

# FUND MANAGER'S REPORT

## BMA EMPRESS CASH FUND

November 2021



### Market Outlook

The main highlights of the outgoing month were; (i) CPI for Nov-21 increased to 11.50% YoY (ii) Foreign Exchange reserves declined to USD 22.77 Billion (iii) Trade deficit increased to USD 11.75 Billion in 4 months FY22 (iv) FBR collected Rs.2,437 Billion in July – Nov-21 (v) LSM increased by 5.15% YoY in 1st quarter FY22 and, (vi) SBP increased its benchmark Policy Rate by 150 bps to 8.75% in its scheduled MPS in Nov-21.

The National CPI increased to 11.50% YoY on the back of spike in energy charges and higher food prices in Nov-21 compared to 9.20% YoY in Oct-21. The CPI increased by 3.0% MoM compared to a 1.9% MoM increase in Oct-21. Urban Core-Inflation (non-food, non-energy) clocked in at 2.9%/12% on MoM/YoY basis whereas Rural Core Inflation clocked in at 3.1%/10.47% on MoM/YoY basis.

As per latest SBP data, the foreign reserves were down by USD 1.06 Billion at the end of Nov-21 to USD 22.77 Billion compared to USD 23.83 Billion at the end of Oct-21. The reserves with SBP were USD 16.25 Billion whereas banks held USD 6.52 Billion. Roshan Digital Accounts have attracted more than USD 2.68 Billion by the end of Oct-21.

The trade deficit for the quarter ending Oct-21 recorded an increase of 105.7% YoY to USD 15.64 Billion as compared to the deficit of USD 7.6 Billion for the same period last year. The deficit in Oct-21 was USD 3.92 Billion compared to USD 4.15 Billion in Sep-21.

According to Provisional data, the FBR collected tax of Rs.2,341 Billion in the five months of FY22 against its target of Rs.2,016 Billion. The revenue collection in Nov-21 rose by 35.2% to Rs. 470 Billion from last year's Rs.348 Billion for the same month. The collection for 5 months is 37% higher than the same period last year.

The large scale manufacturing (LSM) witnessed an increase of 5.15% YoY in the first quarter FY22. The LSM, however witnessed an increase of 1.2% YoY in Sep-21 compared to Sep-20. The recent encouraging numbers of LSMI on quarter basis show that the robust momentum of economic activity continues across the country. Auto, Pharmaceuticals, Paper & Board and leather industries were among the lead contributors to this increase.

Beating market expectations, the SBP increased its Policy rate by 150 bps to 8.75% in its bi-monthly Monetary Policy statement in Nov-21. The main reason for the exorbitant increase in interest rate is global rampant inflation due to increase in commodities and energy prices coupled with supply chain disruptions. SBP has indicated that it may further increase its benchmark rate to

provide mildly positive real return to investors. The next MPC is scheduled in Dec-21.

The SBP conducted two Treasury bill auctions in Nov-21 and sold a total of Rs. 339.96 Billion worth of short term papers. The cut-off rate of 3 months paper was 8.50% while bids for 6 months and 1 year instruments were rejected. In its monthly PIB auction, The SBP sold PIBs worth 118.39 Billion. The cut-off rates for 3 years bond was 11.34%, 5 years 11.59% and 10 years 11.79%. The SBP rejected bids for 15 years instrument.

Citing further increase in SBP's Policy rate, the market is trading carefully by avoiding investments in long term govt. papers. The market expects the SBP policy rate to increase by another 100 bps in the next MPC meeting.

### 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 0.83% in November 2021 against the benchmark of 7.79%, underperformed by 696bps. 94.83% of the fund was deployed in bank deposits. The standard deviation of the portfolio was 0.02%. The total portfolio maturity was 1 day at the end of the month.

# FUND MANAGER'S REPORT

## BMA EMPRESS CASH FUND

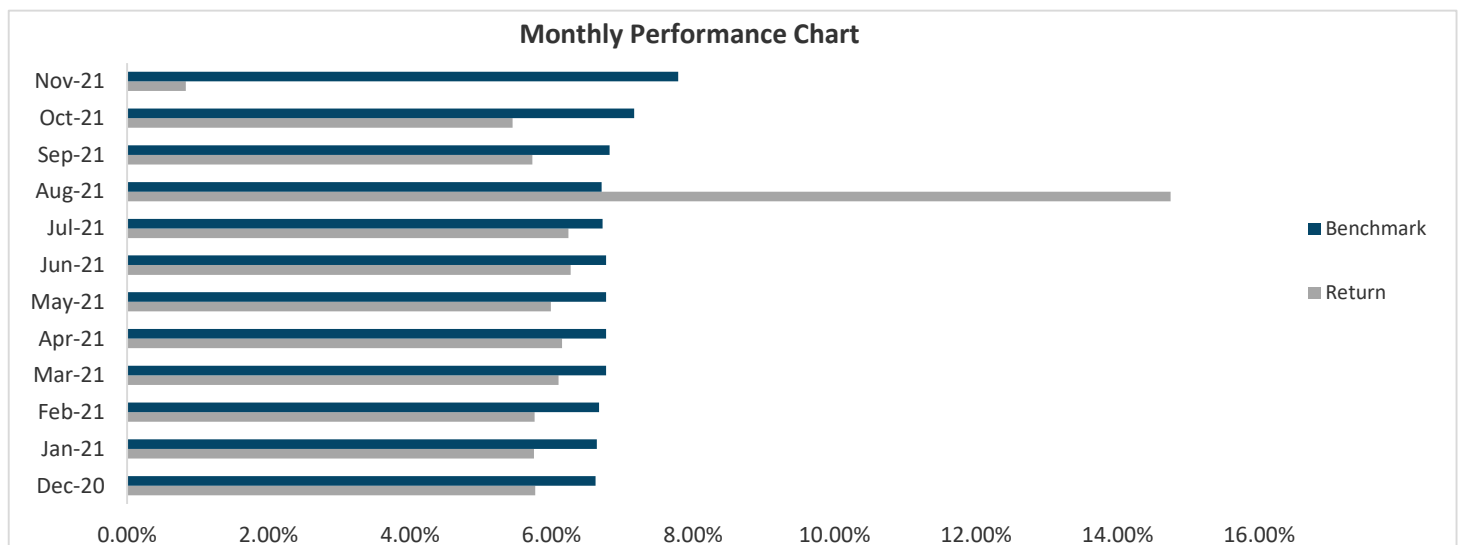
November 2021



Fund Returns	BECF	BM
Annualized Return (Nov-21)	0.83%	7.79%
Annual Return (FY22TD)	6.70%	7.06%
Annualized Return (365 days)	6.43%	6.86%
Annualized Return (Last 3 years)	9.35%	9.04%
Annualized Return (Last 5 years)	8.38%	7.68%
Annualized Return (Inception to Date)	8.06%	8.44%
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
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%
December-20	5.77%	6.62%

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*	1.07%
*This includes 0.12% of SECP Fee & Govt. Levy	



# FUND MANAGER'S REPORT

## BMA EMPRESS CASH FUND

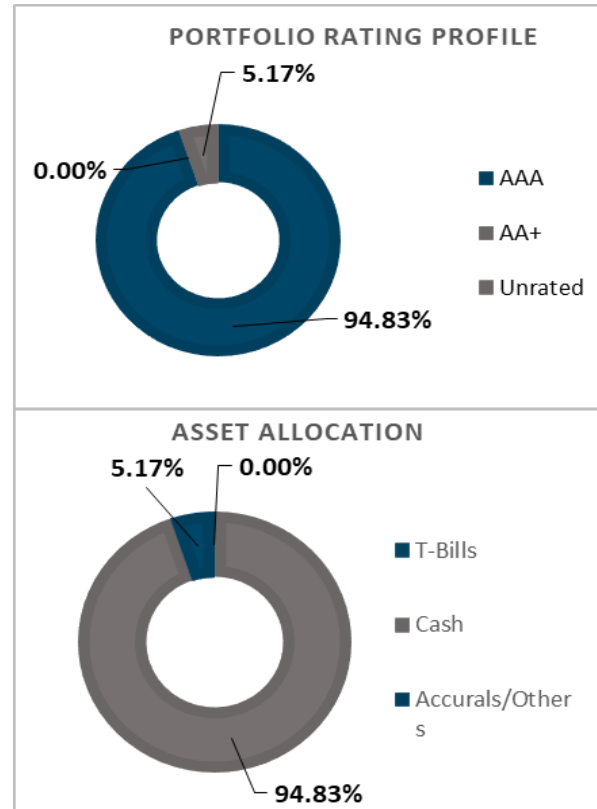
November 2021



Asset Allocation	October-2021	November-2021
Cash	96.4%	94.83%
T-Bills	0.00%	0.00%
Accruals/Others	3.6%	5.17%

Portfolio Ratings	
AAA	94.83%
AA+	0.00%
Unrated	5.17%
<b>Total</b>	<b>100%</b>

Portfolio Characteristics	
Net Assets in PKR MLN (30-November-21)	12.53
NAV/unit in PKR (30-November-21)	10.4200
Portfolio Weighted Average Maturity (in days)	1
Portfolio Standard Deviation	0.02%



Investment Committee	
Muhammad Zafar Rehman	Fixed Income Fund Manager
Faizan Elahi, CFA	Fund Manager-Equities
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

## 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.