

## MATERIAL MARKET UPDATE

After three years of negative balance, the current account has returned to a green zone riding on greater negative growth in import compared to export along with additional support from higher inflow of remittance, backed by cash incentive. The net sales of national savings certificate has plummeted by 51.8% compared to last year due to automation and taxation reforms. This is a positive development as it will have favorable impact on the weighted average cost of fund for the government.

DSEX fell by 5.3% during the month while market liquidity deteriorated materially (-21%). Top pharmaceutical companies reported positive earnings growth due to favorable conditions in the pharmaceutical industry, allowing the overall sector to generate a higher return compared to the other sectors. However, negative earnings growth in majority of the companies and stock demotions to Z-category deepened the lack of confidence among investors. Our funds have materially outperformed the benchmark index during the month despite such adverse conditions in the market.

## KEY NEWS UPDATE

### MACROECONOMY

- Inflation hits 9-month high, reaching 5.54% in September: <https://bit.ly/2JvE90T>
- Foreign Direct Investment (FDI) jumps 50.71% to USD 3.89 billion in FY'19: <https://bit.ly/2JwXvCV>
- First quarter remittance flow rises more than 16% in Q1 of FY'19: <https://bit.ly/36eK6sT>
- Taka weakens further to BDT 84.7 against US dollar: <https://bit.ly/2r13QQA>
- Export of power to India unlikely to happen soon: <https://bit.ly/2JvExfR>
- Current account returns to green zone: <https://bit.ly/36fEAWU>
- RMG export to major destinations witness negative growth in Q1: <https://bit.ly/2BPFJXi>
- \$1b taka bond debuts on London Stock Exchange on Nov 11: <https://bit.ly/2BPFLyp>
- Jobs abroad in decline, indicating a possible negative impact on remittance: <https://bit.ly/2JDhXlw>

### CAPITAL MARKET

- Stocks continue to slide as manipulation dents confidence: <https://bit.ly/34hLqJE>
- Junk stocks soar on expectation of manipulation: <https://bit.ly/2NvB0PS>
- ICB to inject Tk 1,000cr into market: <https://bit.ly/36eAAWN>
- Brokers seek BDT 100 billion lifeline: <https://bit.ly/31UIRNd>
- ICB moots unit fund to support stock market: <https://bit.ly/31YqzJL>
- DSE forms body to review IPOs: <https://bit.ly/2q450u0>
- Eight more companies declare 'no' dividend: <https://bit.ly/2pXS0Gu>
- Poor declarations exacerbate the crisis: <https://bit.ly/2PER4S9>

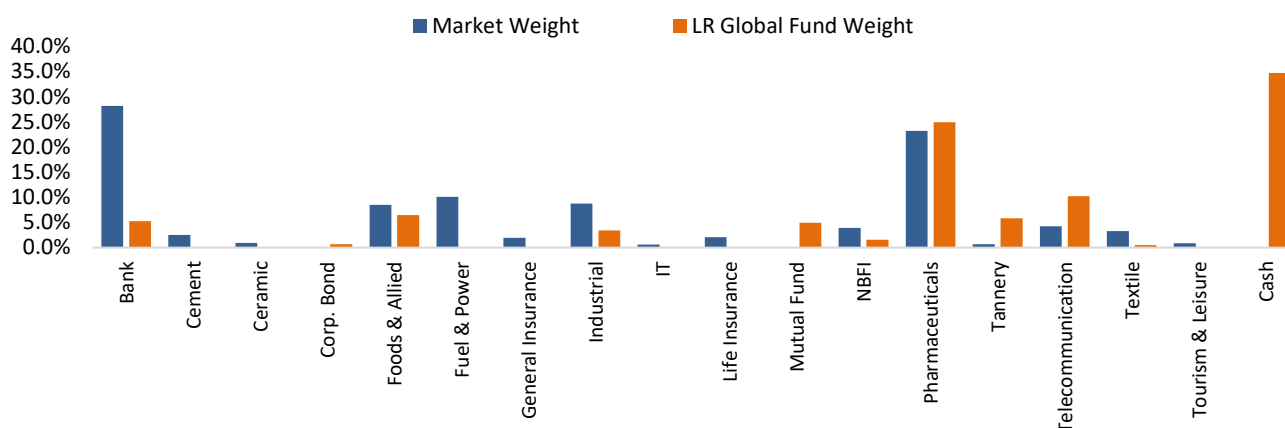
### INTERNATIONAL:

- US retail sales unexpectedly decline in a sign consumer economy could be cracking: <https://cnb.cx/2JC6m6f>
- UK retail sales flat as consumer growth engine struggles: <https://on.ft.com/36kGIIe>
- Saudi oil giant aims to nationalize 90 percent of its workforce by 2020: <https://bit.ly/2qaJYdf>
- OPEC chief says deeper oil cut an option amid weaker 2020 outlook: <https://reut.rs/2No0KOa>
- IMF warns of Asia's darkening growth outlook as trade war bites: <https://bit.ly/2owFo8S>

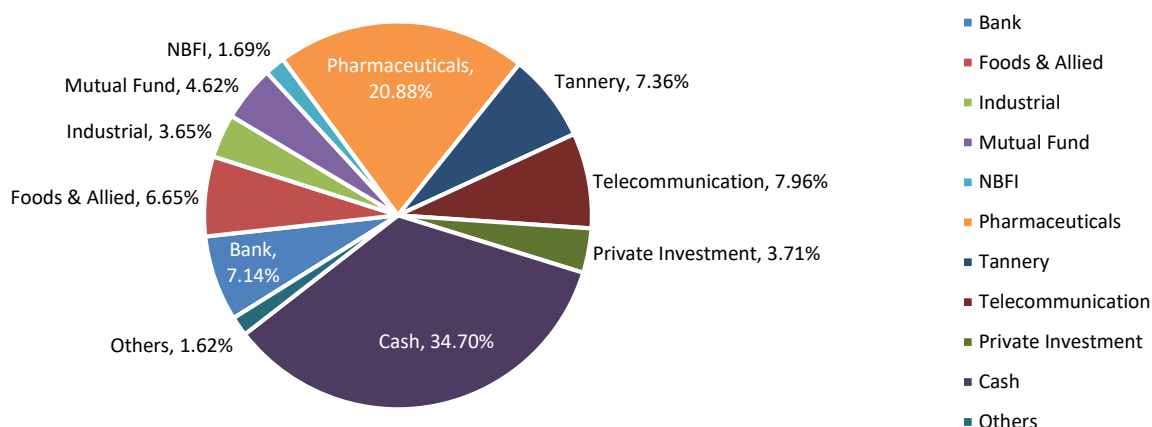
## LR GLOBAL PORTFOLIO UPDATE

Our portfolio is **UNDERWEIGHT** in all sectors compared to the benchmark index, except the pharmaceuticals, telecommunication, 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.

### Sectorwise Investment

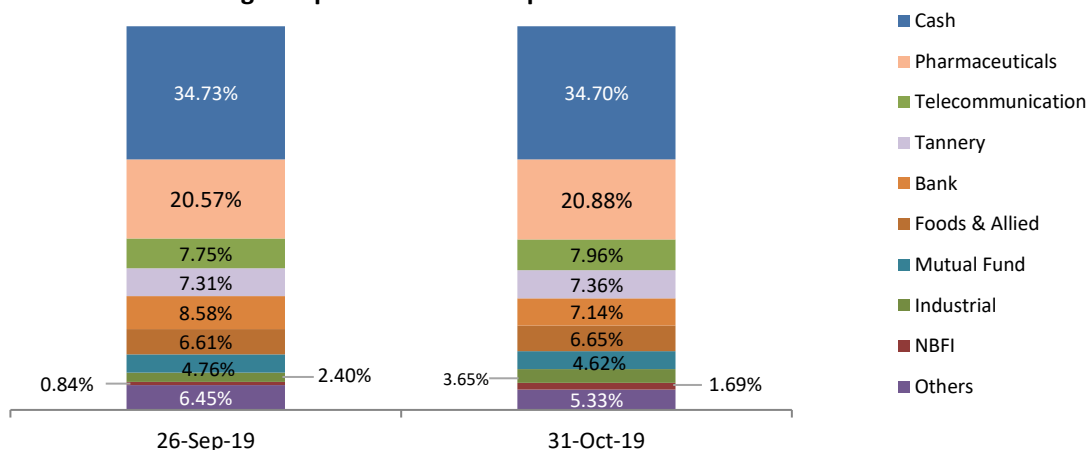


### Sectoral Composition of Portfolio at Cost



There have not been significant changes in our portfolio compared to the previous month. We are taking selective positions in well-capitalized and focused companies in the NBFI sector. We are also evaluating discounted and transparent mutual funds to gain exposure.

### Changes in portfolio cost composition this month



LR Global managed funds have consistently beat the market with over 40% cash dividends.

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	-2.09%	-3.59%	14.59%	16.19%	25.40%	38.68%	42.21%	41.01%	40.11%	74.41%
Cumulative Return Benchmark	-12.98%	-22.36%	-0.07%	-1.93%	-10.47%	14.43%	3.08%	-20.65%	-28.82%	-11.26%
<b>LR Global Value Addition</b>	<b>10.89%</b>	<b>18.77%</b>	<b>14.66%</b>	<b>18.12%</b>	<b>35.87%</b>	<b>24.24%</b>	<b>39.13%</b>	<b>61.65%</b>	<b>68.93%</b>	<b>85.67%</b>

Annualized Return LR Global	-2.09%	-1.81%	4.65%	3.82%	4.63%	5.60%	5.16%	4.39%	3.82%	5.98%
Annualized Return Benchmark	-12.98%	-11.89%	-0.02%	-0.49%	-2.19%	2.27%	0.43%	-2.85%	-3.71%	-1.24%
<b>LR Global Value Addition</b>	<b>10.89%</b>	<b>10.07%</b>	<b>4.67%</b>	<b>4.31%</b>	<b>6.82%</b>	<b>3.33%</b>	<b>4.72%</b>	<b>7.24%</b>	<b>7.53%</b>	<b>7.22%</b>

Beta (LR Global vs Benchmark)	0.41	0.44	0.44	0.45	0.50	0.47	0.45	0.43	0.46	0.46
Annualized Alpha over benchmark	0.51%	0.85%	2.16%	1.55%	3.48%	2.14%	2.49%	3.03%	3.07%	4.10%

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	1,125.90	434.01
% Cash Dividend to Initial PAR	56%	32%	42%	37%	38%	43%

Cumulative Dividend Yield	DBH1STMF	GREENELMF	AIBL1STMF	MBL1STMF	LRGLOBMF1	NCCBLMF1
5 year	42.5%	45.0%	50.0%	48.6%	42.9%	44.1%
4 Year	33.8%	35.5%	46.8%	44.7%	39.9%	37.0%
3 Year	25.3%	26.5%	29.5%	30.0%	24.4%	26.6%
2 Year	19.5%	21.0%	20.8%	20.8%	18.2%	21.9%
1 Year	9.3%	10.4%	10.7%	11.3%	8.0%	8.7%

Cumulative Div. Yield (Annualized)	DBH1STMF	GREENELMF	AIBL1STMF	MBL1STMF	LRGLOBMF1	NCCBLMF1
5 year	8.5%	9.0%	10.0%	9.7%	8.6%	8.8%
4 Year	8.4%	8.9%	11.7%	11.2%	10.0%	9.2%
3 Year	8.4%	8.8%	9.8%	10.0%	8.1%	8.9%
2 Year	9.8%	10.5%	10.4%	10.4%	9.1%	11.0%
1 Year	9.3%	10.4%	10.7%	11.3%	8.0%	8.7%

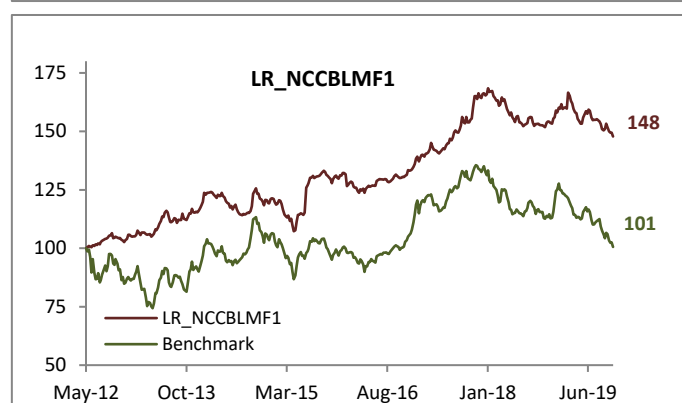
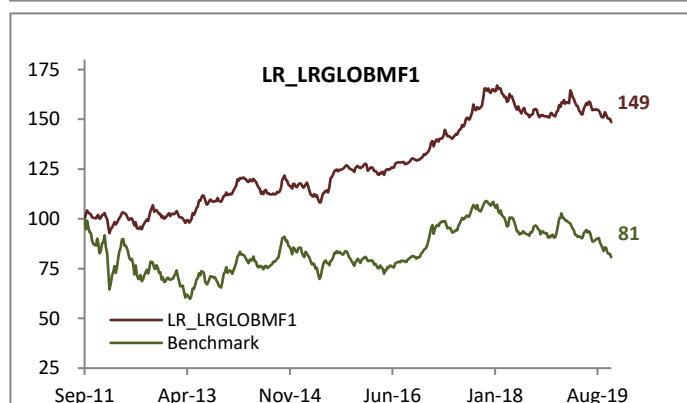
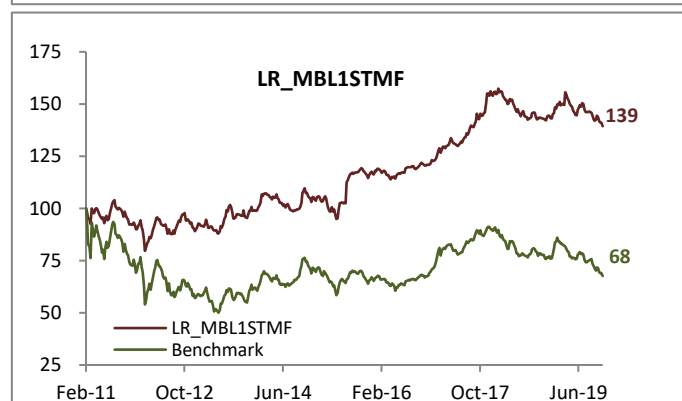
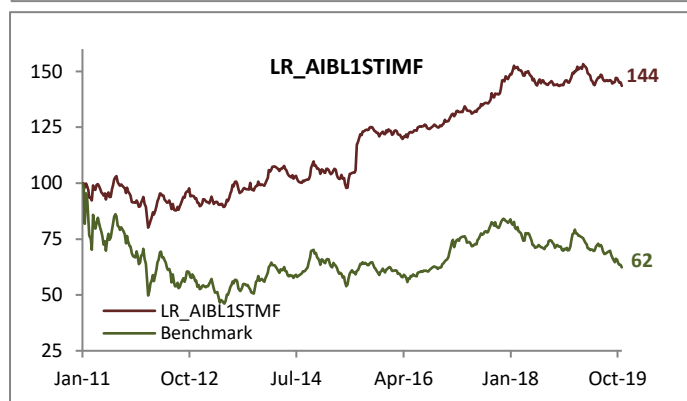
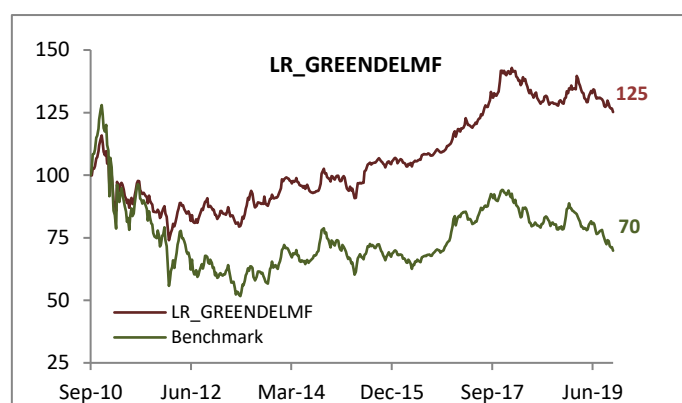
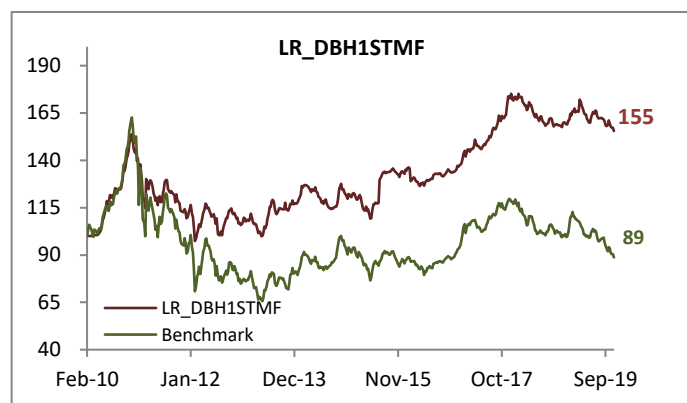
Note: The most recent dividend data used for LRGLOBMF1 and NCCBLMF1 are for 2018 while the rest are for 2019.

On an average, our funds have outperformed the market by 1.8% during the month. Despite a flat market since 2010, LR Global managed funds have materially outperformed the benchmark index.

#### Monthly Market Performance

	This Month	Last Month	Change
DSEX	4,682.9	4,947.5	-5.3%
DBH1STMF	9.75	10.10	-3.5%
GREENELMF	9.67	10.03	-3.6%
AIBL1STMF	9.95	10.20	-2.5%
MBL1STMF	9.95	10.31	-3.5%
LRGLOBMF1	10.28	10.63	-3.3%
NCCBLMF1	9.96	10.33	-3.6%

LR Global managed funds have consistently outperformed the benchmark index since inception.

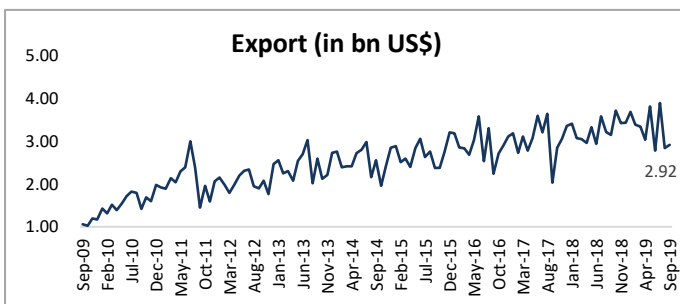


Source: LR Global Research

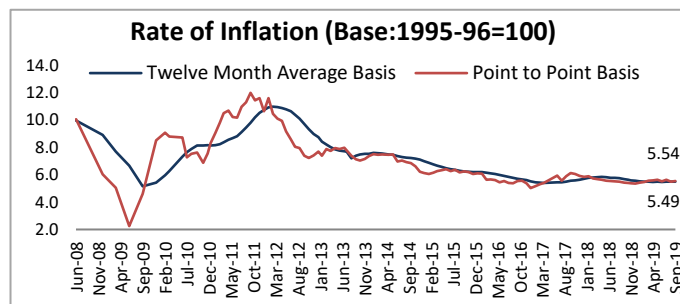
## MACRO UPDATE

	FY 2019-20	FY 2018-19	% Change
<b>Export (mn \$) (Jul-Sep)</b>	9,646	9,941	-3.0%
<b>Import (mn \$) (Jul-Aug)</b>	9,320	9,538	-2.3%
<b>Remittances (mn \$) (Jul-Sep)</b>	4,541	3,869	17.4%
<b>Tax Revenue (NBR) (mn \$) (Jul-Aug)</b>	3,498	3,384	3.4%
<b>Total Domestic Credit (mn \$) (Sep)</b>	139,696	122,087	14.4%
<b>Credit to the Private Sector (mn \$) (Sep)</b>	120,035	108,471	10.7%
<b>Broad Money M2 (mn \$) (Sep)</b>	147,802	132,101	11.9%
<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>	421	760	-44.6%
<b>Current Account Balance (mn \$) (Jul-Aug)</b>	313	(7)	N/A
<b>Net Sales of National Savings Certificates (mn \$) (Jul-Aug)</b>	515	1,069	-51.8%
	This Month	Last Month	% Change
<b>Foreign Exchange Reserve (mn \$)</b>	32,377	31,833	1.7%
<b>Call Rate (Weighted Average Rate)</b>	3.81	5.02	-24.1%
<b>Taka-Dollar Exchange Rate (Avg BDT)</b>	84.75	84.50	0.3%

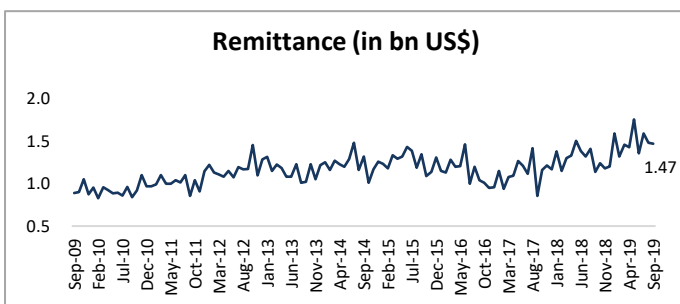
Export has seen a negative growth of 3.0% and missed its first quarter growth target by 11%



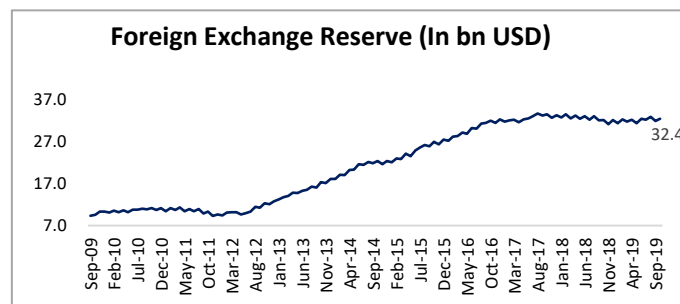
Rapidly rising non-food inflation has pushed inflation to reach nine-months high



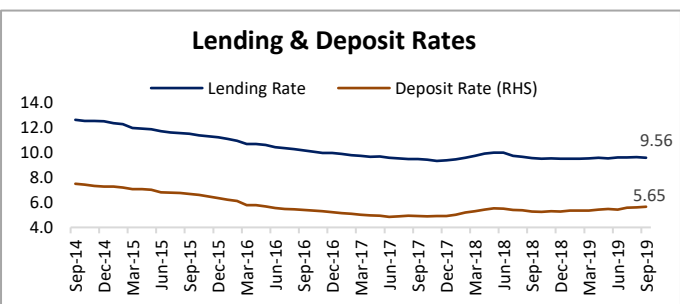
Remittance is exhibiting healthy growth, backed by 2% cash incentive by the government



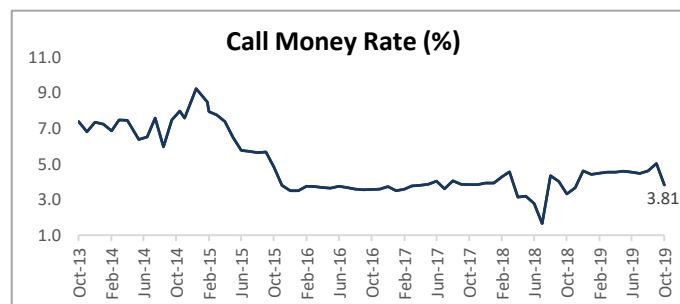
Foreign exchange reserve is stable at a \$31 bn to \$32 bn level for the last 4 years



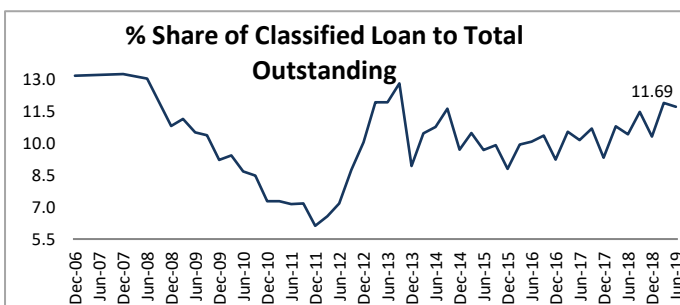
The spread between lending and deposit rates has narrowed to 3.91% in July from 4.00% a month ago



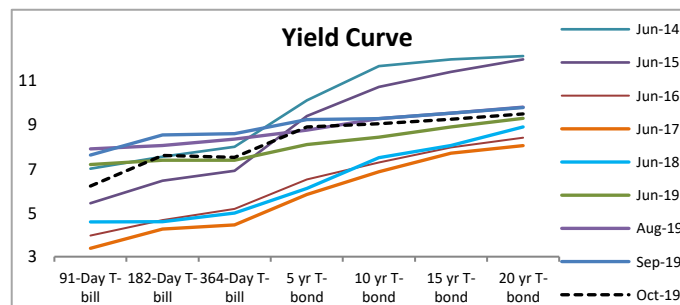
Call money rate reflects easing liquidity pressure fueled by improved deposit growth



A relaxed rescheduling policy backfired as classified loan climbed to 11.69% of the total outstanding loan



Treasury rates have recently come down slightly from their 5-years high level

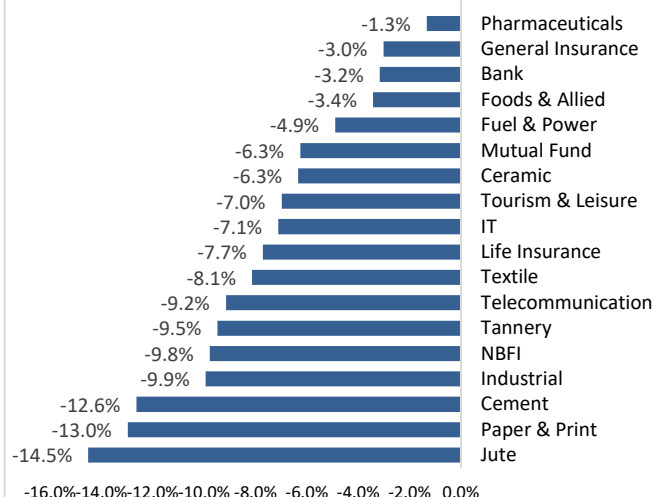


## CAPITAL MARKET UPDATE

The market shed 265 points (5.3%) during the period as a bear market continues to linger.

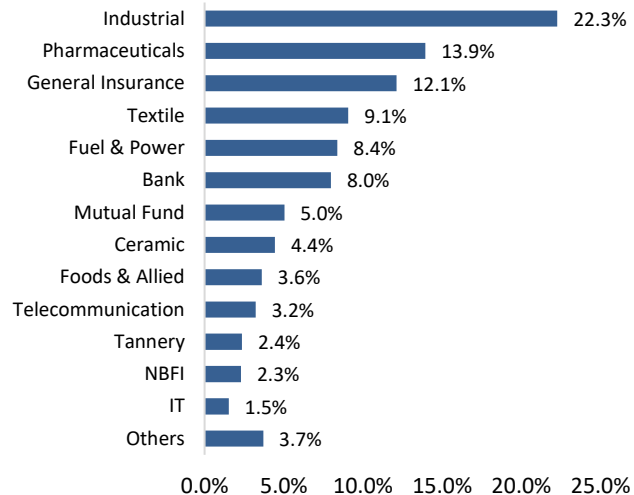
All sectors bore the brunt of the ailing market and yielded a negative return, with the jute sector suffering the most while pharmaceuticals and general insurance the least.

### Monthly Sector Return



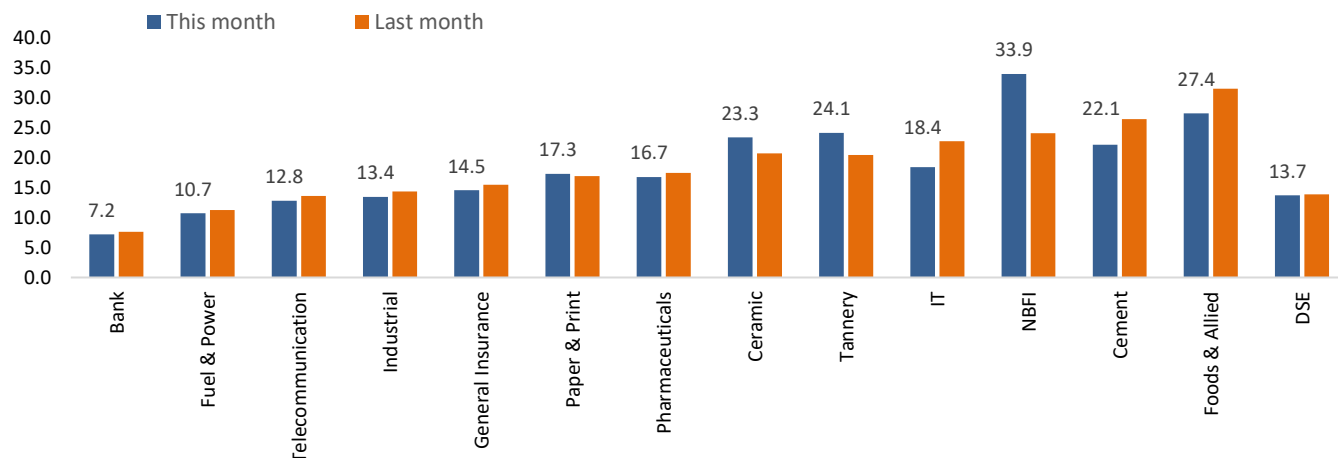
Cheap industrial stocks, stability of the pharmaceutical sector, and positive earnings growth alongside the government's mandate to enlist all insurers drove investors to bunge on the stocks in these sectors.

### Sector Contribution to Total Turnover



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

### Sector P/E Valuation



Poor earnings and dividend declarations during the month amid an already bearish market further fueled the skepticism of investors. This reduced market liquidity by 21% compared to the previous month.

### Market Liquidity

	This Month	Last Month	Change
Total Turnover (USD Million)	828.83	1,050.55	-21.1%
Avg. Daily Turnover (USD Million)	37.67	47.75	-21.1%

National Tubes Limited topped the turnover chart as it experienced an unusual price hike ahead of its dividend declaration.

Most stocks in this list experienced an unusual hike, without being backed by fundamentals, while the top gainer is a Z-category stock.

Four textile companies were among stocks that eroded most in value amid expectations of negative earnings and some demotions to Z-category.

Turnover Leaders	
Ticker	Avg. Turnover (BDT MN)
NLTUBES	3,526.32
STANCERAM	1,601.33
MONNOSTAF	1,533.15
SQURPHARMA	1,494.94
SONARBAINS	1,490.70
BSC	1,447.26
WATACHEM	1,335.47
STYLECRAFT	1,237.53
BEACONPHAR	1,195.20
MONNOCERA	1,194.46

Top Ten Gainers	
Ticker	% Change
EMERALDOIL	35.71%
MLDYEING	34.05%
SILCOPHL	21.20%
SHURWID	14.81%
CAPMIBLMF	14.61%
SAVAREFR	13.88%
MERCINS	11.92%
PADMAOIL	11.21%
SAPORTL	9.68%
SHAHJABANK	9.59%

Top Ten Losers	
Ticker	% Change
INTECH	-45.95%
KBPPWBIL	-45.28%
USMANIAGL	-43.01%
ZAHINTEX	-40.98%
RNSPIN	-40.00%
BDTHAI	-38.69%
TOSRIFA	-37.65%
GENNEXT	-36.59%
SEMLFBSLGF	-36.56%
HAKKANIPUL	-35.51%

#### NOTABLE QUARTERLY EARNINGS DURING THE MONTH

Multinational companies such as MARICO, BATBC and BERGERPBL exhibited positive quarter-on-quarter earnings growth this quarter whereas few large banks like CITYBANK and BRACBANK disclosed negative earnings. GP was also hit hard due to regulatory issues, though the top-line posted modest revenue growth.

TICKER	COMPANY NAME	SECTOR	EPS 2019 (Jul-Sep)	EPS 2018 (Jul-Sep)	CHANGE
MARICO	Marico Bangladesh Ltd.	Pharmaceuticals	21.24	15.3	38.8%
BATBC	British American Tobacco Bangladesh Co. Ltd.	Food and Allied	14.79	11.37	30.1%
BERGERPBL	Berger Paints Bangladesh Ltd.	Industrial	9.49	7.35	29.1%
GP	Grameenphone Ltd.	Telecommunication	5.38	6.25	-13.9%
CITYBANK	City Bank Ltd.	Bank	0.76	0.85	-10.6%
BRACBANK	Brac bank Ltd.	Bank	0.7	1.06	-34.0%
BATASHOE	Bata Shoe Company Bangladesh Ltd.	Tannery	3.56	15.09	-76.4%

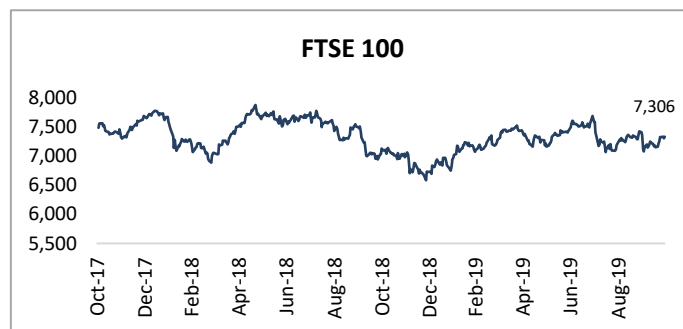
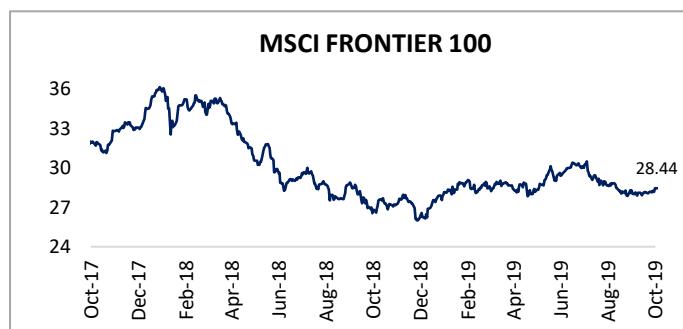
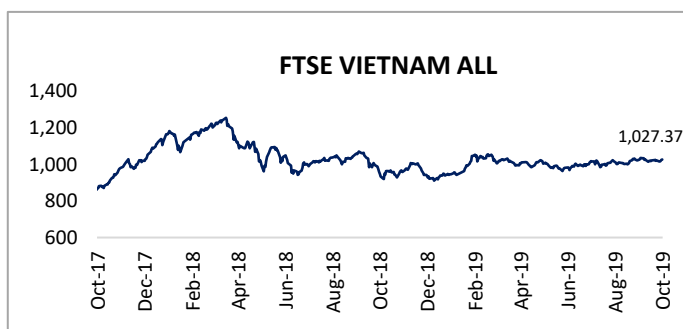
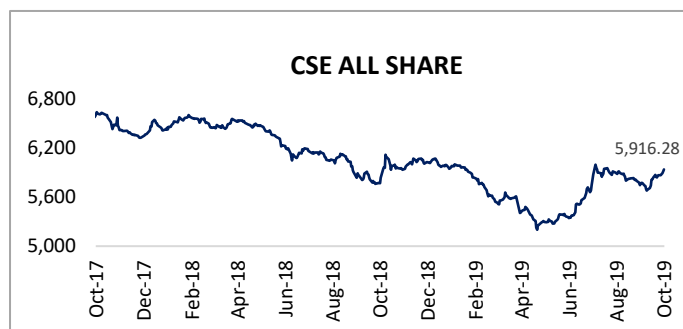
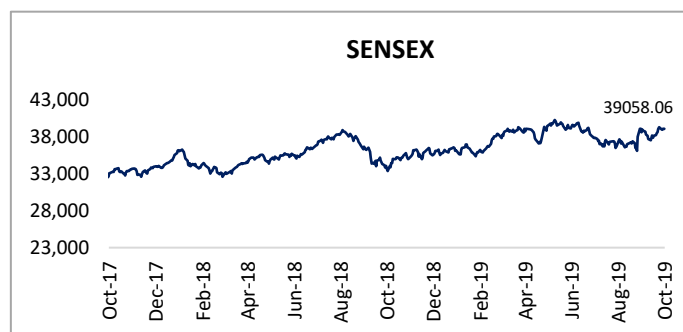
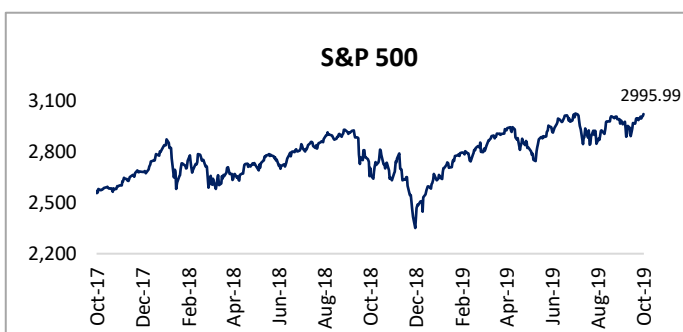
#### NOTABLE YEARLY EARNINGS & DIVIDEND DECLARATIONS DURING THE MONTH

Top pharmaceutical companies reported positive year-on-year earnings growth. Significant upward revision of drug prices in the last quarter of FY 2019 proved beneficial for pharmaceutical companies.

TICKER	COMPANY NAME	SECTOR	EPS 2019 (Jul-Jun)	EPS 2018 (Jul-Jun)	CHANGE	DIVIDEND (2019)
SQURPHARMA	Square Pharmaceuticals Ltd.	Pharmaceuticals	16.03	14.69	9.12%	42% C & 7% B
RENATA	Renata Ltd.	Pharmaceuticals	46.63	38.57	20.90%	100% C & 10% B
BXPBARMA	Beximco Pharmaceuticals Ltd.	Pharmaceuticals	7.48	6.25	19.68%	15% C
ACMELAB	Acme Laboratories Ltd.	Pharmaceuticals	6.81	6.74	1.04%	35% C
AMCL(PRAN)	Agricultural Marketing Co. Ltd.	Food and Allied	7.3	6.94	5.19%	32% C

Source: LR Global Research and DSE

## WORLD MARKET



## INDICES, COMMODITIES & CURRENCIES

Indices	1-Year	6-Month	3-Month	1-Month	1-Week
S&P500	11.55%	3.58%	6.78%	4.36%	0.50%
SENSEX	16.51%	2.99%	8.11%	4.76%	2.84%
CSE ALL	0.62%	10.14%	1.62%	4.48%	1.25%
FTSE VTNM	8.25%	4.23%	1.23%	-0.57%	0.25%
MSCI FRONTIER 100	4.43%	-1.43%	-3.94%	0.53%	-0.60%
FTSE 100	4.33%	-0.28%	-3.37%	-1.05%	1.64%
DSEX	-11.38%	-10.00%	-8.90%	-0.0535	-1.87%

Commodities Return	1-Year	6-Month	3-Month	1-Month	1-Week
Gold	21.11%	16.59%	3.93%	1.73%	0.67%
Copper	-2.76%	-6.88%	2.13%	3.01%	-1.12%
Crude Oil	-17.04%	-12.53%	-2.66%	1.04%	-3.65%
Sugar	-5.38%	3.91%	3.83%	-3.11%	1.46%
Wheat	1.60%	17.60%	3.64%	4.20%	-1.48%

Currencies Return*	Exchange Rate	1-Year	6-Month	3-Month	1-Month	1-Week
Euro	0.90	1.4%	0.4%	-0.4%	-2.0%	-0.4%
INR	70.98	-4.0%	2.7%	1.8%	-0.2%	0.2%
Yen	108.03	-4.3%	-2.8%	1.4%	0.3%	-0.5%
CNY	7.04	0.9%	4.5%	1.4%	-1.5%	-0.4%
VND	23,203.00	-0.6%	-0.2%	-0.1%	0.0%	0.0%
BDT	84.77	1.0%	0.5%	0.1%	0.3%	0.1%

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

Source: investing.com