

FUND MANAGER'S REPORT

BMA EMPRESS CASH FUND

December 2021



Market Outlook

The main highlights of the outgoing month are; (i) CPI for Dec-21 increased to 12.28% YoY (ii) Foreign Exchange reserves increased to USD 24.27 Billion (iii) Trade deficit swelled to USD 20.65 Billion in 5 months FY22 (iv) FBR collected Rs.2,920 Billion in July-Dec '21 (v) LSM increased by 3.6% YoY in 4 months FY22 and (vi) SBP increased its benchmark Policy Rate by 100bps to 9.75% in its scheduled MPS in Dec-21.

The National CPI increased to 22 months high to 12.30% YoY on the back of spike in energy charges and higher food prices in Dec-21 compared to 11.50% YoY in Nov-21. However, the CPI recorded a decrease of 0.02% MoM compared to a 3.0% MoM increase in Nov-21. Urban Core-Inflation (non-food, non-energy) clocked in at 0.3%/12.7% on MoM/YoY basis whereas Rural Core Inflation clocked in at -0.5%/11.6% on MoM/YoY basis.

As per latest SBP data, the foreign reserves increased by USD 1.94 Billion at the end of Dec-21 to USD 24.27 Billion compared to USD 22.33 Billion at the end of Nov-21. The reserves with SBP were USD 17.86 Billion whereas banks held USD 6.42 Billion. Roshan Digit Accounts have attracted more than USD 2.92 Billion by the end of Nov-21.

The trade deficit for the month of Nov-21 stood at USD 5.025 Billion compared to USD 3.91 Billion in Oct-21 on the back of increase in oil and commodities prices in addition to PKR depreciation. The 4 months' FY22 deficit touched USD 20.65 Billion against the deficit of USD 9.7 Billion recorded for the SPLY, depicting an increase of more than 112%.

According to Provisional data, the FBR collected tax of Rs. 2,920 Billion in the first half of FY22 against its target of Rs.2,633 Billion. The revenue collection in Dec21 rose by 17.88% to Rs.600 Billion from last year's Rs.509 Billion for the same month. The collection for first half FY22 is 32.5% higher than the same period last year.

The Large scale manufacturing (LSM) witnessed a slight decline of 1.2% YoY in the second quarter FY22. However LSM witnessed a decline of 1.38% YoY in Oct-21 compared to Oct-20. Fall in the cement production, electronics, pharmaceuticals and fertilizers are the major negative contributors for LSM. Overall in 4MFY22, LSM growth increased at 3.8% where Auto, Food, Pharmaceuticals, Iron & steel industries were among the lead contributors. Government is targeting LSM growth of 6% in FY22.

To counter both inflationary pressures and ensuring sustainable growth, the SBP increased its Policy Rate consecutively third time by 100bps to 9.75% since Sep-21. That decision entails increase in SBP discount rate facility to 10.75%. SBP also indicated that the Monetary Policy settings are likely to remain unchanged in the near term. The next MPC is scheduled in Jan-22.

The SBP conducted three Treasury bill auctions in Dec-21 and sold a total of Rs. 3,170.52 Billion worth of short term papers. The cut-off rate of 3, 6 and 12 months paper in the last auction were 10.59%, 11.45% and 11.51% respectively. In its monthly PIB auction, The SBP sold PIBs worth 169.20 Billion. The cut-off rate for 3 years' bond was 11.50%, 5 years' 11.57% and 10 years' 11.76%. SBP rejected all bids for 20 years PIB whereas it did not receive bids for 15 & 30 years papers

SBP will be conducting another MPS in Jan-22 to determine future interest rate's direction. In view of incessant inflation and high pressure on USD/PKR parity, the chances of another interest rate hike cannot be completely eliminated despite SBP's assurances of interest rate stability going forward. The higher cut-off rates in last month's T-bills' auctions is keeping the participants vary of taking aggressive investment decisions and they are mostly preferring investing in short maturity instruments.

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 0.06% in December 2021 against the benchmark of 9.14%, underperformed by 908bps. 92.03% of the fund was deployed in bank deposits. The standard deviation of the portfolio was 0.98%. The total portfolio maturity was 1 day at the end of the month.

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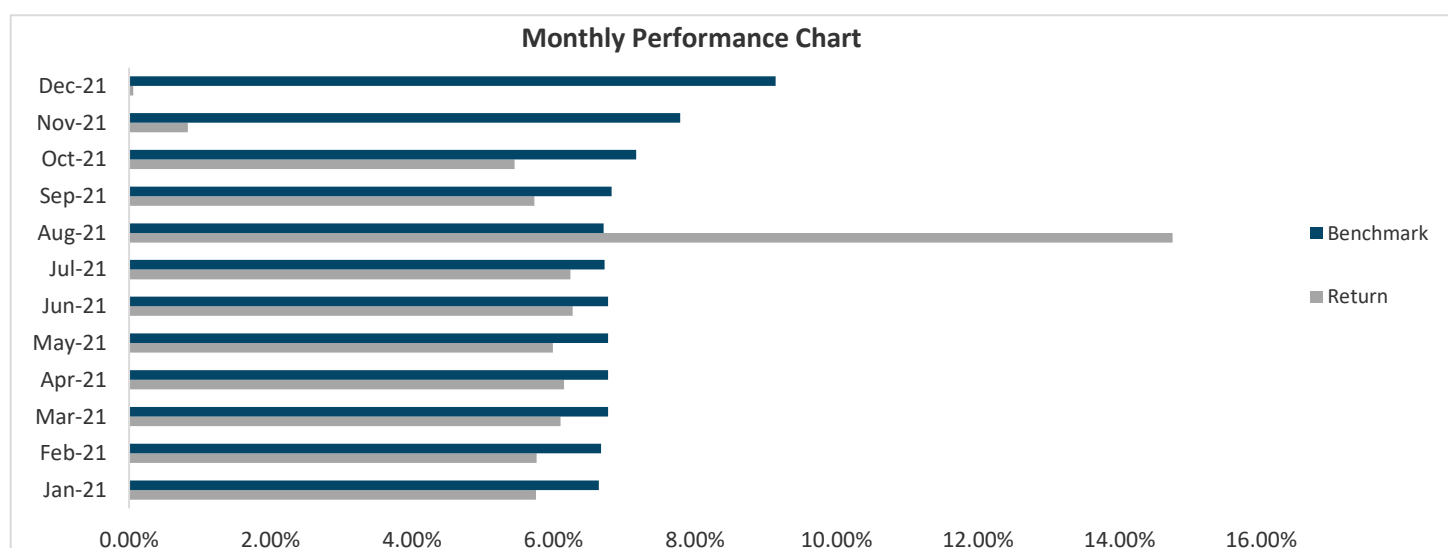
December 2021



Fund Returns	BECF	BM
Annualized Return (Dec-21)	0.06%	9.14%
Annual Return (FY22TD)	5.58%	7.41%
Annualized Return (365 days)	5.91%	7.08%
Annualized Return (Last 3 years)	9.03%	9.05%
Annualized Return (Last 5 years)	8.27%	7.75%
Annualized Return (Inception to Date)	7.98%	8.47%
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
December-21	0.06%	9.14%
November-21	0.83%	7.79%
October-21	5.45%	7.17%
September-21	5.73%	6.82%
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%

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*	1.12%
*This includes 0.12% of SECP Fee & Govt. Levy	



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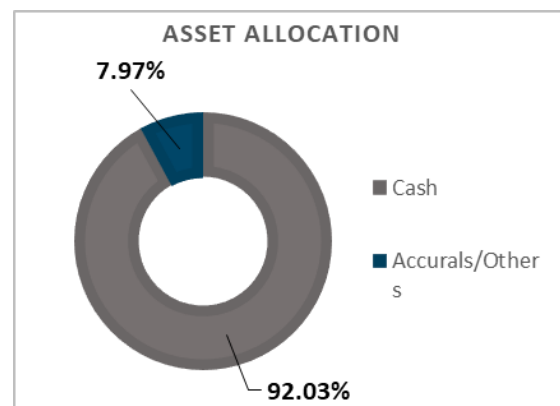
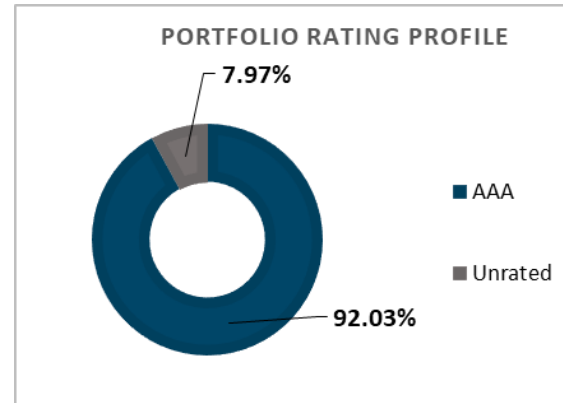
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Asset Allocation	November-2021	December-2021
Cash	94.83%	92.03%
T-Bills	0.00%	0.00%
Accruals/Others	5.17%	7.97%

Portfolio Ratings	
AAA	92.03%
AA+	0.00%
Unrated	7.97%
Total	100%

Portfolio Characteristics	
Net Assets in PKR MLN (31-December-21)	12.43
NAV/unit in PKR (31-December-21)	10.4215
Portfolio Weighted Average Maturity (in days)	1
Portfolio Standard Deviation	0.98%



Investment Committee	
Muhammad Zafar Rehman	Fixed Income Fund Manager
Faizan Elahi, CFA	Fund Manager-Equities
Amyna Bardai	Chief Financial Officer
Taleya Fatima	Team Lead, Investment Analyst
Chandni Kumari	Junior Investment Analyst
Nuzrat Jamil Khatri	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

MUFAP Recommended Format

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