

# Bangladesh Institute of Capital Market (BICM)

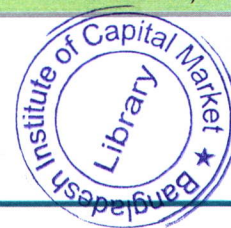


## Newsletter

Issue 12

March, 2019

**Academic Activities of BICM  
January-February 2019**



### *Investors Education Program*

To fulfill government's commitment of increasing awareness of general investors, BICM has been conducting day-long free "Investors Education Program" to disseminate the basic knowledge of capital market investment. General investors have been encouraged to assess the financial health of the listed companies prior to making investment decisions. BICM conducts this program on weekly basis in Dhaka and in regional cities on certain interval. During January-February 2019, the institute has conducted 8 "Investors Education Program", where total 200 investors participated.

### *Certificate Courses on Capital Market*

The Institute offers "Certificate Programs" of different duration for the sector professionals, market intermediaries, and related stakeholders. During January-February 2019, BICM arranged total 5 daylong courses on topic named "Financial Statement Analysis", "Fundamentals of Equity Valuation", "Basic of Technical Analysis", "Fundamentals of Portfolio Management" and "Financial Statement Analysis". Total number of participants in all these courses was 134. The main purpose of these courses is to enable the investors to review and analyze financial statements, to help them perform Technical Analysis, gather knowledge about fundamentals of equity valuation and efficient Portfolio Management for taking better economic decision.

### *Postgraduate Diploma in Capital Market (PGDCM)*

BICM is offering PGDCM for the market intermediaries, full spectrum of market professionals and graduates who aspire to pursue career in the capital market. The Diploma provides a blend of theoretical and practical knowledge on market mechanism, legal framework, new instruments and techniques. The yearlong PGDCM program consists of 13 courses of 36 credit hours including internship. The program is divided into three trimesters. Till 28<sup>th</sup> February, 2019 BICM has enrolled 11 PGDCM batches and in 11<sup>th</sup> batch and there are 21 students.

### Certificate Course on “Financial Statements Analysis”

BICM conducted certificate course titled “Financial Statements Analysis” on January 12 and 2<sup>nd</sup> February 2019. The objective of the course was to enable the participants to familiarize and understand with various components of financial statement and different approaches to analyze them. In the daylong training program of both days total numbers of participants were 40. The classes were taken by Md. Habibullah, ACCA Affiliate, Assistant Professor of BICM and Mr. Sayeed Ahmed, FCA, ACMA, Ex- DMD and CFO of Pubali Bank limited.

Module	Module Details
<b>Module 1</b>	<p><b>Understanding The Statement Of Profit Or Loss And Other Comprehensive Income</b></p> <ul style="list-style-type: none"> <li>- Components And Format Of Profit Or Loss</li> <li>- Substance Over Form</li> <li>- EPS (IAS 33)</li> </ul> <p><b>Understanding The Statement Of Change In Equity</b></p> <ul style="list-style-type: none"> <li>- Statement Of Change In Shareholder’s Equity</li> <li>- Cash Dividend, Stock Dividend And Stock Split.</li> </ul>
<b>Module 2</b>	<p><b>Understanding The Cash Flow Statement</b></p> <ul style="list-style-type: none"> <li>- Components And Format Of The Cash Flow Statement</li> <li>- Classification Of Cash Flows And Noncash Activities</li> <li>- Direct And Indirect Cash Flow Formats For Reporting Operating Cash Flow</li> <li>- Free Cash Flow To The Firm And Free Cash Flow To Equity</li> </ul>
<b>Module 3</b>	<p><b>Understanding The Statement Of Financial Position (Balance Sheet)</b></p> <ul style="list-style-type: none"> <li>- Components And Format Of The Balance Sheet</li> <li>- Measurement Bases Of Assets And Liabilities</li> <li>- Equity And Its Components</li> </ul>
<b>Module 4</b>	<p><b>Financial Analysis Techniques</b></p> <ul style="list-style-type: none"> <li>- The Financial Analysis Process</li> <li>- Comparative Analysis: Intercompany, Intra-Company, And Industry Average</li> <li>- Analysis Tools And Techniques: Ratio Analysis Horizontal And Vertical Analysis, Use Of Graphs As An Analytical Tool</li> </ul>

Certificate Course on “Fundamentals of Equity Valuations”

BICM conducted the course titled “Fundamentals of Equity Valuations” on 19<sup>th</sup> January 2019. The objective of the study is to enable the investors to gain general knowledge on equity valuations so that they can take better economic decisions. The day long program was conducted by Kazi Monirul Islam, CFA, head of research, IDLC. Total number of participants in that day long training program was 24.

Module	Module Details
Module 1	-Introduction to Equity valuation
Module 2	-Determination of Discount Rate
Module 3	-Dividend Discount Model
Module 4	-Free Cash Flow valuation
Module 5	<ul style="list-style-type: none"> <li>- <b>Market Based Valuation</b> <ul style="list-style-type: none"> <li>- Price and enterprise value multiples in valuation</li> <li>- Different price multiples</li> <li>- Different enterprise value multiples</li> <li>- International considerations when using multiples</li> <li>- Momentum valuation indicators</li> <li>- Valuation indicators: issues in practice</li> </ul> </li> </ul>
Module 6	<ul style="list-style-type: none"> <li>- <b>Broad Picture and Reporting</b> <ul style="list-style-type: none"> <li>- Stock market prospects of related country- Bangladesh</li> <li>- Comparison of valuation to market price of stock and use of Technical Analysis tools</li> <li>- Summarizing the analysis/ valuation/ spreadsheet and interpreting it</li> <li>- Communicating valuation results: Preparing a Research Report</li> <li>- Applying the valuation conclusion/ recommendation for investment</li> <li>- Concluding Insights</li> </ul> </li> </ul>

Certificate Course on “Basic of Technical Analysis”

BICM conducted the course titled “**Basic of Technical Analysis**”, a daylong training program on 26<sup>th</sup> January 2019 to familiarize participants with technical analysis tools and enable them to make projection and apply quantitative analysis and other techniques to improve quality of investment decisions. Mr. Shibly Amran, AVP & Senior Portfolio Manager, City Bank Capital Resources Ltd and Mr. Md. Ahsan Ullah Raju, Portfolio Manager, PLFS Investment Limited and Mr. Ashakur R. Khan, CMT, Certified Market Technician of Riverstone Capital limited conducted the whole session. Total 45 executives from different market intermediates participated in this course.

Module	Module Details
<b>Module 1</b> (Session-1)	<b>Introduction: Background and Basics</b> <ul style="list-style-type: none"> <li>- Technical analysis as an integral part of market analysis</li> <li>- History of technical analysis</li> <li>- Principals of Technical Analysis</li> <li>- Application of Technical Analysis</li> <li>- Basics and Formation of Charts and Candlesticks</li> </ul>
<b>Module 2</b> (Session-2)	<b>Trend Analysis</b> <ul style="list-style-type: none"> <li>- Support and Resistance Lines</li> <li>- Trends</li> <li>- Direction</li> <li>- Duration</li> <li>- Trend lines</li> <li>- Channel lines</li> </ul>
<b>Module 3</b> (Session-3)	<b>Technical Indicators</b> <ul style="list-style-type: none"> <li>- Lagging and leading indicators</li> <li>- Breadth indicators</li> <li>- Price-based indicators</li> <li>- Volume-based indicators</li> <li>- Volatility indicators</li> </ul>
<b>Module 4</b> (Session-4)	<b>Construction &amp; Interpretation of Charts, Candlesticks, and Price Pattern Recognition</b> <ul style="list-style-type: none"> <li>- Pattern recognition on bar charts</li> <li>- Pattern recognition on point and figure charts</li> <li>- Pattern recognition on candlestick charting</li> </ul>
<b>Module 5</b> (Session-5)	<b>Technical Theories</b> <ul style="list-style-type: none"> <li>- Dow theory</li> <li>- Elliott wave theory</li> <li>- Fibonacci sequence</li> </ul>

Certificate Course on “Fundamentals of Portfolio Management”

BICM conducted the course titled “**Fundamentals of Portfolio Management**”, a daylong training program on 9<sup>th</sup> February 2019 to familiarize the participants to theories and strategies of Portfolio Management. Executives from different organization and general investors participated in the daylong training. Tasruma Sharmeen Chowdhury, Assistant professor of BICM and head of research Kazi Monirul Islam from IDLC conducted the whole session. Total 25 participants were present in the training session.

Module	Module Details
Module 1	<b>Introduction to Portfolio Management</b> <ul style="list-style-type: none"><li>- Introduction to the concept of portfolio management</li><li>- Client objectives and constraints</li><li>- Asset classes allocation</li></ul>
Module 2	<b>Determining Return and Risk of Portfolio</b> <ul style="list-style-type: none"><li>- Portfolio return calculation</li><li>- Variance, Standard deviation, Coefficient of variation</li><li>- Covariance, correlation</li><li>- Mean variance analysis</li></ul>
Module 3	<b>Efficient portfolio &amp; Optimization of Portfolio</b> <ul style="list-style-type: none"><li>- Efficient frontier with riskless lending and Borrowing with or without short sell</li><li>- Global Minimum Variance Determination (determining MVP with &amp; without short sale)</li></ul>
Module 4	<b>Equity Portfolio Management Strategies</b> <ul style="list-style-type: none"><li>- Passive Equity Portfolio Management Strategies</li><li>- Active Equity Portfolio Management Strategies</li></ul>
Module 5	<b>Evaluation of Portfolio Performance</b> <ul style="list-style-type: none"><li>- Peer group comparison method of evaluating an investor's performance</li><li>- Treynor portfolio performance measure</li><li>- Sharpe portfolio performance measure</li><li>- The Jensen portfolio performance measure</li></ul>

## **Guaranteed profit through initial public offerings (IPOs) encouraged the investors to bet on primary shares**

Around 220,766 new BO accounts were opened in the past seven months as investors were more confident in pouring funds into the primary market rather than the secondary one. Market analysts welcomed the new BO (beneficiary owner's) account holders and suggested them to be cautious while investing in the market. One of the leading brokers noted that although many BO accounts fell inactive during the period, the rising participation after the national elections is a good sign.

The total number of BO accounts stands at 2,837,721 as on 07.05.2019 which was 2,616,945 in August 01,2018 according to the CDBL, which preserves electronic data of all individual and institutional investors. Of the total number of BO accounts right now, male investors own 2,071,164 accounts which female investors 753,592 and company 12,965 as of 07.05.2019, the CDBL data shows.

## **BBS Cables shows steady revenue growth in 5 years**

BBS Cables witnessed a steady growth in revenue earning a, net profit and earnings per share in last five consecutive years through effective cost management. The company's net profit after tax also jumped 169 per cent to Tk 1114 million in FY 2018, from Tk 413 million in the previous year. The company's total asset has increased nearly 16 per cent year-on-year in the FY 2017-18 due to addition of new fixed assets, according to company's latest annual report.

## **DSE Exceeds 5,700 point**

Stocks posted a marginal gain on 10.03.2019 as some investors showed their buying appetite on sector specific issues. However, trading activities dipped to a fresh two-and-a-half months low to Tk 4.62 billion as institutional investors followed 'go slow' strategy ahead of earnings and dividend declaration of financial sectors.

Market analysts said despite the banks got another six months to lower their advance-deposit-ratio (ADR), many investors followed cautious stance ahead of earnings and dividend declarations. In a circular issued on 07.03.2019, the Bangladesh Bank (BB) extended the deadline to September 30 this year to adjust the ratio. The central bank's latest attempt to extend time for adjusting ADR ratio of the banks failed to attract investor's attention in the banking sector," commented International Leasing Securities.