

Academic Activities of BICM November-December 2020

Investors Education Program

To fulfill government's commitment of increasing awareness of general investors, BICM has been conducting day-long free "Investors Education Program" to disseminate the basic knowledge of capital market investment. General investors have been encouraged to assess the financial health of the listed companies prior to making investment decisions. BICM conducts this program on weekly basis in Dhaka and in regional cities on certain interval. During November-December 2020, the institute has conducted 9 "Investors Education Program", where total 331 investors participated.

Certificate Courses on Capital Market

The Institute offers "Certificate Programs" of different duration for the sector professionals, market intermediaries, and related stakeholders. During November-December 2020, BICM arranged total 4 certificate courses on various significant areas named "Basic Technical Analysis", Fundamentals of Portfolio Management' 'International Accounting Standards/International Financial Reporting Standards' and 'Fundamentals of Equity Valuation" respectively. Total number of participants in all these courses was 171. The main purpose of these courses is to enable the investors to review and analyze financial statements, familiarize the participants to theories and strategies of portfolio management, gather knowledge about basics of equity valuation and to know the application and disclosure requirements as specified by IASs and IFRSs for International Accounting Standards.

Postgraduate Diploma in Capital Market (PGDCM)

BICM is offering PGDCM for the market intermediaries, full spectrum of market professionals and graduates who aspire to pursue career in the capital market. The Diploma provides a blend of theoretical and practical knowledge on market mechanism, legal framework, new instruments and techniques. The yearlong PGDCM program consists of 13 courses of 36 credit hours including internship. The program is divided into three trimesters. Till 31th December 2019, BICM has enrolled 13 'Evening' and three 'Day' batches in the PGDCM program.

Certificate Course on “Financial Statements Analysis”

BICM conducted certificate course titled “Basic Technical Analysis” dated on 16 November 2020 and a workshop on it at 30 November, 2020 at BICM. The objective of these two programs was to enable the participants to familiarize and understand with various components of technical analysis and different approaches to analyze them. In the daylong program at both places, the total numbers of participants were 29 respectively. Both the certificate course and workshop were taken by Mr. Shibli Amran, AVP and Senior Portfolio Manager, City Bank Capital Resources Limited.

Certificate Course on “Fundamentals of Portfolio Management”

BICM conducted the course titled “Fundamentals of Portfolio Management”, a daylong training program at 23 November, 2020 to familiarize the participants to theories and strategies of portfolio management at BICM. The class was taken by Tasruma Sharmeen Chowdhury, Assistant Professor, BICM and Kazi Monirul Islam, CFA, Head of Research, IDLC. Total 25 students participated here to attain knowledge about the various important aspect of portfolio management.

Certificate Course on “IASs and IFRSs”

BICM conducted certificate course titled “Certificate Course on IASs and IFRSs” from 24 November to 05 November, 2020. The objective of the course was to enable the participants to understand the recognition, measurement, presentation and disclosure requirements as specified by IASs and IFRSs in the preparation and presentation of published financial statements. In the daylong training program of ten days, total numbers of participants were 10. The classes were taken by distinguish resource persons Dr. James Bakul Sankar, Associate Professor, UIU; Mr. Sandip Halder, ACMA, FCA, CA (UK), Chief Financial Officer Godrej Household Products (BD) Pvt. Ltd.; Mr. Shafiqul Alam, ACS, FCMA, FCA, CEO of Shafiqul Alam & Co; and Md. Habibullah, ACCA Affiliate, Assistant Professor of BICM.

Certificate Course on “Fundamentals of Equity Valuation”

BICM conducted the course titled “Fundamentals of Equity Valuation”, a daylong training program at 30 November, 2020 to familiarize participants with different equity valuation models. The certificate course was taken by Kashfia Sharmeen, Assistant Professor, BICM and Sagira Sultan Provati, Lecturer, BICM. Total 52 students participated here to attain knowledge about the various important aspect of portfolio management and the valuation calculation was shown in Microsoft excel which will be precisely beneficial for the participants.

Certificate Course on “Islamic Finance”

BICM conducted another workshop titled “Islamic Finance” at 14 December, 2020. At the end of the course the participants will be able to learn the introductory concept of Islamic Finance along with various Islamic Financial Contracts, different categories of Islamic Banking and Islamic Capital Market. The classes were taken by Tasruma Sharmeen Chowdhury, Assistant Professor, BICM and Mr. Khaled Mahmud Raihan, FCCA, Vice President, Islami Bank Bangladesh Ltd.

Session	Detail
Session 1 10.00 AM - 11.15 AM	Introduction to the concept of Islamic Finance <ul style="list-style-type: none"> • Basic principles of Islamic Finance - Prohibition of interest, Risk sharing, Asset-based, Money as “potential” capital, Prohibition of speculative behavior and other, Sanctity of contracts, Preservation of property rights and Other • Differences, Conflicts and Priorities in Islamic Finance • The Role of Ethics in an Islamic Financial System • Rationale for Islamic moral economy
Session 2 11.45 AM - 01.00 PM	Islamic Financial Contracts Ijara, Istisna’a, Mudarabah, Murabahah, Musharakah, Wakala, Salam and Other
Session 3 02.00 PM - 03.15 PM	Islamic Banking <ul style="list-style-type: none"> • Deposit Management (Mudarabah Process, Profit and Loss-Sharing) • Modes of Financing Trade, Industry, and Agriculture (Trade and Industry, Agriculture and Forestry, Consumer Finance, Treasury Operations, Foreign Exchange, Public Sector Financing) • Different types of Islamic Banking deposit schemes in Bangladesh • Credit Sale Contracts (Murabahah and others) • Profit Distribution by Islamic Banks and Islamic Windows • Different types of Reserves (Profit equalization reserve and others)
Session 4 3.30 PM - 04.45 PM	Islamic Banking (Continued)
Session 5 04.45 PM - 05.15 PM	Islamic Capital Market <ul style="list-style-type: none"> - Shariah Compliant Equity Investment, Shariah Index, Shariah Compliant Funds, Investment Sukuk, Definition of Investment Sukuk, Structure of Investment Sukuk, Types of Investment Sukuk, Role of Investment Sukuk in Economic Development - Advantages of Investment Sukuk from Investors’ Perspective.
Session 5 05.30 PM - 06.00 PM	Islamic Capital Market (Continued)

Regulatory News
November-December 2020

BSEC Instructed Regarding Circuit Breaker

Regulating share price movement in the stock exchange trading is very crucial to ensure the interest of investors and securities market. Thus, the Bangladesh Securities and Exchange Commission (BSEC) directs regarding circuit breaker for the development of securities market. New standard upward and downward price change limits (circuit breaker)-based on reference price, or previous trading day's closing price is given on below table:

Price limits	Name of the Chartered Accountants Firm
1. Up to Tk. 200	10% (Ten Percent)
2. Above Tk. 200 to Tk. 500	8.75% (Eight Point Seven Five Percent)
3. Above Tk. 500 to Tk. 1000	7.50% (Seven Point Five Zero Percent)
4. Above Tk. 1000 to Tk. 2000	6.25% (Six Point Two Five Percent)
5. Above Tk. 2000 to Tk. 5000	5% (Five Percent)
6. Above Tk. 5000	3.75% (Three Point Seven Five Percent)

Moreover, from now on Circuit breaker shall be imposed on any newly listed security from the first trading day. For the first trading day, circuit breaker shall be 50% (Fifty Percent) on issue price; for the second trading day, circuit breaker shall be 50% (Fifty Percent) on previous trading day's closing price; and usual applicable circuit breaker mentioned in above table shall be imposed from the third trading day.

Capital Market Synopsis for November, 2020

Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market closed the month of November in affirmative territory. During the month, the broad index DSEX improved by 1.0%, gaining 48.5 points. The blue chip index DS30 and the Shariah index DSES also increased by 1.2% and 0.6% respectively. Among the regional peers, Vietnam's index dropped by 2.8%, while Pakistan (+14.9%) and Sri Lanka (+3.7%) yielded positive returns in the month of November. Similarly, the MSCI Frontier Markets Index also gained +1.5%. Vietnam showed the most encouraging longer term track record with a 5 years' return of 71.3%.

Liquidity Condition in Equity Market of Bangladesh

During November, the total market capitalization increased by 0.2%, while free float market capitalization increased by 1.1%. The daily average turnover of November 2019 was BDT 3.8 bn (USD 45.9 mn), increasing by 22.2% from that of last month. Accordingly, turnover velocity which represents overall liquidity of the market increased to 24.9% in November compared to 23.7% of last month. In 2018, turnover velocity of Bangladesh equity market was 37.7%, whereas it was 5.4% in India, 6.9% in Sri Lanka, 34.8% in Vietnam and 70.7% in Thailand.

Historical Index Points and Market Participation Data

Since its inception on January 27, 2013, DSEX yielded a holding period return of 16.7% till November, 2019. During the same period, daily average turnover of the market amounted to BDT 5.4 bn (USD 63.6 mn).

Market Valuation Level - P/E Ratio

The market P/E decreased to 12.26x in November compared to last month's 12.61x. It is also way lower than the 19 years' median market P/E of 15.08x. In terms of trailing 12 month P/E ratio equity market of Bangladesh is cheaper than most of its regional peers.

Sector Performance

During November, among the major sectors, NBFI, Textile, Bank and Telecommunication advanced by 9.5%, 4.1%, 0.6% and 0.2% respectively, while all other sectors yielded negative returns. The largest sector in terms of market capitalization, Bank is relatively undervalued in terms of P/E ratio. On the other hand, Telecommunication sector has the highest dividend yield of 8.5% among all sectors.

Performance of 20 Largest Listed Companies in Bangladesh

Among the 20 largest listed companies in terms of market capitalization, SUMITPOWER (+18.5%) advanced the most in November, followed by BERGERPBL (+14.6%) and POWERGRID (+13.8%). On the contrary, MJLBD (-7.4%) faced the highest selling pressure during the month. Majority of these companies yielded outstanding return over longer time horizon (5 years) such as BRACBANK (+210.1%), BERGERPBL (+156.4%), RENATA (+151.0%), EBL (+127.2%), and DUTCHBANGL (+122.2%). Among the scrips SUMITPOWER, GP, TITASGAS, ISLAMIBANK, EBL, UPGDCL, MARICO, PUBALIBANK and POWERGRID recorded a higher dividend yield compared to that of market.

Top Performing Mutual Funds

The top ten open end mutual funds based on 3 year CAGR outperformed the market during the same period. Among them VIPB Accelerated Income Unit Fund (+12.3%) yielded the highest return. On YTD 2019 basis, all the funds generated negative returns. However, VIPB Accelerated Income Unit Fund posted the least negative return (-1.5%), compared to the rest.

The top ten closed end mutual funds on the basis of 5 years (2014-2018) performance also yielded negative returns on YTD basis. However, PHPMF1 (-1.3%) yielded the least negative returns, compared to the rest. All these funds are traded at a lucrative discount compared to their NAV. Besides, all the funds also offered higher dividend yields compared to market.

Foreign Participation in Equity Market of Bangladesh

Over last 5 years, Bangladesh equity market has seen a surge of foreign investment. As of October, 2019 total foreign ownership stood at 6.9% of the total equity market capitalization, which was only 1.7% in 2014.

Capital Market Synopsis for December, 2020

Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market closed the month of December in negative territory. During the month, the broad index DSEX declined by 5.9%, losing 278.5 points. The blue chip index DS30 and the Shariah index DSES also decreased by 8.2% and 7.6% respectively. Among the regional peers, Sri Lanka and Vietnam's index also declined by 1.3% and 1.0%, while Pakistan yielded a positive return of 3.7% during the month of December. Similarly, the MSCI Frontier Markets Index gained 3.9%. Over the long term, Vietnam showed the most encouraging track record with a 5 years' return of 78.8%.

Liquidity Condition in Equity Market of Bangladesh

During December, the total market capitalization decreased by 4.8%, while free float market capitalization decreased by 5.6%. The daily average turnover of December 2019 was BDT 3.4 bn (USD 39.5 mn), decreasing by 14.1% from that of last month. Accordingly, turnover velocity, which represents overall liquidity of the market, decreased to 23.7% in December compared to 24.9% of last month. In 2018, turnover velocity of Bangladesh equity market was 37.7%, whereas it was 5.4% in India, 6.9% in Sri Lanka, 34.8% in Vietnam and 70.7% in Thailand.

Historical Index Points and Market Participation Data Sector Performance

Since its inception on January 27, 2013, DSEX yielded a holding period return of 9.8% till December, 2019. During the same period, daily average turnover of the market amounted to BDT 5.4 bn (USD 63.3 mn)

Market Valuation Level - P/E Ratio

The market P/E decreased to 11.84x in December compared to last month's 12.26x. It is also way lower than the 19 years' median market P/E of 15.08x. In terms of trailing 12 month P/E ratio equity market of Bangladesh is cheaper than most of its regional peers.

Sector Performance

Since its inception on January 27, 2013, DSEX yielded peer countries a holding period return of 9.8% till December, 2019. During the same period, daily average turnover of the market amounted to BDT 5.4 bn (USD 63.3 mn)

Market Valuation Level - P/E Ratio

The market P/E decreased to 11.84x in December compared to last month's 12.26x. It is also way lower than the 19 years' median market P/E of 15.08x. In terms of trailing 12 month P/E ratio equity market of Bangladesh is cheaper than most of its regional peers. During December, all the major sectors yielded negative returns, among which Telecommunication and Food & Allied yielded the most negative returns of -10.2% and -9.1% respectively. The largest sector in terms of market capitalization, Bank is relatively undervalued in terms of P/E ratio. On the other hand, Telecommunication sector has the highest dividend yield of 9.4% among all sectors.

Performance of 20 Largest Listed Companies in Bangladesh

Among the 20 largest listed companies in terms of market capitalization, NATLIFEINS (+10.3%) advanced the most in December, followed by ISLAMIBANK (+3.8%). All the other companies posted negative returns, of which BXPHERMA (-13.5%) faced the highest selling pressure during the month. Majority of these companies yielded outstanding return over longer

time horizon (5 years) such as BRACBANK (+198.7%), RENATA (+132.8%), EBL (+118.5%) and BERGERPBL (+107.7%). Among the scrips GP, SUMITPOWER, TITASGAS, EBL, ISLAMIBANK, UPGDCL and PUBALIBANK recorded a higher dividend yield compared to that of market.

Top Performing Mutual Funds

The top ten open end mutual funds based on 3 year CAGR outperformed the market during the same period. Among them, VIPB Accelerated Income Unit Fund (+12.3%) yielded the highest return. On YTD 2019 basis, all the funds generated negative returns. However, MTB Unit Fund posted the least negative return (-0.9%), compared to the rest.

The top ten closed end mutual funds on the basis of 5 years (2014-2018) performance also yielded negative returns on YTD basis. However, PHPMF1 (-3.0%) yielded the least negative returns, compared to the rest. All these funds are traded at a lucrative discount compared to their NAV. Besides, all the funds also offered higher dividend yields compared to market.

Foreign Participation in Equity Market of Bangladesh

Over last 5 years, Bangladesh equity market has seen a surge of foreign investment. As of October 2019 total foreign ownership stood at 6.9% of the total equity market capitalization, which was only 1.7% in 2014. Among all the companies with foreign ownership, BRACBANK had the highest foreign shareholding of 43.2% as of November 2019, followed by DBH with 42.2%.

International Capital Market Review
(01 November 2019 - 31 December 2019)

Index	Country	Beginning (November 2019)	Ending (December 2019)	1 month % Change
S & P 500 INDEX	United States	3,066.91	3,221.29	5.03%
Dow Jones Industrial Average	United States	27,347.36	28,462.14	4.08%
NASDAQ COMPOSITE INDEX	United States	8,386.40	8,945.99	6.67%
FTSE 100 INDEX	United Kingdom	7,302.40	7,542.40	3.29%
DAX Index	Germany	12,961.05	13,249.01	2.22%
HANG SENG	Hong Kong	27,100.76	28,189.75	4.02%
NIKKEI 225	Japan	22,850.77	23,656.62	3.53%
SSE COMPOSITE INDEX	China	2,958.20	3,050.12	3.11%
S&P BSE SENSEX	India	40,165.03	41,253.74	2.71%

(Source: finance.yahoo.com)

International capital market experienced progressive changes in different types of indexes during November-December 2019. US equities gained positive returns in case of S&P 500, Dow Jones Industrial Average and NASDAQ COMPOSITE INDEX. There was a 5.03% positive change in S&P 500 index over this timeframe whereas Dow Jones Industrial Average and NASDAQ COMPOSITE INDEX grown by 4.08% and 6.67% respectively. Again, FTSE 100 INDEX of United Kingdom showed optimistic trend and rose by 3.29%.

Over this timeframe, HANG SENG index of Hong Kong and NIKKEI 225 index of Japan jumped by 4.02% and 3.53% respectively. In addition to, DAX Index of Germany and S&P BSE SENSEX of India demonstrated positive returns and flourished by 2.22% and 2.71% respectively. Furthermore, SSE COMPOSITE INDEX of China also improved immensely by 3.11% during this timeframe.

The following graph demonstrates the percentage change of one month in index from November-December 2019:

