

Sponsors of MFs ride to exit

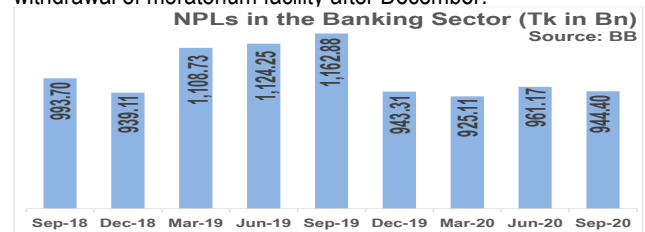
Sponsors of a number of Mutual Funds (MFs) took advantage of recent surge in market prices to opt out and exit with substantial amount of their investments in frustration over continuous poor performance and low returns from the funds for years together. Although the Asset Management Companies (AMCs) charged up to 2.5% of NAV on the funds as management fee, the returns they generated were insignificant. Over the last decade, the size of fund under management saw substantial expansion as a number of new entrants floated different funds mostly sponsored by Banks and Non-Bank Financial Institutions (NBFIs). The sponsors facilitated different fund managers to float the funds in expectation of annual returns. However, poor management and lack of transparency in the investment process prompted the banks and NBFIs to not only to exit the funds but also demotivated them from further investment. Till September last, although banks invested Tk6.22b in stock market under the special liquidity support scheme for stock investments formulated by Bangladesh Bank (BB), the mutual fund sector did not see any investment from the banks. However, BB set criteria for special investment scheme also restricted banks to invest in most of the mutual funds. As per the criteria, banks can invest in mutual funds which have disbursed cash dividends for three consecutive years. As of 30 June 2020, only 13 out of 37 closed-end and six out of 58 open-end mutual funds fulfilled the criteria. According to Bangladesh Securities and Exchange Commission (BSEC), some fund managers distributed dividend despite counting losses during the accounting year ending on 30 June 30, 2020, eroding capital of the funds. As per Dhaka Stock Exchange (DSE) statistics, the prices of mutual funds gained around 12% in the last two months till 26 November 2020.

BSEC to reform board of 21 non-compliant companies

The Bangladesh Securities and Exchange Commission (BSEC) prepared an action plan to restructure the boards of the companies which failed to comply with the minimum 30% combined shareholding requirement within 30 November 2020. As per the draft work plan, the securities regulator would restructure the boards of the errant companies through e-voting system by the Central Depository of Bangladesh Limited (CDBL). Shareholders who own 2% of total paid-up capital will be able to be a candidate in the voting if he or she is interested in joining the board. The Commission ponders to prevent illegal and forceful possession of directorship and elect directors from the interested shareholders during the Annual General Meeting (AGM). Earlier on July 29 this year, BSEC gave ultimatum to 43 listed companies to comply with the 30% shareholding rules within 60 working days which later extended to November 30. BSEC showed determination to strictly enforce the provision that requires the sponsor-directors of the listed companies to hold a certain number of shares. Previously, the Commission declared casual vacancy in the posts of 17 directors of 9 listed companies who failed to comply with the minimum 2% shareholding requirement for individual directors. Following the deadline, only 15 out of the 43 companies complied with the rule and 28 failed to meet the regulatory order. Of the 28 companies, twenty one did not take any initiative and the remaining seven sought time. As per latest development, BSEC is likely to initiate the reformation process by next week and has already decided on who will be appointed as independent directors in those 21 delinquent companies.

Toxic loan drops by 1.74% in Jul-Sep period

Banks experienced a slight fall in toxic loans in the third quarter (July-September) of 2020 riding on the moratorium on loan classification till end-December, considering the economic distress arising from Covid-19 pandemic. On March 19 this year, the central bank introduced the loan moratorium facility where Banks would have to maintain the credit status of a borrower as on January 30, 2020 until the deadline ends. As per Bangladesh Bank (BB) statistics, Non-performing loans (NPLs) in the banking sector stood at Tk944.40b at the end of September, down by 1.74% from three months earlier where more than 50% of the loans were held by nine State-owned Banks (SoBs). As of September 30 2020, the ratio of toxic loans to total loans dropped to 8.88% which was 9.16% in the previous quarter while the average Capital Adequacy Ratio (CAR) edged up to 11.94% from 11.63% three months earlier. However, the actual CAR would have been 10.39% in September if four state-run and six private banks had not enjoyed a regulatory forbearance of Tk171.94b for provisioning. Experts fear that the banks are likely to see a significant rise in the amount of default loans at withdrawal of moratorium facility after December.



NBR collects Tk4b from money whitening scheme

The National Board of Revenue (NBR) accumulated Tk4b (up to November 29) from some 3,358 tax evaders under the money whitening scheme for FY2020-21. Under the facility, only 138 taxpayers legalized Tk1.88b with penalty of Tk190m by investing in the stock market. As per the scheme, black money can be invested in the capital market for minimum one-year paying a flat 10% tax. The government has adopted a steadfast move to generate revenue from legalization of black money as the it needs a huge pool of fund to overhaul the coronavirus-hit economy. As per the new scheme, no questions will be asked about the sources of the disclosed monies. Individual taxpayers will be allowed to disclose any type of undisclosed real estate and properties including land, building, flat and apartment by paying tax at a particular rate on per square meter. In addition, individual taxpayers will also be able to make any disclosure of undisclosed cash, bank deposits, savings certificates, shares, bonds or any other securities on paying taxes at a rate of 10% whereas regular taxpayers will have to pay between 5% and 25%.

Foreign fund disbursement rises in Jul-Oct period

Disbursement of foreign assistance rose in the July-October period of FY2020-21 since the development partners started to release promised budgetary support to tackle the pandemic situation. Disbursement from the development lenders increased by 19.35% (Y-o-Y) to US\$1,711.16m in the first four months of this fiscal year as against US\$1,433.70m in FY2019-20, according to the Economic Relations Division (ERD). Of the total amount disbursed, US\$647.11m was released by Japan International Cooperation Agency (JICA) followed by US\$348.05m by the World Bank (WB), statistics showed. However, foreign assistance commitments nosedived by 44.51% (Y-o-Y) to US\$1,233.47m in the same period.

Stock Market Movement



Global Markets

	This Week	Last Week	+/- %
S&P 500	3,699.12	3,638.35	1.67
FTSE 100	6,550.23	6,367.58	2.87
Nikkei 225	26,751.24	26,644.71	0.40
SENSEX	45,079.55	44,149.72	2.11
KSE 100	42,207.00	40,807.09	3.43

DSE Indicators

	This Week	Last Week	+/- %
DSE Broad Index	4,974.84	4,869.09	2.17
Total Turnover, Tk	38,979,901,893.00	31,489,413,249.00	23.79
Market Capital, Tk	3,396,752,773,880	3,306,974,546,563	2.71
No of Issue Gain	206	144	
No of Issue Loss	88	140	
No of Unchanged Issues	68	77	

Top Gainers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
Unilever Consumer	2149.10	2742.60	27.62	176,586,000
aamra networks	38.80	47.70	22.94	375,573,000
The Peninsula	18.60	22.70	22.04	219,489,000
Miracle Industries	21.80	26.40	21.10	138,913,000
Pragati Insurance	61.70	72.70	17.83	821,804,000
Rangpur Dairy	12.30	14.40	17.07	94,358,000
Hamid Fabrics	16.70	19.40	16.17	24,265,000
National Feed Mill	18.40	20.90	13.59	825,066,000
Navana CNG Limited	33.40	37.90	13.47	11,053,000
Quasem Industries	45.30	51.30	13.25	497,477,000

Top Losers

Weighted avg. Closing Price (Tk)

Company	Last Week	This Week	Change %	Turnover (Tk)
United Power	302.30	263.90	-12.70	363,665,000
IFIC Bank 1st MF	6.40	5.60	-12.50	92,518,000
Provati Insurance	96.00	85.20	-11.25	276,434,000
SEML IBBL SF	12.20	11.00	-9.84	113,860,000
ICB AMCL Second	9.70	8.80	-9.28	57,320,000
ACI Limited.	266.00	242.20	-8.95	102,239,000
Takaful Islami Ins	50.10	45.70	-8.78	140,703,000
Shyampur Sugar Mills	60.70	55.40	-8.73	3,064,000
Popular Life First MF	5.90	5.40	-8.47	95,014,000
ICBAMCL1st Agrani MF	8.30	7.60	-8.43	34,086,000

Sectoral Index & Turnover

Sector	Sectoral Index			Turnover (Tk.M)		
	This Week	Last Week	Change %	This Week	Last Week	Change %
Bank	390.32	382.32	2.09	2,797.44	1,864.30	50.05
Cement	236.37	223.80	5.61	395.68	207.77	90.44
Ceramic	575.60	573.39	0.39	292.70	238.77	22.59
Engineering	4,993.25	4,610.01	8.31	2,740.36	1,930.51	41.95
Food & Al.	3,540.36	3,452.59	2.54	634.53	503.81	25.95
Fuel & Pow.	3,706.48	3,729.35	-0.61	1,673.42	777.34	115.27
Insurance	2,267.47	2,218.14	2.22	12,703.71	9,983.56	27.25
IT	394.91	367.97	7.32	1,587.20	1,011.52	56.91
Jute	1,087.43	1,114.43	-2.42	80.86	133.54	-39.45
Misc.	1,212.05	1,169.99	3.59	3,118.38	1,374.93	126.80
Mutual Fund	530.01	558.69	-5.13	3,269.30	3,996.49	-18.20
NBFI	1,049.32	1,022.29	2.64	988.21	1,027.85	-3.86
Paper	6,584.46	6,473.23	1.72	162.06	127.24	27.36
Pharma	1,281.33	1,254.42	2.15	3,906.93	3,108.28	25.69
Service	1,048.05	975.23	7.47	357.64	179.53	99.21
Tannery	591.39	585.74	0.96	212.39	143.20	48.32
Telecom	2,995.28	2,979.71	0.52	957.26	481.29	98.90
Textile	1,177.61	1,140.22	3.28	1,718.65	944.54	81.96
Travel & Leis	587.85	576.69	1.94	235.22	111.13	111.67

Technical Talk

Dhaka stocks bounced back in the last week snapping a three-week losing streak as optimistic investors showed their buying appetite on large-cap issues. The bargain hunters showed their buying appetite particularly on engineering, cement, food, banking and financial sectors. Among the major sectors, Engineering increased by 8.31% over the week followed by Textile 3.28%, NBFI 2.64%, Insurance 2.22%, Pharma 2.15% and Bank 2.09%.

DSE Broad Index (DSEX) stood at 4,974.84 points increased by 105.75 points or 2.17% from the previous week. Total turnover reached at Tk38979.90m which was 23.79% higher than the previous week. Market capitalization increased by 2.71% and stood at Tk3396.75b (\$40.01b) at the weekend against Tk3306.97b. DSE 30 increased by 37.43 points or 2.22% and closed at 1,727.13 points against 1,689.70 points. Last week's weighted average Market PE was 13.30 which was 13.03 previous week.

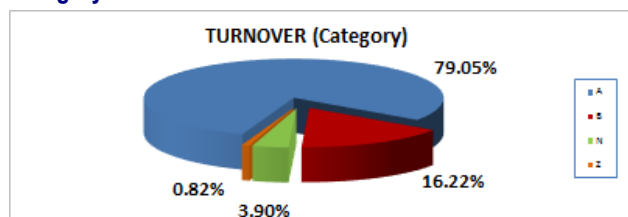
Top Turnover Companies

Company	Volume	Value (Tk)	% of total
Beximco Pharma	13,299,652	1,914,341,000	4.91
Beximco	69,786,394	1,776,358,000	4.56
Nitol Insurance Co.	12,463,241	886,750,000	2.27
National Feed Mill	38,205,762	825,066,000	2.12
Pragati Insurance Ltd.	11,460,013	821,804,000	2.11
Bangladesh Submarine	5,403,673	756,219,000	1.94

Top 10 Market Capital

			In million
GP	431,286	RENATA	104,961
Walton Hi-Tech	241,313	ICB	69,703
BATBC	191,124	Marico	67,262
Square Pharma	165,855	Berger Paint	63,749
United Power	152,982	Brac Bank	62,564

Category wise Turnover



Commodity Price

	This Week	Last Week	Change %
Gold (USD/t oz.)	1,836.80	1,805.50	1.73
Silver (USD/t oz.)	24.09	23.36	3.10
Brent Crude Oil (USD/bbl.)	48.71	48.61	0.21

Exchange Rate

	This Week		Last Week		Change %	
	TT	BC	TT	BC	TT	BC
USD	84.90	84.95	84.90	84.95	0.00	0.00
EUR	104.99	105.05	103.26	103.32	1.68	1.68
GBP	116.51	116.57	116.49	116.56	0.01	0.01
AUD	63.25	63.29	62.83	62.87	0.67	0.67
JPY	0.82	0.82	0.82	0.82	-0.13	-0.12
CAD	66.15	66.08	65.63	65.67	0.79	0.63
SAR	22.75	22.76	22.75	22.76	0.00	0.02

Based on Standard Chartered selling rates to public in Taka. Notes: USD-US Dollar, GBP-Great Britain Pound, AUD-Australian Dollar, JPY- Japanese Yen, CAD-Canadian Dollar, SAR-Saudi Riyal.

Last Public Offerings

Company	Subscription Period	Offer Price	IPO (M.Tk)
Dominance Steel	Oct 19-25, 2020	10	300
Robi Axiata Limited	Nov 17-23, 2020	10	5,237
Energypac Power	Dec 07-13, 2020	31	1,500
Mir Akhter	Dec 24-30, 2020	54	560.83