARKET UPDATE

November was a volatile month for the stock market as the DSEX fluctuated, ranging between 4,678 to 4,781 points (around 2.2%). However, the index ultimately inched up by 1.04%, with the top twenty gainers having adverse fundamentals. For instance, debutant SEAPEARL topped the chart with an 84% price gain despite registering a 14% EPS decline in Q1. Similarly, textile companies such as AL-HAJTEX (factory operations suspended), TOSRIFA (Q1 EPS declined to BDT -0.72 from BDT 0.11), MITHUNKNIT (factory operations suspended), and ZAHEENSPIN (Q1 EPS declined by -64%) also gained materially in value. A total of 82 companies registered double digit positive gain this month, with the contribution of the top twenty gainers being around 0.71%.

Export growth has been sluggish due to a comparatively strong BDT and erosion in RMG exports while remittance has continued to enjoy a high inflow backed by cash incentive. In the first four months of the current fiscal year, the net sale of NSCs is down by 70% compared to that of last year due to automation and taxation reforms. While this will reduce the weighted average cost of fund for the government, increased government borrowing from banks to finance the budget deficit will put more pressure on the cash crunch banks. Moreover, as defaulted loan conditions keep worsening, talks about forming a public asset management company have been making the rounds.

KEY NEWS UPDATE

MACROECONOMY

- Foreign debt payment shoots up by 24% in Q1: <https://bit.ly/2QTQL6G>
- Budget deficit hits 11-yr high of over BDT 1.1 trillion in FY '19: <https://bit.ly/33sM6ek>
- Government's borrowing from banks spirals, borrowing already over 92% of its target: <https://bit.ly/2OPLryp>
- Exports slump 17% in October: <https://bit.ly/2Dq432Q>
- Remittance soars 32% in October: <https://bit.ly/2R1F9yr>
- October inflation declines to 8-month low of 5.47%: <https://bit.ly/2OrXK4X>
- Defaulted loans hit all-time high of BDT 1.16 trillion: <https://bit.ly/37Kx0Eq>
- Government mulls AMC to cut NPLs: <https://bit.ly/2qIYEKQ>
- 18,000 Bangladeshis deported from KSA since January: <https://bit.ly/2rxZr82>

CAPITAL MARKET

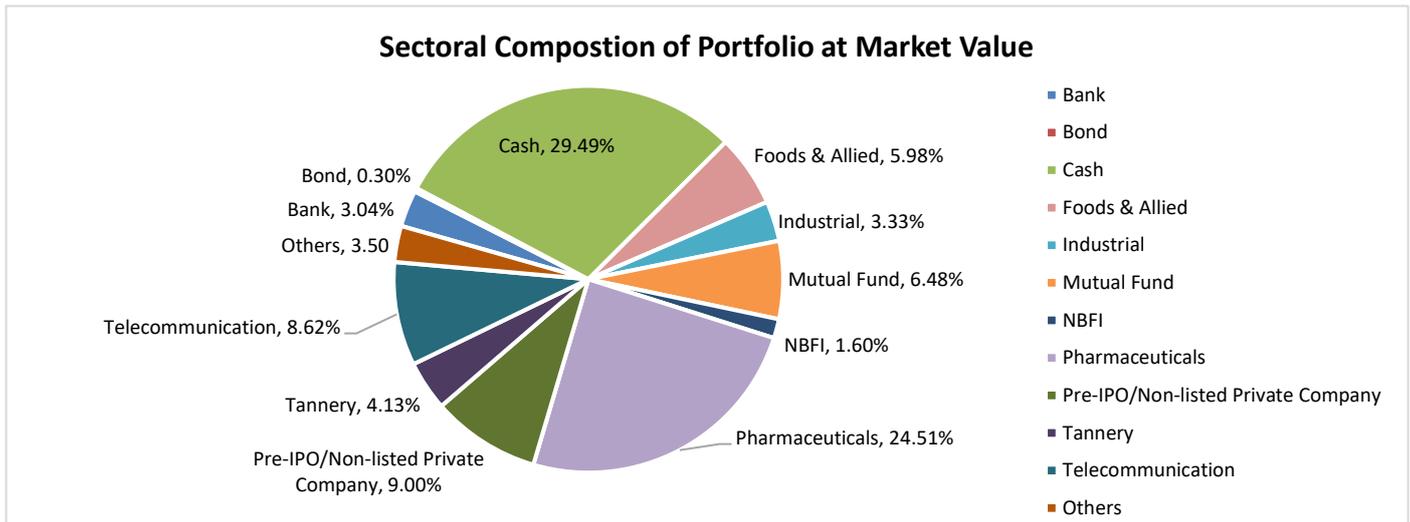
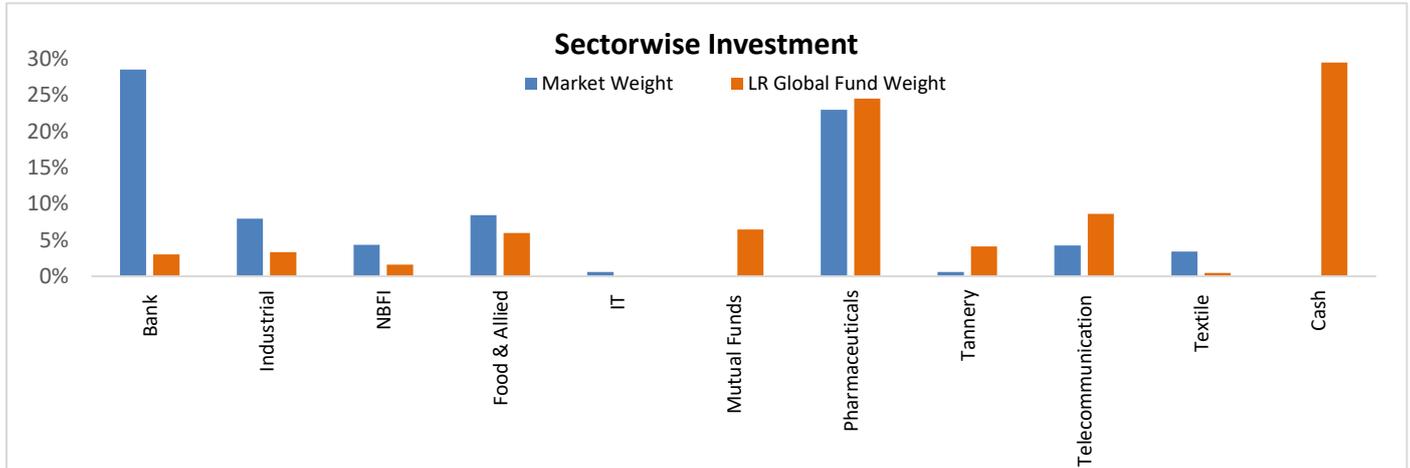
- Foreign funds in stocks continue to fall for eight months: <https://bit.ly/37GHPr7>
- Shenzhen, Dhaka bourses' joint index by December: <https://bit.ly/35HXEw4>
- 50% circuit breaker imposed on first two days stocks trading: <https://bit.ly/2R7pJcb>
- Insider trading by Ring Shine sponsor: Prime bourse smells a rat: <https://bit.ly/2rvXDwk>
- Main bourse suspends one for uploading wrong Earnings Per Share (EPS) of ACI: <https://bit.ly/2OqNqdy>
- Listed textile, RMG companies in a tight spot: <https://bit.ly/35JD522>
- Most non-life insurers post higher EPS: <https://bit.ly/2DzZ7sm>
- SC orders GP to pay BDT 20 billion in three months: <https://bit.ly/2Ydn4ij>

INTERNATIONAL:

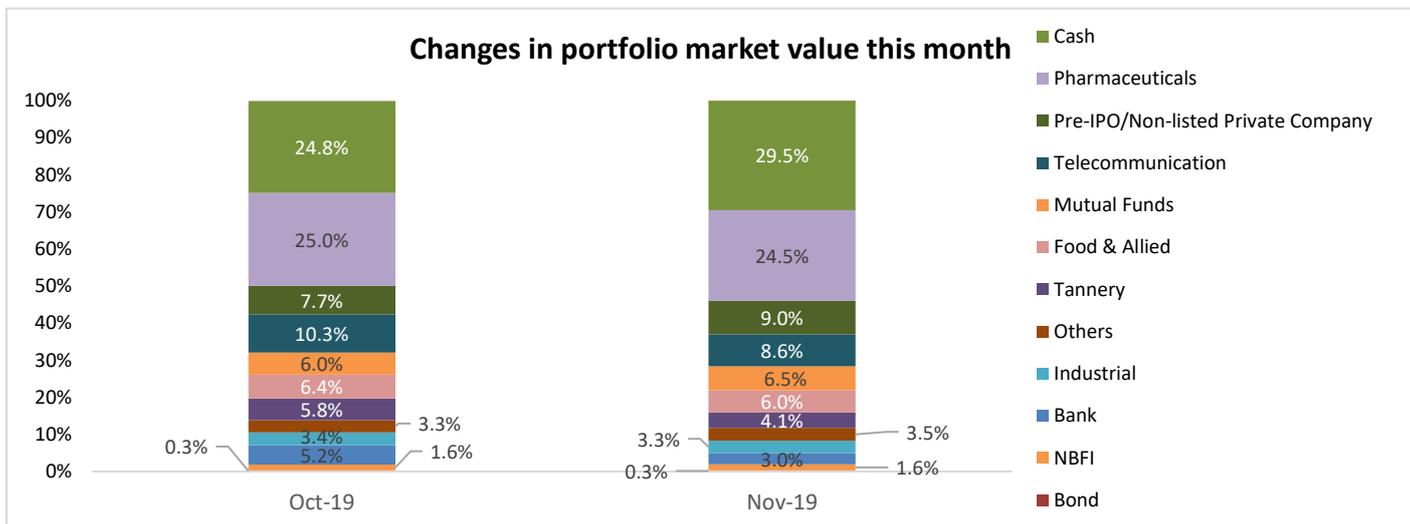
- US consumer confidence falls for fourth consecutive month: <https://cnb.cx/34DnTnc>
- UK retail sales hit by surprise downturn despite big discounting: <https://bit.ly/2OAw5PA>
- Economic slowdown in India and China may hit Bangladesh: <https://bit.ly/2q7ALCZ>
- Saudi Aramco to supply LNG to Bangladesh as part of power deal: <https://reut.rs/37Sv0Kv>
- Two Factors To Upend Oil Markets In 2020: <https://bit.ly/2Y4drTb>

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 have also increased our positions in bonds, mutual funds and reduced our positions in banks and telecommunications during the month.



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	-2.55%	-10.52%	13.49%	17.22%	26.14%	38.04%	42.29%	40.14%	35.34%	72.73%
Cumulative Return Benchmark	-9.79%	-24.58%	0.84%	5.23%	-5.72%	24.70%	9.29%	-14.92%	-31.35%	-10.34%
LR Global Value Addition	7.23%	14.07%	12.65%	11.98%	31.86%	13.34%	32.99%	55.06%	66.69%	83.07%

Annualized Return LR Global	-2.55%	-5.40%	4.31%	4.05%	4.75%	5.52%	5.17%	4.31%	3.42%	5.82%
Annualized Return Benchmark	-9.79%	-13.16%	0.28%	1.28%	-1.17%	3.75%	1.28%	-2.00%	-4.09%	-1.12%
LR Global Value Addition	7.23%	7.75%	4.03%	2.77%	5.92%	1.77%	3.89%	6.31%	7.51%	6.95%

Beta (LR Global vs Benchmark)	0.40	0.41	0.44	0.44	0.48	0.47	0.45	0.43	0.46	0.46
Annualized Alpha over benchmark	-1.39%	-2.64%	1.66%	0.97%	2.98%	1.37%	2.12%	2.59%	2.84%	3.89%

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	42.5%	45.1%	49.7%	48.9%	49.0%	44.3%
4 Year	33.7%	35.3%	46.7%	45.1%	45.8%	37.0%
3 Year	25.2%	26.5%	29.6%	30.2%	29.9%	26.7%
2 Year	19.6%	21.1%	21.0%	21.1%	23.8%	22.1%
1 Year	9.3%	10.4%	10.8%	11.4%	5.9%	8.8%

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%	11.5%	9.2%
3 Year	8.4%	8.8%	9.9%	10.1%	10.0%	8.9%
2 Year	9.8%	10.5%	10.5%	10.5%	11.9%	11.0%
1 Year	9.3%	10.4%	10.8%	11.4%	5.9%	8.8%

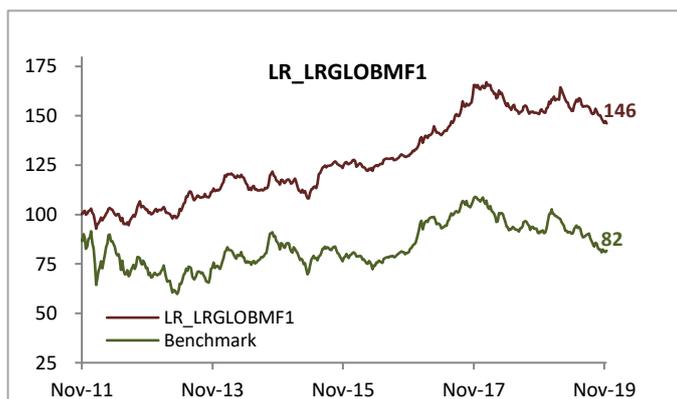
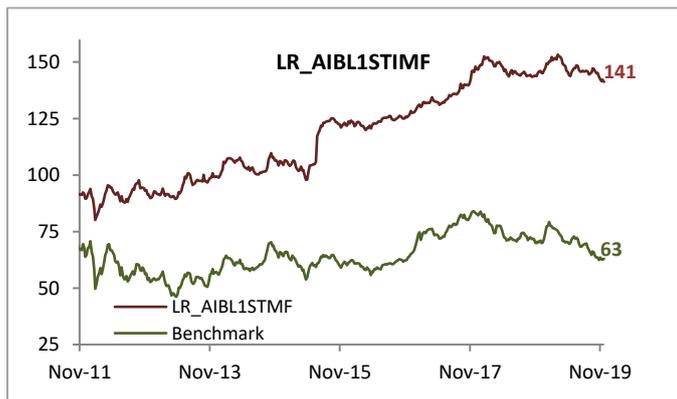
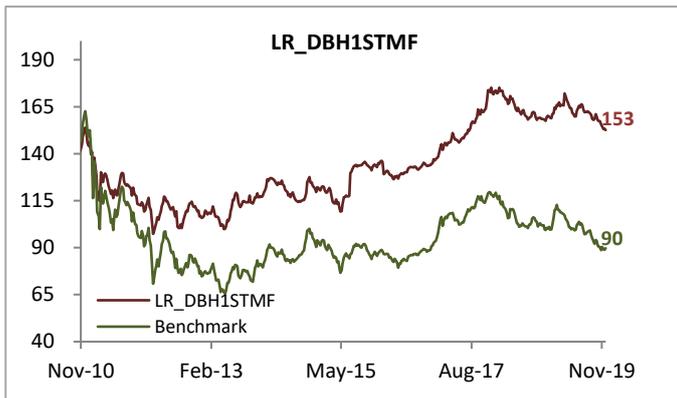
Note: The most recent dividend data used for NCCBLMF1 is for 2018 while the rest are for 2019.

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.

The top 10 large cap companies experienced an overall decline of -0.64% during the month, which caused a slight decline in the value of LR Global managed mutual funds in November compared to the previous month.

Weekly Fund Performance during the Month									
	31-Oct-19	7-Nov-19	Change	14-Nov-19	Change	21-Nov-19	Change	28-Nov-19	Change
DSEX	4,682.90	4,771.92	1.9%	4,710.37	-1.3%	4,706.67	-0.1%	4,731.44	0.5%
DS30	1,627.75	1,657.92	1.9%	1,638.25	-1.2%	1,650.63	0.8%	1,647.71	-0.2%
Top 10 large cap (BDT bn)	1,347.28	1,349.68	0.2%	1,333.54	-1.2%	1,361.46	2.1%	1,338.67	-1.7%
DBH1STMF	9.75	9.68	-0.7%	9.60	-0.8%	9.62	0.2%	9.57	-0.5%
GREENELMF	9.67	9.6	-0.7%	9.52	-0.8%	9.57	0.5%	9.5	-0.7%
AIBL1STMF	9.95	9.87	-0.8%	9.81	-0.6%	9.86	0.5%	9.79	-0.7%
MBL1STMF	9.95	9.87	-0.8%	9.78	-0.9%	9.82	0.4%	9.75	-0.7%
LRGLOBMF1	10.28	10.21	-0.7%	10.13	-0.8%	10.19	0.6%	10.11	-0.8%
NCCBLMF1	9.96	9.9	-0.6%	9.81	-0.9%	9.85	0.4%	9.77	-0.8%

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



MACRO UPDATE

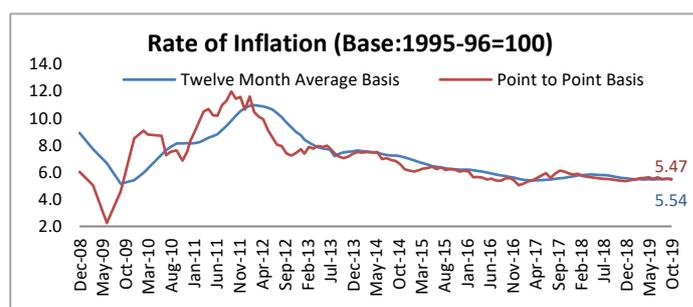
	FY 2019-20	FY 2018-19	% Change
Export (mn \$) (Jul-Oct)	12,719	13,652	-6.8%
Import (mn \$) (Jul-Sep)	14,324	14,698	-2.5%
Remittances (mn \$) (Jul-Oct)	6,181	5,108	21.0%
Tax Revenue (NBR) (mn \$) (Jul-Sep)	5,595	5,450	2.7%
Total Domestic Credit (mn \$) (Sep)	139,696	122,087	14.4%
Credit to the Private Sector (mn \$) (Sep)	120,035	108,471	10.7%
Broad Money M2 (mn \$) (Sep)	147,802	132,101	11.9%
LC Opening of Industrial Raw Material (mn \$) (Jul-Aug)	2,738	3,381	-19.0%
LC Opening of Capital Machinery (mn \$) (Jul-Aug)	421	760	-44.6%
Current Account Balance (mn \$) (Jul-Sep)	(678)	(1,316)	N/A
Net Sales of National Savings Certificates (mn \$) (Jul-Oct)	632	2,104	-70.0%
	This Month	Last Month	% Change
Foreign Exchange Reserve (mn \$)	31,728	32,377	-2.0%
Call Rate (Weighted Average Rate)	3.85	3.61	6.6%
Taka-Dollar Exchange Rate (Avg BDT)	84.80	84.75	0.1%

Source: Bangladesh Bank

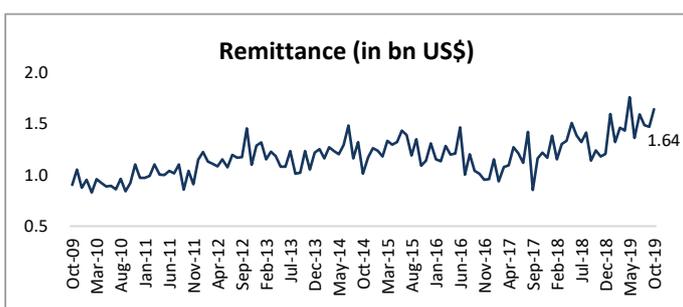
Exports continued on its negative trend and fell significantly by 17% in October



Inflation hit an 8-month low in October due to fall in non-food inflation



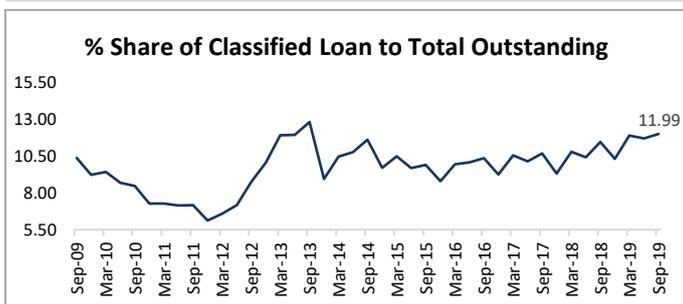
Remittance is exhibiting healthy growth, backed by 2% cash incentive by the government



Foreign exchange reserve has remained stable at a \$31 bn to \$32 bn level for the last 4 years



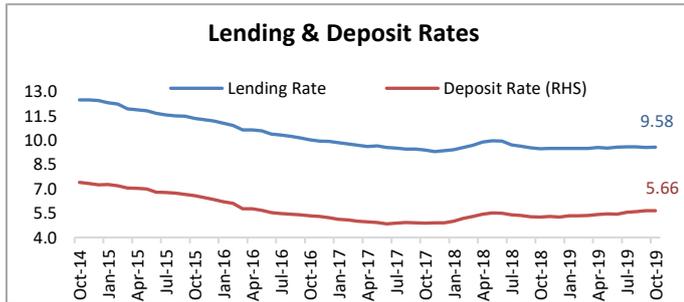
A relaxed rescheduling policy backfired as classified loan climbed to 11.99% of the total outstanding loan



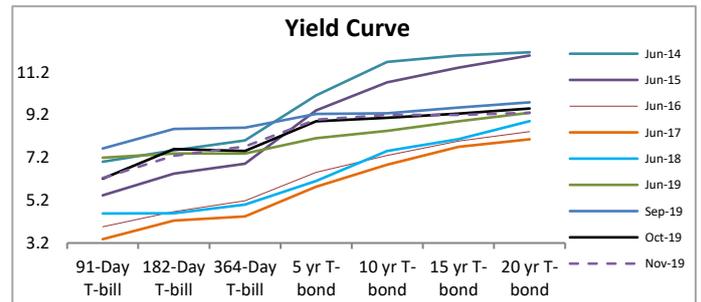
While call money rate went down in October, it shot up again to previous levels in November



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



Yield curve of long-term treasury bonds have flattened significantly



Source: Bangladesh Bank

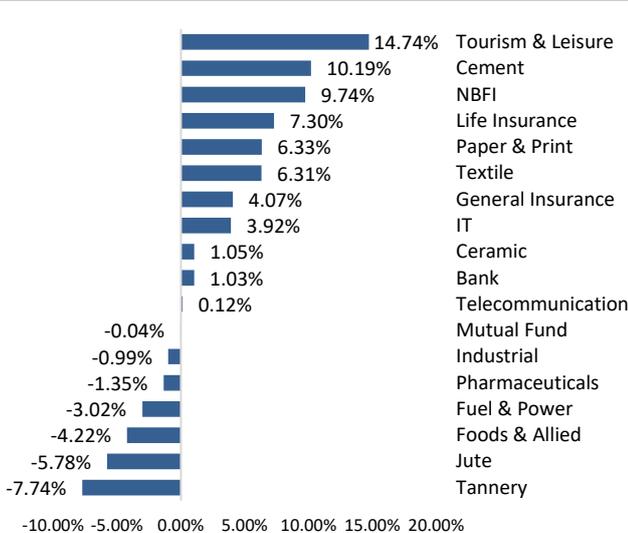
CAPITAL MARKET UPDATE

DSEX gained 49 points (1.04%) during the period as the market trend shifted from downward to sideways.

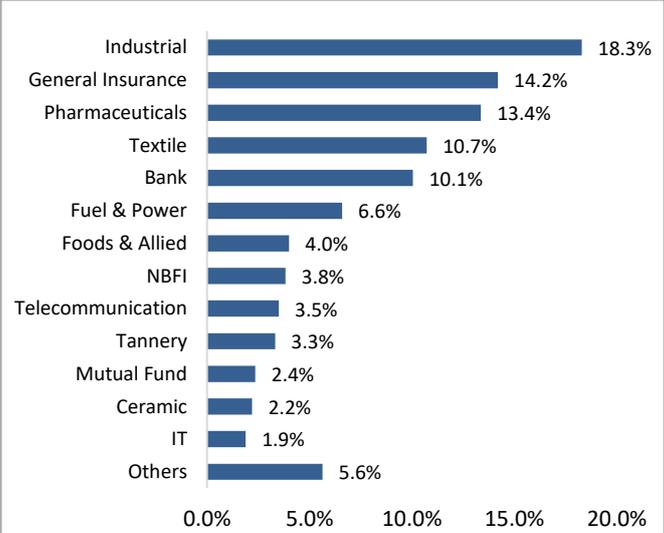
Majority of the sectors made a turnaround during the month, with the Tourism & Leisure sector enjoying the highest gain during the month due to an unusual price hike in SEPEARL.

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.

Monthly Sector Return

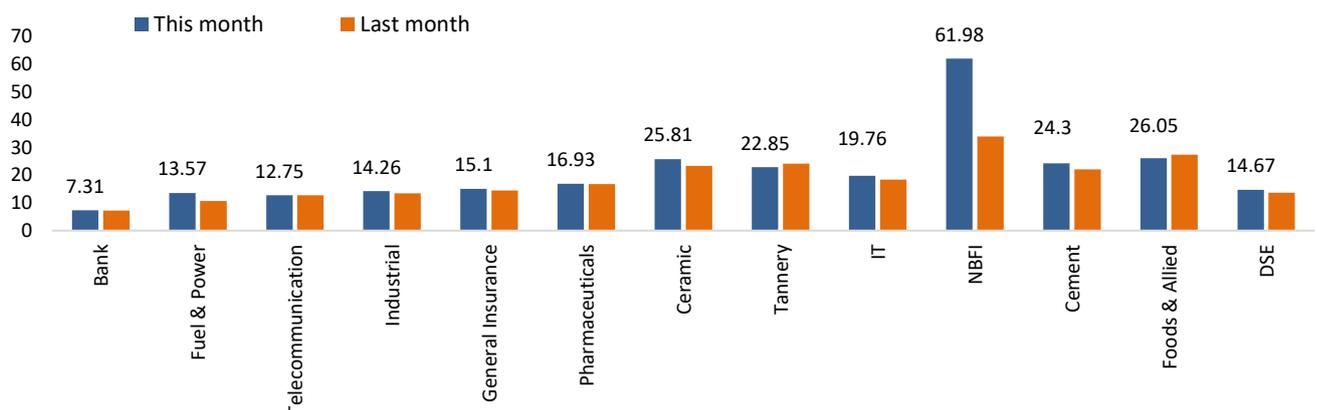


Sector Contribution to Total Turnover



The P/E ratio of most sectors went up slightly during the month, as the market went up and most earnings growth declined.

Sector P/E Valuation



Mixed earnings declarations during the month, coupled with the market trying to make a reversal, has increased market participation during the month. This boosted the monthly total market turnover by 5.56% compared to the previous month.

Market Liquidity

	This Month	Last Month	Change
Total Turnover (USD Million)	874.96	828.83	5.56%
Avg. Daily Turnover (USD 'Million)	46.05	37.67	22.23%

NLTUBES dominated the turnover chart, continuing its streak from the previous month, despite operating in loss over the last few years.

Most stocks experienced an unusual hike, without being backed by fundamentals, while the top gainer debuted in the market this year.

The majority of the stocks that eroded most in value during the month posted negative earnings and hence experienced sell pressure.

Turnover Leaders

Ticker	Avg. Turnover (BDT MN)
NLTUBES	2,548.69
SONARBAINS	1,856.90
SQURPHARMA	1,437.26
FORTUNE	1,422.11
GP	1,409.24
WATACHEM	1,130.35
BSCCL	1,129.39
BEACONPHAR	1,124.60
SHURWID	1,075.14
LANKABAFIN	1,064.83

Top Ten Gainers

Ticker	% Change
SEAPEARL	83.57%
AL-HAJTEX	44.73%
TOSRIFA	43.56%
GBBPOWER	41.59%
NFML	40.28%
SAMATALETH	39.13%
MITHUNKNIT	35.94%
ZAHEENSPIN	35.59%
LANKABAFIN	35.42%
PROGRESLIF	34.48%

Top Ten Losers

Ticker	% Change
WATACHEM	-28.19%
MONNOSTAF	-22.33%
RENWICKJA	-21.97%
EMERALDOIL	-21.64%
SILCOPHL	-21.41%
RAHIMTEXT	-20.75%
BATASHOE	-19.20%
KPPL	-18.24%
KOHINOOR	-17.51%
SHEPHERD	-16.67%

NOTABLE QUARTERLY EARNINGS DURING THE MONTH

Pharmaceutical companies such as WATACHEM, BXPBARMA and RENATA exhibited positive quarter-on-quarter earnings growth this quarter, similar to the yearly earnings declared last month. On the other hand, IFADAUTOS' earnings was heavily affected by the overall gloomy performance of the global automobile industry.

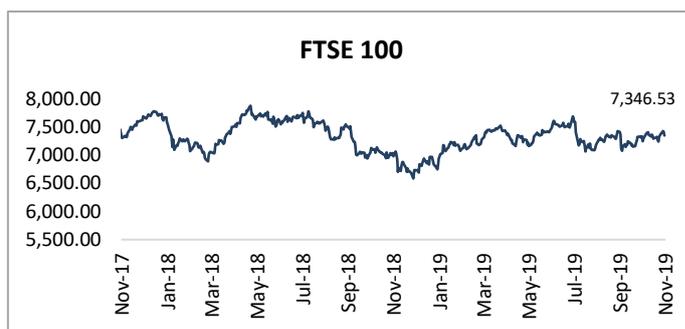
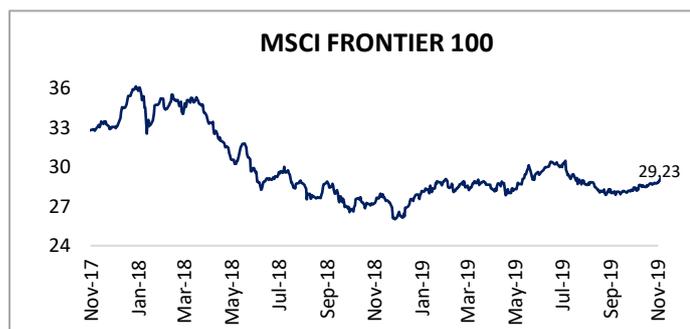
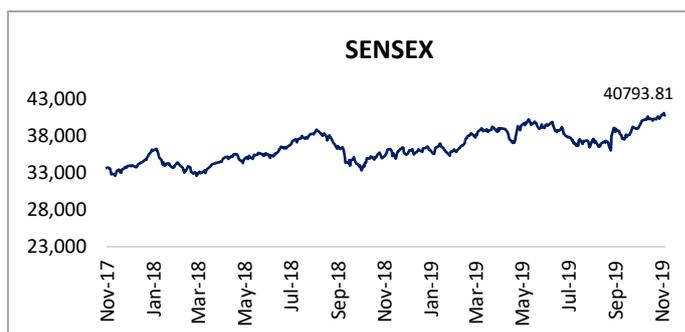
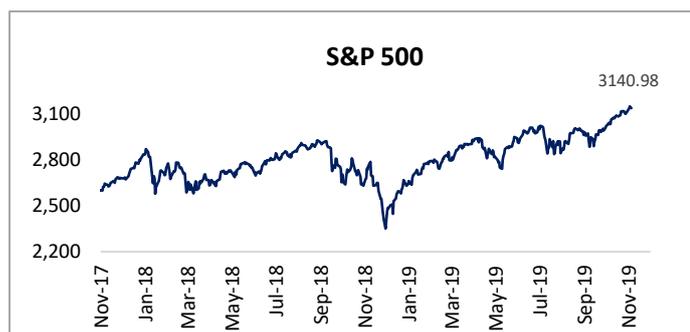
TICKER	COMPANY NAME	SECTOR	EPS 2019 (Jul-Sep)	EPS 2018 (Jul-Sep)	CHANGE
BXPBARMA	Beximco Pharmaceuticals Ltd.	Pharmaceuticals	2.13	1.86	14.5%
RENATA	Renata Ltd.	Pharmaceuticals	12.78	10.46	22.2%
ACMELAB	Acme Laboratories Ltd.	Pharmaceuticals	1.89	1.84	2.7%
BBSCABLES	BBS Cables Ltd.	Industrial	2.74	2.66	3.0%
WATACHEM	Wata Chemicals Ltd.	Pharmaceuticals	4.11	2.71	51.7%
GHAIL	Golden Harvest Agro Industries Ltd.	Food and Allied	0.6	0.59	1.7%
IFADAUTOS	Ifad Autos Ltd.	Industrial	0.51	1.57	-67.5%

NOTABLE YEARLY EARNINGS & DIVIDEND DECLARATIONS DURING THE MONTH

ACI and AMBEEPHA were unable to leverage on the upward revision of drug prices in the last quarter of FY 2019 and posted negative earnings growth. Other companies such as OLYMPIC, MPETROLEUM and POWERGRID posted single digit positive earnings.

TICKER	COMPANY NAME	SECTOR	EPS 2019 (Jul-Jun)	EPS 2018 (Jul-Jun)	CHANGE	DIVIDEND (2019)
ACI	ACI Ltd.	Pharmaceuticals	-14.87	10.36	-243.53%	100% C & 15% B
AMBEEPHA	Ambee Pharmaceuticals Ltd.	Pharmaceuticals	1.4	3.44	-59.30%	30% C
OLYMPIC	Olympic Industries Ltd.	Food and Allied	9.36	8.96	4.46%	50% C
MPETROLEUM	Meghna Petroleum Ltd.	Fuel and Power	35.11	33.3	5.44%	150% C
POWERGRID	Power Grid Company of Bangladesh	Fuel and Power	7.3	6.94	5.19%	20% C

WORLD MARKET



INDICES, COMMODITIES & CURRENCIES

Indices	1-Year	6-Month	3-Month	1-Month	1-Week
S&P500	14.73%	14.13%	7.33%	3.09%	0.99%
SENSEX	12.78%	2.72%	9.27%	1.85%	1.08%
CSE ALL	3.66%	16.97%	5.47%	4.28%	1.72%
FTSE VTNM	2.61%	0.70%	-1.12%	-3.02%	-0.66%
MSCI FRONTIER 100	5.71%	1.81%	1.35%	3.00%	1.67%
FTSE 100	4.37%	2.58%	1.93%	-0.83%	0.27%
DSEX	-10.41%	-12.02%	-6.00%	1.04%	0.92%

Commodities Return	1-Year	6-Month	3-Month	1-Month	1-Week
Gold	16.81%	11.35%	-3.71%	-1.60%	0.15%
Copper	-5.06%	0.68%	4.35%	-0.89%	0.11%
Crude Oil	7.23%	3.12%	0.13%	0.20%	-4.50%
Sugar	0.54%	6.94%	16.16%	4.27%	0.86%
Wheat	6.77%	7.38%	17.50%	6.35%	5.45%

Currencies Return*	Exchange Rate	1-Year	6-Month	3-Month	1-Month	1-Week
Euro	0.91	3.4%	1.5%	-0.2%	1.2%	0.1%
INR	71.75	2.8%	3.7%	0.4%	1.1%	-0.1%
Yen	109.52	-3.5%	1.1%	3.0%	0.6%	0.8%
CNY	7.03	1.3%	1.9%	-1.6%	-0.1%	-0.1%
VND	23,180.00	-0.6%	-1.0%	0.0%	-0.1%	-0.1%
BDT	84.90	1.3%	0.6%	0.5%	0.2%	0.0%

*Calculated against USD, positive return denotes depreciation against USD