

# FUND MANAGER'S REPORT

## BMA CHUNDRIGAR ROAD SAVINGS FUND

July 2021



### Market Outlook

The main highlights of the outgoing month include i) CPI for July, 2021 stood at 8.4% ii) Foreign Exchange reserves surged to USD25.1 Billion iii) trade deficit increased to USD 31.1 Billion iv) FBR surpassed its monthly tax collection target by Rs. 109 Billion iv) 4th wave of COVID-19 resulted in lockdown in Sindh and v) SBP kept the Policy Rate unchanged at 7% in its MPS.

The National CPI increased to 8.4% YoY in July, 2021 compared to 9.7% YoY in June21. The monthly CPI witnessed an increase of 1.3% compared to a decrease of 0.2% last month, on the back of food prices which increased by 1.9% MoM followed by monthly increases in clothing, transport, and restaurants which rose by 15%, 5%, and 13% respectively. Urban core Inflation clocked in at 0.8/6.9% on MoM/YoY basis whereas Rural Core Inflation clocked in at 0.7/6.9% on MoM/YoY basis.

The foreign reserves touched an all-time high of USD 25.1 Billion during the month of July, 2021 on the back of sale of Eurobonds worth USD 1 Billion. According to latest data available, foreign reserves stood at USD24.9 Billion in July, 2021 against USD 24.40 Billion in June-21. Roshan Digital Accounts remained the venue of choice for overseas Pakistanis for depositing money, which increased to USD 1.7 Billion by mid of July, 2021.

The trade deficit for FY21 stood at USD 31.1 Billion, an increase of 34.29% YoY, according to the data published by the PBS. On monthly basis the deficit surged to USD 3.65 Billion in June-21 compared to USD 3.63 Billion in May-21. Pakistan's current account deficit stood at USD1.85 Billion in FY21 due to rise in crude oil prices and vaccine imports. The current account deficit in FY21 fell to only 0.6% of GDP, which is the lowest in 10 years, with exports and remittances at all-time highs, according to SBP.

Good news abound FBR performance which exceeded its monthly Tax collection target in July, 2021. The FBR collected around Rs. 410 Billion during the first month of FY22 as against the monthly target of Rs. 341.7 Billion, an equivalent to 7% of the annual target of Rs. 5,829 Billion. This amount was higher by 36.5% or Rs109 Billion over the revenue generated during the same month of last fiscal year.

The positivity rate of COVID-19 surged to 30% in July, 2021 in Karachi that led the Sindh government to impose partial week-long lockdown in Sindh till 8th August'21. Fourth wave of COVID-19 infections has led the Sindh Government to issue a deadline of 31st August 2021 for COVID-19 vaccination after which the government may block the mobile phones' SIMs of unvaccinated individuals

The SBP has kept the Policy Rate unchanged at 7.00%. The MPC indicated that it will continue supporting the economic recovery

through accommodative monetary policy in the near-term. The MPC has expressed its intention of a gradual reduction in its accommodative stance to combat external and local risks threatening to disrupt broad-based recovery witnessed in FY21. Headline inflation is expected to remain between 7-9% for FY22

The SBP mopped up a total of Rs. 2,152 Billion in the 3 Treasury Bills' auctions conducted during the month of July21. The cut-off rates in the last auction of the month for 3 and 6 months paper were 7.24% p.a. and 7.52% p.a. respectively while bids for 1 year paper were rejected. Also, the SBP conducted its PIB auction in July, 2021 and sold PIBs of different maturities worth Rs. 149.26 Billion. The cut-off rates of 3 years PIB was 8.69%, 5 years was 9.20% and 15 years was 10.40%. All bids for 10 years PIB's were rejected.

Citing no change SBP's monetary management stance for now, the market at present is poised to invest funds in short to medium term instruments while shying away from long maturity bonds to avoid any valuation losses in case of rise in SBP's Policy rates. This is also evident from the fact that short term benchmark 6 months KIBOR has decreased to 7.59% at the end of July21 from 7.69% a month earlier. We expect a surge in long term PIB cut-off rates in August, 2021 citing reversal in SBP's accommodative policy in the 2nd half of FY22.

### 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 5.78% in July, 2021 against the benchmark of 8.05%, underperformed by 227bps. The fund was mainly invested in high yield bank deposits equivalent to 88.98% of total assets, while exposure in TFCs was 6.69% at month's end. The standard deviation of the portfolio was 0.07%. The total portfolio maturity was 42 days at the end of the month.

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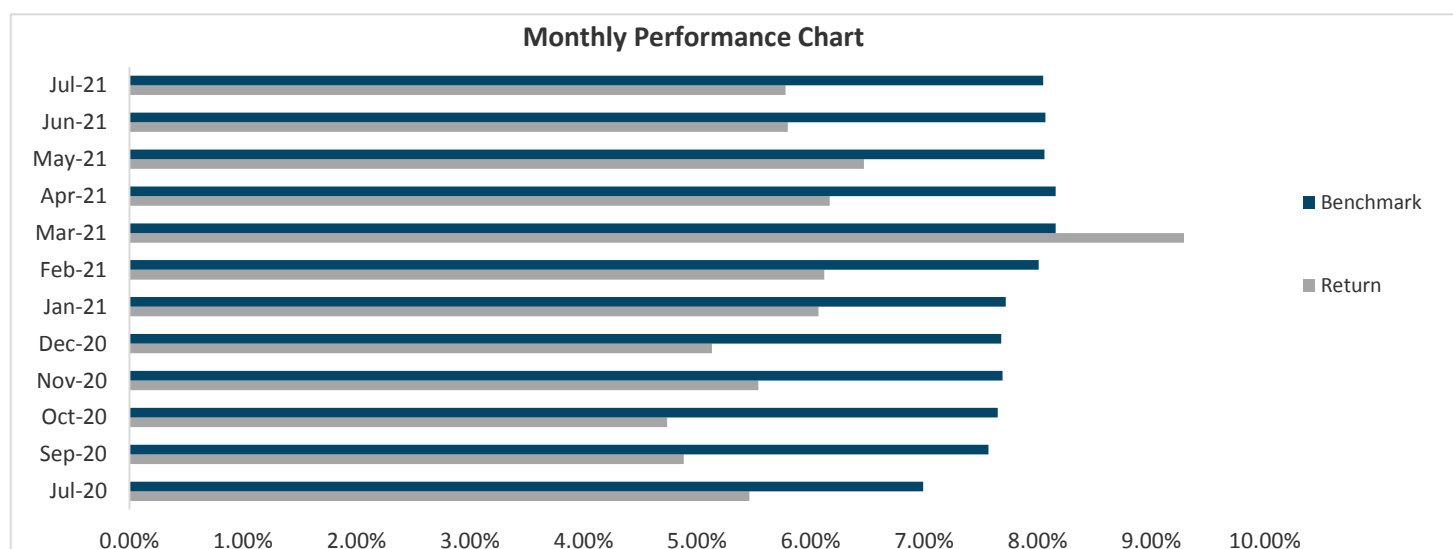
July 2021



Fund Returns	BCSF	BM
Annualized Return (Jul-21)	5.78%	8.05%
Annual Return (FY22TD)	5.78%	8.05%
Annualized Return (365 days)	6.06%	7.78%
Annualized Return (Last 3 years)	8.84%	10.18%
Annualized Return (Last 5 years)	8.02%	8.72%
Annualized Return (Inception to Date)	4.92%	10.32%
FY 2021	6.03%	7.76%
FY 2020	10.73%	12.16%
FY 2019	7.68%	10.65%
FY 2018	5.16%	6.70%
FY 2017	5.51%	6.40%

Monthly Performance	BCSF	BM
July-21	5.78%	8.05%
June-21	5.80%	8.07%
May-21	6.47%	8.06%
April-21	6.17%	8.16%
March-21	9.29%	8.16%
February-21	6.12%	8.01%
January-21	6.07%	7.72%
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%

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	Reanda Haroon Zakaria & Company, Chartered Accountants
Legal Advisors	KMS Law Associates
Management Quality Rating	AM4++
Expense Ratio*	2.07%
*This includes 0.30% of SECP Fee & Govt. Levy	



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Asset Allocation	June-21	July-21
Cash	89.25%	88.98%
PIBs	0.05%	0.05%
TFC	6.68%	6.69%
Others	4.02%	4.28%

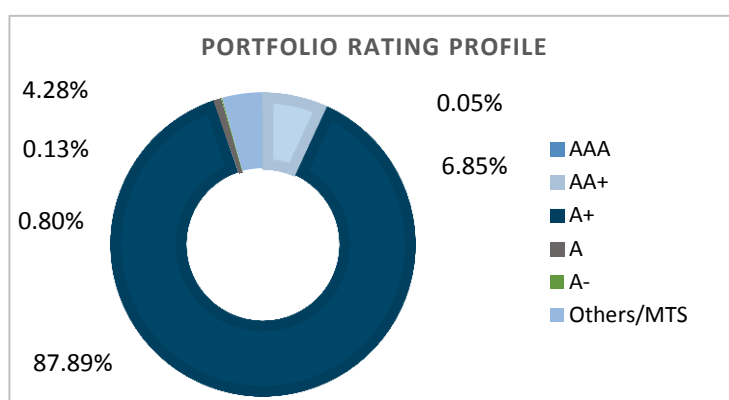
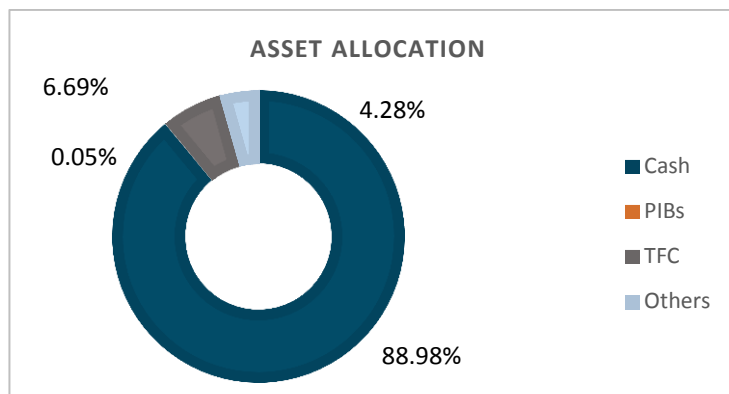
Portfolio Ratings	
AAA	0.05%
AA+	6.85%
A+	87.89%
A	0.80%
A-	0.13%
Others/MTS	4.28%
<b>Total</b>	<b>100%</b>

1 YR KIBOR & Standard Deviations	
1YR KIBOR (July-21)	8.07%
1YR KIBOR Standard Deviation	0.33%
Portfolio Standard Deviation	0.07%

\*Benchmark revised in line with the SECP Direction no. 27 of 2016; previously 6M KIBOR.

Portfolio Characteristics	
Net Assets in PKR mn (30-July-21)	114
NAV/unit in PKR (30-July-21)	8.3131
Portfolio Weighted Average Maturity (in days)	42

Investment Committee	
Syeda Humaira Akhtar, CFA, FRM	Chief Investment Officer
Muhammad Zafar Rehman	Fixed Income Fund Manager
Faizan Elahi, CFA	Fund Manager-Equities
Muhammad Salman	Chief Financial Officer
Taleya Fatima	Junior Investment Analyst
Mah e Rukh Fatima	Junior Investment Analyst



Top 10 TFC Holdings (% of Total Assets)	
JSL (Issue Date:6-March-18)	6.69%

### 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.  
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Disclosure: The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the amount of Rs. 1,244,536.21. If the same were not made the NAV per unit of the fund would have been higher by Rs.0.09/1.10%.

### MUFAP Recommended Format

Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand investment policies and the risks involved.