



### Macroeconomic & Market Outlook

CY2020 proved to be patchy, where the year started on a rough note with the spread of a global pandemic (Covid-19) and the resultant slowdown in economic activity. However, Pakistan proved its resilience with efficient and timely monetary and fiscal measures to stimulate economic activity while taking necessary actions (such as selective lockdowns) to ensure effective curtailment of Covid-19 spread.

Supported by government's proactive approach, the year closed on an optimistic note with visible recovery in key macroeconomic indicators despite second wave of Covid-19 hitting the country during the last quarter of the year.

An array of positive developments were seen during the month of December 2020, including: (i) successful deferment of USD 1.7 billion debt till June 2021, (ii) significant growth in country's exports, (iii) continuation of positive Current Account streak, and (iv) extension in the construction sector amnesty scheme.

Macroeconomic indicators continued to remain strong with Current Account posting another month of surplus (USD 447 million during November 2020), thus taking cumulative 5MFY21 Current Account balance to a surplus of USD 1.64 billion (1.4% of GDP). This is in contrast to USD 1.74 billion deficit seen during the same period last year. The strong Current Account position is attributable to a combination of rising exports, healthy remittances flow, pruned income balance (less interest payments) and reduced services deficit.

During November 2020, workers' remittances clocked in at USD 2.34 billion (up 28% YoY). On a cumulative basis, remittances grew by 27% YoY to USD 11.77 billion during 5MFY21. In terms of exports, the country posted a growth of 5% YoY during November 2020, while imports increased by 10.7% YoY to USD 4.08 billion. Overall, the trade deficit of good and services, during November 2020, clocked in at USD 1.95 billion, up 8.6% YoY. Nevertheless, on a cumulative basis, the trade balance remained flattish at a deficit of USD 9.54 billion, during 5MFY21.

In a key development during the month, the government has negotiated debt service suspension amounting to USD 1.7 billion with 21 creditor countries including G20 and Paris Club. The deferment is effective till June 2021 and will provide much-needed fiscal space to Pakistan. During 4MFY21, country's fiscal deficit clocked-in at 1.7% of GDP. However, the primary balance remained in surplus, clocking in at 0.4% of GDP during the period under review. Country's total liquid foreign exchange reserves stood at USD 20.3 billion as on 24th December 2020. Of the total FX reserves, around USD 13.2 billion are held by SBP that implies an import cover of more than 3 months.

Inflationary pressures continued to recede with CPI for the month of December 2020 clocking in at 7.97% as against 8.3% YoY in November 2020 and 12.6% during December 2019. Interestingly, the sequential CPI declined by 0.7% during December 2020, breaking a 7-month trend of sequential increases, thanks to lower food inflation. During the

month, perishable food items index dropped by 15.1% MoM, on account of lower prices of almost all essential items such as onions, pulses, vegetables, tomatoes, potatoes, sugar, wheat, etc. Cumulatively, average inflation for 1HFY21 stands at 8.6%, which is significantly lower than 11.1 % in the same period last year.

Keeping in view the ongoing second wave of Covid-19 spread, constant monitoring by the government to ensure stable supplies of essential items would be necessary to contain food inflation in the coming months. While 9% MoM increase in oil prices indicate a risk to transport prices index, we believe high base effect would dilute the impact of any change in petrol prices in near-term. All in all, we expect inflationary pressures to subside during FY21 and may close the year at an average of 8-9%.

During December 2020, SBP conducted 3 Market Treasury Bills' (MTBs) auctions and sold a total of PKR 1.44 trillion worth of Treasury Bills. The cutoff rate of last auction was 7.1498%, 7.20% & 7.29% for 3, 6 & 1 year papers, respectively. In addition, the SBP picked up PKR 13.27 billion in its PIB auction followed by PKR 62.83 billion in GoP Ijara Sukuk auction, PKR 2.96 billion in FIB floating rate auction and PKR 9.90 billion in Pakistan investment Bond (PIB) floating 3 years-quarterly coupon auction.

While we expect inflationary pressure to recede in coming months, we believe (i) rising Covid-19 cases as second wave comes around, (ii) persistent negative output gap, and (iii) weak Non-Food-Non-Energy (NFNE) readings indicating weak domestic demand, will remain the key focus of SBP in near-term decision making. Present circumstances dictate a lenient monetary policy (negative real rates) as weaker-than-expected GDP growth could have serious repercussions for Pakistan's debt indicators. That said, we believe SBP may continue to target revival of economy instead of targeting inflation. Hence, we expect a status quo in the upcoming monetary policy meeting.

#### Fund Objective

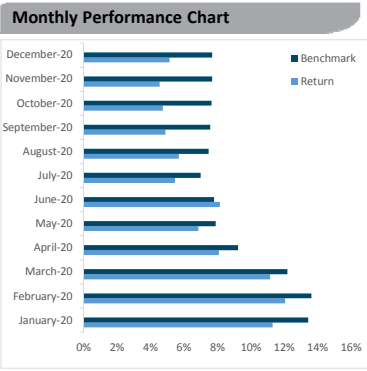
The BMA Chundrigar Road Savings Fund seeks to provide its investors with an attractive rate of return by investing in all fixed income and money market instruments of medium risk and short duration. The fund will seek to maintain a rupee weighted average maturity for the investment portfolio of not more than 5 years.

#### Fund Commentary

BCSF posted an annualized return of 5.13% p.a. during December 2020 against the benchmark of 7.68%, underperforming by 255bps. During the month, funds were switched to high yielding deposit account offering better returns. The fund was mainly invested in bank deposits equivalent to 89%, while exposure in TFCs was 6.9% at month's end. The standard deviation of the portfolio was 0.06%. The total portfolio maturity was 56 days at the end of the month.

Fund Details	
Fund Type	Open End
Category	Aggressive Income Fund
Inception Date	23-Aug-07
Benchmark	1YR KIBOR
Dealing Days	Monday – Friday
Cut-off time	4:00 PM
Pricing Mechanism	Forward
Management Fee	0.50%
Front end Load	Upto 1%
Back End Load	Nil
Fund Stability Rating	A(f) (PACRA)
Risk Profile	Moderate
Listing	PSX
Trustee	MCBFSL
Auditor	EY Ford Rhodes, Chartered Accountants
Legal Advisors	KMS Law Associates
Management Quality Rating	AM4++
Expense Ratio*	2.50%

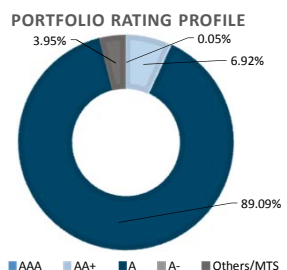
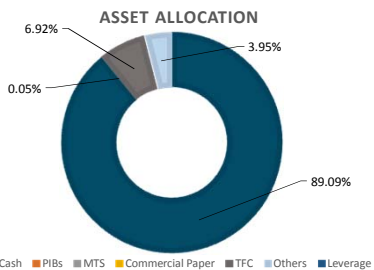
\*This includes 0.3% of SECP Fee & Govt. Levy



Monthly Performance Table	Return	Benchmark
December-20	5.13%	7.68%
November-20	4.54%	7.69%
October-20	4.74%	7.65%
September-20	4.88%	7.57%
August-20	5.69%	7.47%
July-20	5.46%	6.99%
June-20	8.14%	7.80%
May-20	6.87%	7.90%
April-20	8.08%	9.23%
March-20	11.14%	12.19%
February-20	12.05%	13.63%
January-20	11.31%	13.43%

Asset Allocation	Nov-20	Dec-20
Cash	88.96%	89.09%
PIBs	0.05%	0.05%
MTS	0.00%	0.00%
Commercial Paper	0.00%	0.00%
TFC	6.95%	6.92%
Others	4.05%	3.95%
Leverage	0.00%	0.00%

Portfolio Ratings	
AAA	0.05%
AA+	6.92%
A	89.09%
A-	0.00%
Others/MTS	3.95%
<b>Total</b>	<b>100%</b>



Fund Returns	BCSF	BM
Annualized Return (Dec-20)	5.13%	7.68%
Annual Return (FY21TD)	5.13%	7.51%
Annualized Return (365 days)	7.59%	9.11%
Annualized Return ( Last 3 years)	8.35%	9.96%
Annualized Return ( Last 5 years)	8.64%	8.58%
Annualized Return (Inception to Date)	4.79%	10.46%
FY 2020	10.73%	12.16%
FY 2019	7.68%	10.65%
FY 2018	5.16%	6.70%
FY 2017	5.51%	6.40%
FY 2016	11.62%	6.83%

### 1 YR KIBOR & Standard Deviations

1YR KIBOR (Dec-20)	7.68%
1YR KIBOR Standard Deviation	0.36%
Portfolio Standard Deviation	0.06%

\*Benchmark revised in line with the SECP Direction no. 27 of 2016; previously GM KIBOR

### Portfolio Characteristics

Net Assets in PKR mn (31-Dec-20)	115
NAV/unit in PKR (31-Dec-20)	8.4816
Portfolio Weighted Average Maturity (in days)	56

### Top 10 TFC Holdings (% of Total Assets)

JSCL (Issue Date:6-March-18)	6.92%
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**Note**

\*Annualized return is based as per MUFAP stated methodology.

\*Performance data does not include the cost incurred directly by an investor in the form of sales load etc.

\*Funds returns computed on NAV to NAV with the dividend reinvestment.

### Investment Committee

Syeda Humaira Akhtar, CFA, FRM	Chief Investment Officer
Ali Najeeb	Deputy Chief Investment Officer
Muhammad Zafar Rehman	Fixed Income Fund Manager
Muhammad Salman	Chief Financial Officer
Noel Paulus	Junior Investment Analyst

+92 21 111 262 111

Info@bmafunds.com

www.bmafunds.com

Disclosure: The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the amount of Rs. 1,155,811. If the same were not made the NAV per unit of the fund would have been higher by Rs.0.09/1.01%.

### MUFAP Recommended Format

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