

FUND MANAGER'S REPORT

BMA EMPRESS CASH FUND

August 2021



Market Outlook

The main highlights of the outgoing month were (i) CPI for August 2021 stood at 8.35% (ii) Foreign Exchange Reserves surged to USD 27 Billion (iii) Trade deficit stood at USD 3.26 Billion in July-21 (iv) FBR collected Rs. 850 Billion during July-Aug, 2021 (v) LSM increased 15%YoY during FY21 and (vi) US forces' evacuation from Afghanistan finally ended the longest US war.

The National CPI increased to 8.35% YoY in August 2021 compared to 8.4% YoY in July 2021. The CPI increased by 0.6%MoM compared to a 1.3%MoM increase last month, on the back of price increases of food products, petroleum products and electricity charges. Urban Core-Inflation (non-food, non-energy) clocked in at 0.2/6.3% on MoM/YoY basis whereas Rural Core Inflation clocked in at 0.2/6.2% on MoM/YoY basis.

The foreign reserves stood at USD 27.23 Billion by the end of August 2021 making a new all-time high. SBP reserves increased by USD 2.57 Billion due to the release of aid worth of USD 2.5 Billion by IMF under its SDR 650 Billion global liquidity funding. Roshan Digital Accounts have attracted more than Rs. 2 Billion by the mid of August 2021, which is being considered as a major landmark by the government. The account holders can now invest directly in the Pakistani companies through their PKR accounts. This is in addition to the existing facility for investments in local government securities, real estate and stock exchange shares.

The trade deficit for July 2021 stood at USD 3.26 Billion compared to USD 3.62 Billion in June 2021, according to the data published by the FBS. In July 2021, the total exports were 2.34 Billion whereas import bill was USD 5.60 Billion. The deficit is 95% higher compared to the same month last year when it was USD 1.63 Billion.

FBR collected Rs. 850 Billion tax revenue during the first two months of FY22, according to FBR Chairman, which exceeded its initial target of Rs. 690 billion by 23% for the said period. The July-August collection for this fiscal year was Rs. 247 Billion higher than the same period of the previous year. According to FBR CM, the two-month growth rate was nearly double the pace that FBR needed to achieve the annual target of Rs. 5829 Billion.

The large scale manufacturing (LSM) witnessed a 16 years high growth rate of 14.85% in FY21. The production significantly increased during FY21 in textile, food, beverages and tobacco, coke and petroleum products, pharmaceuticals, chemicals, non-metallic mineral products, automobiles, iron and steel products,

fertilizers and paper and board sector whereas electronics, leather products, engineering products, rubber products and wood production decreased during the said period.

The US troops stationed in Afghanistan with their diplomatic staff have evacuated the Kabul city at the end of August 2021 in accordance with the deal struck with the Taliban representatives last year to end the 20 years long war. At present, Taliban forces have taken control of most of the country and are ready to form an intermediate government set up.

The SBP conducted two Treasury bill auctions in August 2021 and sold a total of Rs. 969.48 Billion worth of S-Term papers. The cut-off rates in the last auction of the month for 3 and 6 months paper were 7.23% p.a. and 7.44% p.a. respectively while bids for 1-year papers were rejected. In its monthly PIB auction, the SBP sold PIBs of different maturities worth Rs. 161.71 Billion. The cut-off yields of 3 years PIB was 8.88%, 5 years was 9.20%, 10 years was 9.84% and 15 years was 10.40%.

The SBP is likely to announce its Monetary Policy Statement in September 2021. The market is expecting no change in Policy Rate due to re-emergence of COVID pandemic and consistent increase in the number of affected patients followed by imposed SOP restrictions. Despite expected spike in inflation numbers in view of global commodity price increases, the economy has been able to remain stable showing no signs of stresses.

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 14.75% in August, 2021 against the benchmark of 6.71%, underperformed by 804bps. The fund was mainly invested in T-Bills equivalent to 85.25% of total assets, while 14.53% was deployed in bank deposits. The standard deviation of the portfolio was 0.73%. The total portfolio maturity was 41 days at the end of the month.

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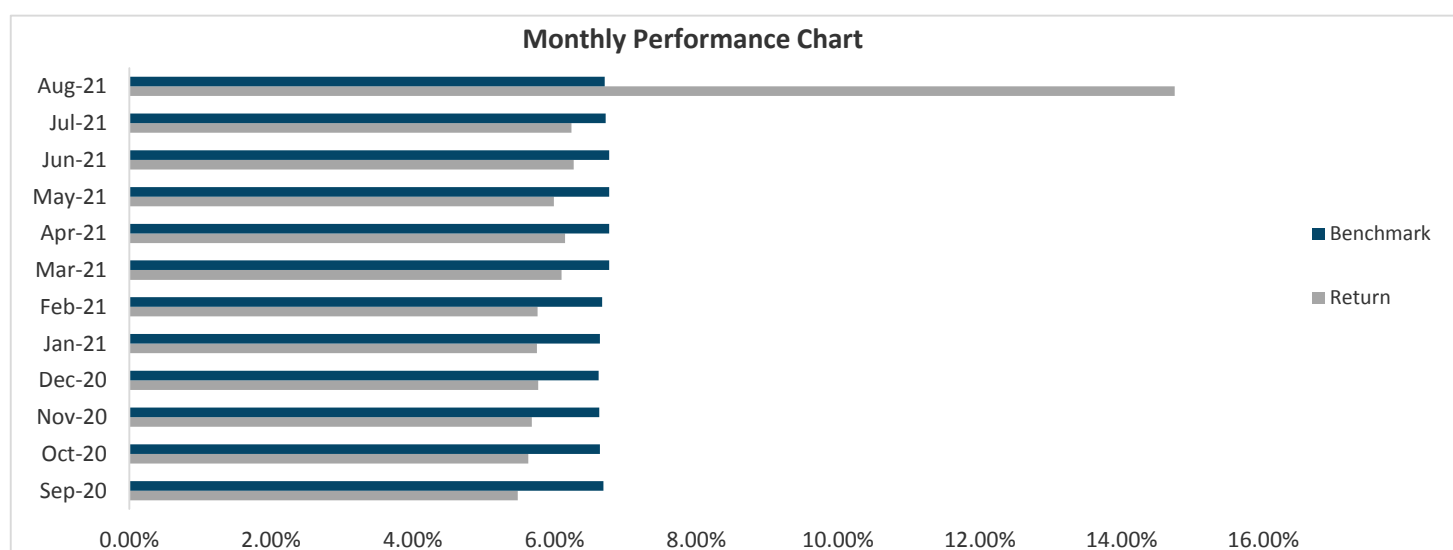
August 2021



Fund Returns	BECF	BM
Annualized Return (Aug-21)	14.75%	6.71%
Annual Return (FY22TD)	10.67%	6.72%
Annualized Return (365 days)	6.87%	6.69%
Annualized Return (Last 3 years)	9.73%	9.06%
Annualized Return (Last 5 years)	8.31%	7.59%
Annualized Return (Inception to Date)	8.37%	8.41%
FY 2021	5.78%	6.70%
FY 2020	11.47%	11.70%
FY 2019	8.84%	8.71%
FY 2018	4.45%	5.35%
FY 2017	4.58%	5.30%

Monthly Performance	BECF	BM
August-21	14.75%	6.71%
July-21	6.24%	6.72%
June-21	6.27%	6.77%
May-21	5.99%	6.77%
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%

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	Reanda Haroon Zakaria & Company, Chartered Accountants
Legal Advisors	KMS Law Associates
Management Quality Rating	AM4++
Expense Ratio*	0.83%
*This includes 0.11% of SECP Fee & Govt. Levy	



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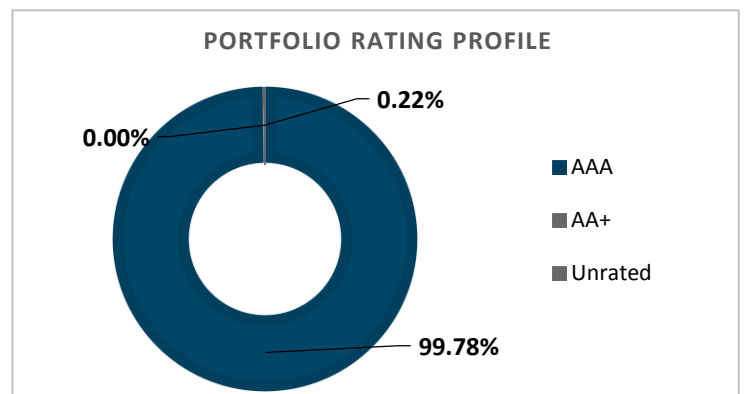
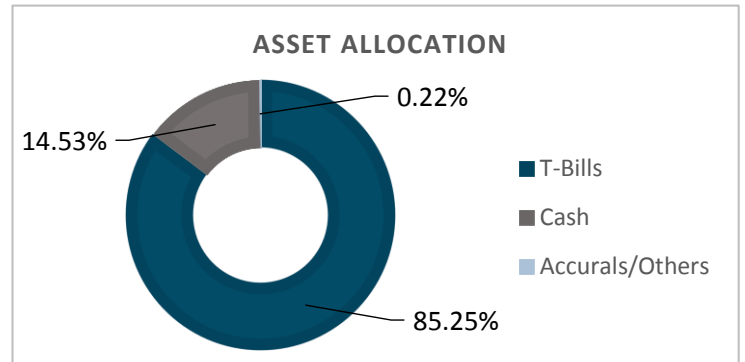
August 2021



Asset Allocation	July, 2021	August, 2021
Cash	14.46%	14.53%
T-Bills	85.32%	85.25%
Accruals/Others	0.22%	0.22%

Portfolio Ratings	
AAA	99.78%
AA+	0.00%
Unrated	0.22%
Total	100%

Portfolio Characteristics	
Net Assets in PKR MLN (31-August-21)	311.515
NAV/unit in PKR (31-August-21)	10.3189
Portfolio Weighted Average Maturity (in days)	41
Portfolio Standard Deviation	0.73%



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

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: During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by BECF amounting to Rs. 2,347,748 has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the BECF by 0.78%. This is one-off event and is not likely to be repeated in the future.

MUFAP Recommended Format

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