

FUND MANAGER'S REPORT

BMA EMPRESS CASH FUND

April 2021



Market Outlook

The main highlights for the outgoing month of April'21 were: (i) Double digits increase in CPI which clocked in at 11.1% YoY. (ii) Foreign reserves reached USD 23 Billion. (iii) RDA deposits crossed USD 1.00 Billion. (iv) The regional and global impact of the resurgence of Covid-19. (v) FBR surpassing its tax collection target. (vi) Decrease in short-term Treasury bills' yield.

The CPI in April'21 increased to 11.1% YoY basis compared to 9.1% YoY increase in March'21. The monthly CPI increased by 1.0% compared to 0.3% last month, which is attributed to seasonal high food prices during Ramadan that witnessed an increase of 15.91% YoY; while water and energy components experienced an increase of 9.68% YoY. However, the average NCPI for the 10MFY21 stood at 8.6% as against 11.2% for the same period last year.

Pakistan's foreign reserves reached USD 23.2 Billion in April'21, a level last seen in June'16. According to SBP, the increase is due to the receipt of the proceeds of USD 2.5 Billion against the issuance of Pakistan Euro Bonds in March'21. The central bank's reserves rose to USD 16.1 Billion which marked the highest level since FY17. Moreover, deposits in Roshan Digital Accounts (RDA) from non-returning Pakistanis touched USD 1.0 Billion mark. Remittances continued to show robust increase and stood at USD 2.7 Billion in March'21, hence showing an inflow of above USD 2.00 Billion for the last 10 consecutive months.

FBR revenue collection was surpassed for the second time by 9.7% as against its monthly target of 57% YoY. The net revenue collection was PKR 384 Billion against the projected target of PKR 350 Billion. So far, FBR has collected PKR 3.78 Trillion during 10 months FY21 against its projection of PKR 3.637 Trillion; which is 14% more than its estimates. Similarly, sales tax collection increased by 23% YoY, FED was up by 8% while customs collection depicted a growth of 3.2% YoY. The refund disbursements of PKR 195 Billion also witnessed an increase of 65.3% YoY basis.

According to PBS, trade deficit swelled by almost 120% in March'21, i.e. to USD 3.3 Billion from USD 1.50 Billion for the same month last year. The rise in deficit was due to rise in imports of fuel, soybean oil, machinery and vaccines; which were valued at USD 5.7 Billion as against the exports of worth USD 2.4 Billion. Nine months' (July-March'21) cumulative trade deficit stood at USD 20.8 Billion; a 20% increase from USD 17.3 Billion for the same period last year.

Large-scale manufacturing (LSM) sustained a positive course in February'21 with 4.85% growth compared to the same month last year whereas 8MFY21 LSM increased by 7.45% YoY. The

main contributors to this positive trend are Coke & Petroleum products 43%, Automobiles 26%, Chemicals 15% and Pharmaceuticals 11%.

The SBP conducted its regular PIB auction in April'21 and sold PIBs worth PKR 210.99 Billion for bonds with different maturities. The cut-off rate for 3 years PIB was increased by 28bps to 9.27%, 5 years PIB by 26bps to 9.85% and 10 years PIB by 20bps to 10.25%. During the month SBP conducted two T-bills auctions and sold a total of PKR 1,549 Billion against the target of PKR 1,150 Billion. The cut-off yields witnessed a slight reduction; declining from 7.46% to 7.40% for 3 months and from 7.80% to 7.68% for 6 months T-bills. All bids for 1 year maturity paper were rejected.

At present, all eyes are set on the on the government's actions to contain the spread of 3rd wave of Covid-19 pandemic. Citing India's failure to address the Covid situation lately, the government is all geared up to reduce its spillover effect in Pakistan. As a precautionary measure, the government has closed borders with its neighboring countries, limited inbound flights, reduced office hours, enforced strict preventive SOPs for general public and planning for nationwide lockdowns in May'21. Under the current circumstances, we believe that the Central bank may keep the interest rates unchanged for the next few months to minimize the expected negative economic impact from these developments.

Fund Objective

The BMA Empress Cash Fund is a professionally managed cash fund, which aims to minimize risk, maximize liquidity and generate a competitive rate of return. This will be achieved by concentrating portfolio allocation in AA rated banks and short duration sovereign rated securities.

Fund Commentary

BECF earned an annualized return of 6.15% in Apr-21 against the benchmark of 6.77%, underperformed by 60bps. The fund was mainly invested in T-Bills equivalent to 82.68% of total assets, while 17.05% was deployed in bank deposits. The standard deviation of the portfolio was 0.07%. The total portfolio maturity was 17 days at the end of the month.

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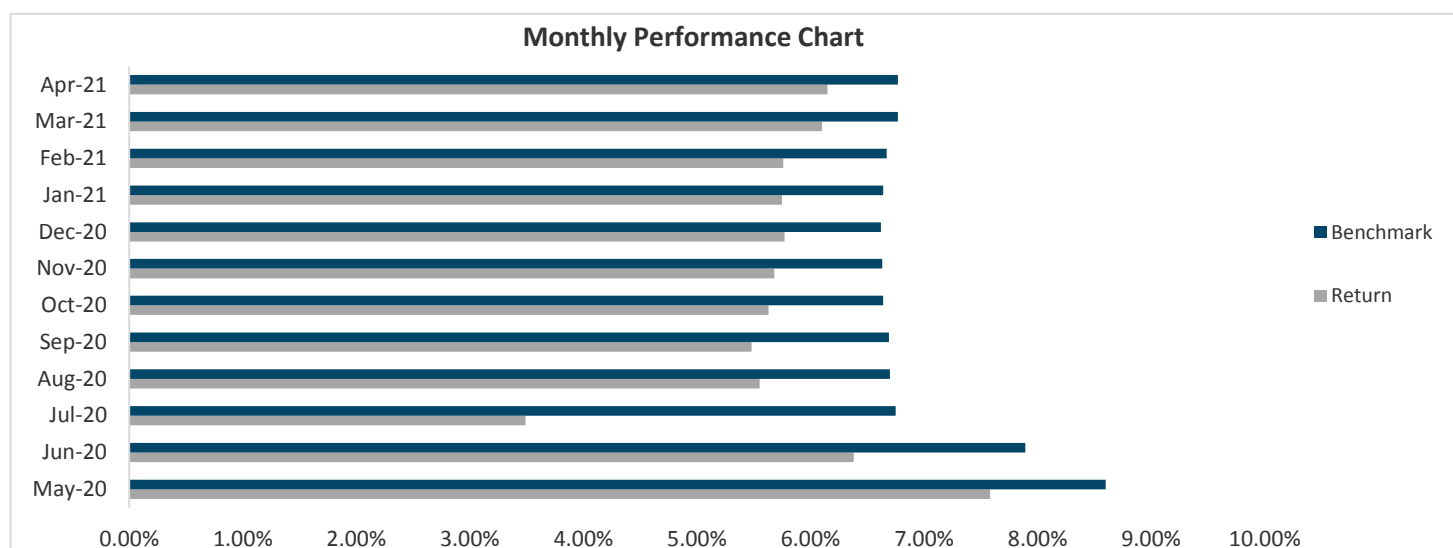
April 2021



Fund Returns	BECF	BM
Annualized Return (April-21)	6.15%	6.77%
Annual Return (FY21TD)	5.64%	6.69%
Annualized Return (365 days)	5.93%	6.94%
Annualized Return (Last 3 years)	9.34%	8.98%
Annualized Return (Last 5 years)	7.95%	7.49%
Annualized Return (Inception to Date)	8.17%	8.55%
FY 2020	11.47%	11.70%
FY 2019	8.84%	8.71%
FY 2018	4.45%	5.35%
FY 2017	4.58%	5.30%
FY 2016	4.61%	5.82%

Monthly Performance	BECF	BM
April-21	6.15%	6.77%
March-21	6.10%	6.77%
February-21	5.76%	6.67%
January-21	5.75%	6.64%
December-20	5.77%	6.62%
November-20	5.68%	6.63%
October-20	5.63%	6.64%
September-20	5.48%	6.69%
August-20	5.55%	6.70%
July-20	3.49%	6.75%
June-20	6.38%	7.89%
May-20	7.58%	8.60%

Fund Details	
Fund Type	Open End
Category	Money Market Fund
Inception Date	12-Nov-09
Benchmark	70% 3M PKRV + 30% 3M Bank Rate
Dealing Days	Monday – Friday
Cut-off time	4:00 PM
Pricing Mechanism	Forward
Management Fee	0.35%
Front end Load	Upto 1%
Back End Load	Nil
Fund Stability Rating	AA+ (F) (JCR)
Risk Profile	Low Risk
Listing	PSX
Trustee	MCBFSL
Auditor	EY Ford Rhodes, Chartered Accountants
Legal Advisors	KMS Law Associates
Management Quality Rating	AM4++
Expense Ratio*	1.06%
*This includes 0.24% of SECP Fee & Govt. Levy	



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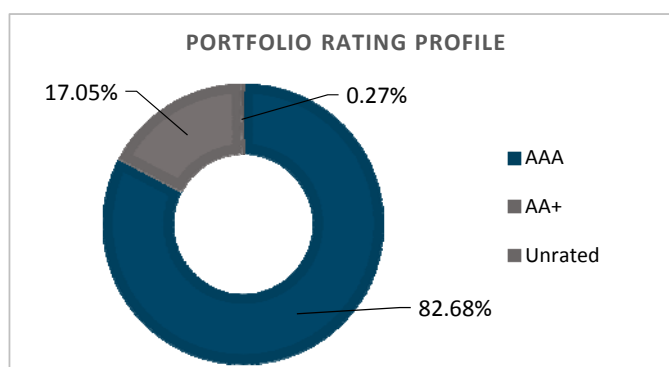
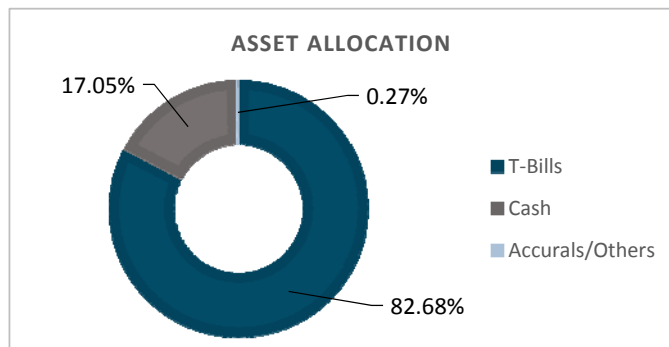
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Asset Allocation	March-21	April-21
Cash	7.20%	17.05%
T-Bills	92.58%	82.68%
Accruals/Others	0.22%	0.27%

Portfolio Ratings	
AAA	82.68%
AA+	17.05%
Unrated	0.27%
Total	100%

Portfolio Characteristics	
Net Assets in PKR MLN (30-April-21)	339
NAV/unit in PKR (30-April-21)	10.6520
Portfolio Weighted Average Maturity (in days)	17
Portfolio Standard Deviation	0.07%



Investment Committee	
Syeda Humaira Akhtar, CFA, FRM	Chief Investment Officer
Muhammad Zafar Rehman	Fixed Income Fund Manager
Muhammad Salman	Chief Financial Officer
Taleya Fatima	Junior Investment Analyst

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.
 Tel: +92 21 111262111 | Email: info@bmafunds.com | www.bmafunds.com

Disclosure: The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the amount of Rs. 2,234,998.11. If the same were not made the NAV per unit of the fund would have been higher by Rs.0.07/0.66%.

MUFAP Recommended Format

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