

Academic Activities of BICM September-October 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 September-October 2019, the institute has conducted 8 "Investors Education Program", where total 329 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 September-October 2019, BICM arranged total 7 certificate courses on various significant areas named "Financial Statement Analysis", "Fundamentals of Portfolio Management", "International Accounting Standards/International Financial Reporting Standards", "Fundamentals of Equity Valuation" and "Securities Laws of Bangladesh" respectively. Total number of participants in all these courses was 221. The main purpose of these courses is to enable the investors to review and analyze financial statements, familiarize the participants to theories and strategies of portfolio management, and gather knowledge about basics of equity valuation and to know the application and disclosure requirements as specified by IASs and IFRSs for International Accounting Standards.

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 30th September 2019, BICM has enrolled 13 'Evening' and three 'Day' batches in the PGDCM program.

Certificate Course on “Financial Statements Analysis”

BICM conducted certificate course titled “Financial Statements Analysis” from 9 September 2019 at Chittagong Stock Exchange and 19 October 2019 at Dhaka. 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 at both places, the total numbers of participants were 30 and 27 respectively. The classes were taken by Md. Habibullah, ACCA Affiliate and Assistant Professor of BICM.

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

Certificate Course on “Fundamentals of Portfolio Management”

BICM conducted the course titled “Fundamentals of Portfolio Management”, a daylong training program at 14 September, 2019 to familiarize the participants to theories and strategies of portfolio management in Chittagong Stock Exchange. Tasruma Sharmeen Chowdhury, Assistant Professor,

BICM has conducted the whole session. Total 22 participants from different market places participated in this course. Another session of the aforesaid topic has been completed at Rajshahi Varendra University on 28 September, 2019 which was taken by Tasruma Sharmeen Chowdhury, Assistant Professor, BICM and S. M. Kalbin Salema, Lecturer, BICM. Total 37 students participated here to attain knowledge about the various important aspect of portfolio management.

Certificate Course on “IASs and IFRSs”

BICM conducted certificate course titled “Certificate Course on IASs and IFRSs” from 15 September to 26 September, 2019. The objective of the course was to enable the participants to understand the recognition, measurement, presentation and disclosure requirements as specified by IASs and IFRSs in the preparation and presentation of published financial statements. In the daylong training program of ten days, total numbers of participants were 17. The classes were taken by distinguish resource persons Mr. Anjan Kumer Roy, FCA Partner, Mak & Co., Chartered Accountants (Member firm of SANTAFI ASSOCIATES INT., USA); Dr. James Bakul Sankar, Associate Professor, UIU; Mr. Sandip Halder, ACMA, FCA, CA (UK), Chief Financial Officer Godrej Household Products (BD) Pvt. Ltd.; Mr. Shafiqul Alam, FCA; Mr. Sabbir Ahmed, FCA; and Md. Habibullah, ACCA Affiliate, Assistant Professor of BICM.

Module	Topic
Module 01 September 15, 2019 Sunday	IFRS 3 – Business Combinations IFRS 10 – Consolidated Financial Statements IAS 28 – Investments in Associates and Joint Ventures (2011)
Module 02, September 16, 2019 Monday	Introduction to IASs and IFRSs, The Conceptual Framework The Regulatory Framework, GAAP vs IFRS, International adoption of IFRS, IAS 1 – Presentation of Financial Statements
Module 03 September 17, 2019 Tuesday	IAS 12 – Income Taxes IAS 21 – The Effects of Changes in Foreign Exchange Rates IFRS 13 – Fair Value Measurement
Module 04 September 18, 2019 Wednesday	IFRS 17- Insurance Contracts IFRS 16 – Leases IFRS 2 – Share Based Payment
Module 05 September 19, 2019 Thursday	IAS 16 – Property, Plant and Equipment IAS 40 – Investment Property IAS 2– Inventories
Module 06 September 22, 2019 Sunday	IFRS 5 – Non-current Assets held for Sale and Discontinued Operations, IAS 38 – Intangible Assets IFRS 15 — Revenue from Contracts with Customers

Module 07 September 23, 2019 Monday	IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, IAS 10 – Events After the Reporting Period IAS 24 – Related Party Disclosures
Module 08 September 24, 2019 Tuesday	IFRS 8 – Operating Segments IAS 34– Interim Financial Reporting, IAS 19 – Employee Benefits (2011)
Module 09 September 25, 2019 Wednesday	IAS 33 — Earnings Per Share IAS 37 – Provision Contingent Liabilities and Contingent Assets IAS 23 – Borrowing Costs, IAS 36 — Impairment of Assets
Module 10 September 26, 2019 Thursday	IAS 32 – Financial Instruments: Presentation, IFRS 7 – Financial Instruments: Disclosures, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 9 – Financial Instruments

Certificate Course on “Securities Laws of Bangladesh”

BICM conducted certificate course titled “Certificate Course on Securities Laws of Bangladesh” from 29 September to 10 October, 2019. At the end of the course the participants will be able to interpret securities laws and listing regulations of capital market of Bangladesh. In the daylong training program of ten days, total numbers of participants were 21. The classes were taken by Mr. Md. Saifur Rahman, Executive Director, Bangladesh Securities and Exchange Commission; Mr. Mohammad Rezaul Karim, Director, BSEC; Mr. Sheikh Mahub Ur Rahman, Director, BSEC; Mr. Md. Ashraful Islam, Executive Director, BSEC; Mr. M. Hasan Mahmud, Executive Director, BSEC; A.K.M. Ziaul Hasan Khan, FCA, Chief Regulatory Officer, Dhaka Stock Exchange Ltd.

Certificate Course on “Fundamentals of Equity Valuation”

BICM conducted the course titled “Fundamentals of Equity Valuation”, a daylong training program at 26 October, 2019 to familiarize participants with different equity valuation models. Mr. Kazi Monirul Islam, CFA, head of Research, IDLC conducted the whole session. Total 17 executives from different market intermediates participated in this course.

Regulatory News

BSEC declared revised panel of auditors

BSEC has approved a revised auditor's panel for auditing financial statements of the issuers of the listed securities. All names are presented alphabetically as in the table below:

Sl. No.	Name of the Chartered Accountants firm
1.	A., Hoque & Co., Chartered Accountants
2.	A. Qasem & Co., Chartered Accountants
3.	A. Wahab & Co., Chartered Accountants
4.	ACNABIN, Chartered Accountants
5.	Ahmed Mashuque & Co., Chartered Accountants
6.	Ahmed Zaker & Co., Chartered Accountants
7.	ARTISAN, Chartered Accountants
8.	Ashraf Uddin & Co., Chartered Accountants
9.	Ata Khan & Co., Chartered Accountants
10.	Aziz Halim Khair Choudhury, Chartered Accountants
11.	FAMES & R., Chartered Accountants (Former Shahadat Rashid & Co., Chartered Accountants)
12.	G Kibria & Co., Chartered Accountants
13.	Hoda Vasi Chowdhury & Co., Chartered Accountants
14.	Howladar Yunus & Co., Chartered Accountants
15.	Hussain Farhad & Co., Chartered Accountants
16.	Islam Aftab Kamrul & Co., Chartered Accountants
17.	Islam Quazi Shafique & Co., Chartered Accountants
18.	K. M. Alam & Co., Chartered Accountants
19.	K. M. Hasan & Co., Chartered Accountants

20.	Kazi Zahir Khan & Co., Chartered Accountants
21.	Khan Wahab Shafique Rahman & Co., Chartered Accountants
22.	M. J. Abedin & Co., Chartered Accountants
23.	M. M. Rahman & Co., Chartered Accountants
24.	MABS & J Partners, Chartered Accountants
25.	Mahfel Huq & Co., Chartered Accountants
26.	Malek Siddiqui Wali, Chartered Accountants
27.	Masih Muhith Haque & Co., Chartered Accountants
28.	Nurul Faruk Hasan & Co., Chartered Accountants
29.	Octokhan, Chartered Accountants
30.	Pinaki & Company, Chartered Accountants
31.	Rahman Mostafa Alam & Co., Chartered Accountants
32.	Rahman Rahman Huq, Chartered Accountants
33.	S. F. Ahmed & Co., Chartered Accountants
34.	S. K. Barua & Co., Chartered Accountants
35.	Shafiq Basak & Co., Chartered Accountants
36.	Shiraz Khan Basak & Co., Chartered Accountants
37.	Syful Shamsul Alam & Co., Chartered Accountants
38.	Toha Khan Zaman & Co., Chartered Accountants
39.	Zoha Zaman Kabir Rashid & Co., Chartered Accountants

BSEC notify the cancellation of reinvestment unit of Mutual Fund

Reinvestment is using dividends, interest and capital gains earned in an investment or mutual fund to purchase additional shares or units, rather than receiving the distributions in cash. In terms of mutual funds, it is the reinvestment of distributions and dividends to purchase additional units of that fund. BSEC has declared that from now on there will be no reinvestment unit of mutual fund thus only cash dividend will be allowed in case of all mutual funds (both open-ended and close-ended). In case of open ended mutual fund like other close-ended fund, the portion of sponsor's fund can be hold till 1 year and later on 10% of that portion will be preserved till the fund liquidates.

Capital Market Synopsis

September 2019

Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market closed the month of September in negative territory. During the month, the broad index DSEX declined by 2.9%, losing 148.1 points. The blue chip index DS30 and the Shariah index DSES also slumped by 2.2% and 3.8% respectively.

Among the regional peers, Sri Lanka (-2.6%) also closed the month in red, while Pakistan (+8.1%) and Vietnam (+1.3%) yielded positive returns. MSCI Frontier Markets Index slumped by 1.9%. Vietnam showed the most encouraging longer term track record with a 5 years' return of 66.4%, while Bangladesh yielded -2.5% return during the same period. In the meantime MSCI Frontier Markets Index yielded -8.3% return.

Liquidity Condition in Equity Market of Bangladesh

During September, the total market capitalization decreased by 1.8%, while free float market capitalization decreased by 3.3%. Meanwhile, daily average turnover of September 2019 was BDT 4.0 bn (USD 47.9 mn), decreasing by 12.5% from that of last month. Accordingly, turnover velocity which represents overall liquidity of the market increased to 27.3% in September compared to 23.3% of last month. In 2018, turnover velocity of Bangladesh equity market was 37.7%, whereas it was 5.4% in India, 6.9% in Sri Lanka, 34.8% in Vietnam and 70.7% in Thailand.

Historical Index Points and Market Participation Data

Since its inception on January 27, 2013, DSEX yielded a holding period return of 22.0% till September, 2019. During the same period, daily average turnover of the market amounted to BDT 5.5 bn (USD 64.5 mn)

Market Valuation Level - P/E Ratio

The market P/E decreased to 13.34x in September compared to last month's 13.59x. It is lower than 18 years' median market P/E of 15.12x. In terms of trailing 12 month P/E ratio equity market of Bangladesh is cheaper than most of its regional peers.

Sector Performance

During September, among the major sectors Telecommunication, Non-Life insurance and Bank advanced by 12.9%, 7.9% and 0.4% respectively, while all other sectors yielded negative returns.

The largest sector in terms of market capitalization, Bank is relatively undervalued in terms of P/E ratio. On the other hand, Telecommunication sector has the highest dividend yield of 7.6% among all sectors.

Performance of 20 Largest Listed Companies in Bangladesh

Among the 20 largest listed companies in terms of market capitalization, GP (+12.9%) advanced the most in September, followed by RENATA (+6.2%), BRACBANK (+6.2%) and DUTCHBANGL (+4.7%). On the contrary, UPGDCL (-24.1%) faced the highest selling pressure during the month.

Majority of these companies yielded outstanding return over longer time horizon (5 years) such as BRACBANK (+271.7%), BERGERPBL (+203.4%), RENATA (+147.3%), EBL (+113.2%), and DUTCHBANGL (111.9%).

Among the scrips GP, SUMITPOWER, TITASGAS, EBL, MJLBD, ISLAMIBANK and MARICO recorded a higher dividend yield compared to that of market.

Top Performing Mutual Funds:

The top ten open end mutual funds based on 3 year CAGR outperformed the market during the same period. Among them VIPB Accelerated Income Unit Fund (+12.3%) yielded the highest return. On YTD 2019 basis, VIPB Accelerated Income Unit Fund also posted the highest return (+4.5%).

The top ten closed end mutual funds on the basis of 5 years (2014-2018) performance yielded mixed return on YTD basis. SEBL1STMF (+4.0%) yielded the highest return on YTD basis. All these funds are traded at a lucrative discount compared to their NAV. Besides, all the funds also offered higher dividend yields compared to market.

Foreign Participation in Equity Market of Bangladesh

Over last 5 years, Bangladesh equity market has seen a surge of foreign investment. As of August, 2019 total foreign ownership stood at 7.0% of the total equity market capitalization, which was only 1.7% in 2014.

October 2019**Performance of Equity Markets of Bangladesh and Peer Countries**

Bangladesh equity market closed the month of October in negative terrain. During the month, the broad index DSEX declined by 5.4%, losing 264.7 points. The blue chip index DS30 and the Shariah index DSES also flaccid by 7.5% and 5.6% respectively. Meanwhile, all the regional peers, Pakistan (+6.6%), Sri Lanka (+4.4%) and Vietnam (+0.2%) yielded positive returns in the month of October. Similarly, the MSCI Frontier Markets Index also gained +0.3%. Vietnam showed the most promising longer term track record with a 5 years' return of 66.2%. The MSCI Frontier Markets Index yielded -4.2% return.

Liquidity Condition in Equity Market of Bangladesh

During October, the total market capitalization diminished by 4.8%, while free float market capitalization decreased by 5.0%. Meanwhile, daily average turnover of October 2019 was BDT 3.2 bn (USD 37.7 mn), declining by 21.1% from that of last month. Accordingly, turnover velocity which characterizes overall liquidity of the market decreased to 23.7% in October compared to 27.3% of last month. In 2018, turnover

velocity of Bangladesh equity market was 37.7%, whereas it was 5.4% in India, 6.9% in Sri Lanka, 34.8% in Vietnam and 70.7% in Thailand.

Historical Index Points and Market Participation Data

Since its inception on January 27, 2013, DSEX peer countries yielded a holding period return of 15.5% till October, 2019. During the same period, daily average turnover of the market amounted to BDT 5.4 bn (USD 63.9 mn).

Market Valuation Level - P/E Ratio

The market P/E decreased to 12.61x in October compared to last month's 13.34x. It is also way lower than 19 years' median market P/E of 15.10x. In terms of trailing 12 month P/E ratio equity market of Bangladesh is cheaper than most of its regional peers.

Sector Performance

During October, all sectors yielded negative returns. Among the key sectors, Engineering, Telecommunications and NBFi performed the worst yielding -10.3%, -9.9% and -9.5% correspondingly. The largest sector in terms of market capitalization, Bank is relatively undervalued in terms of P/E ratio. On the other hand, Telecommunication sector has the highest dividend yield of 8.5% among all sectors.

Performance of 20 Largest Listed Companies in Bangladesh

Among the 20 largest listed companies in terms of market capitalization, PUBALIBANK (+6.5%) advanced the most in October, followed by DUTCHBANGL (+3.9%) and RENATA (+2.3%). On the contrary, BRACBANK (-17.7%) faced the highest selling pressure during the month. Majority of these companies yielded outstanding return over longer time horizon (5 years) such as BRACBANK (+182.2%), BERGERPBL (+156.3%), RENATA (+138.0%), DUTCHBANGL (116.5%) and EBL (+112.7%). Among the scrips GP, SUMITPOWER, TITASGAS, ISLAMIBANK, EBL, MJLBD and PUBALIBANK recorded a higher dividend yield compared to that of market.

Top Performing Mutual Funds

The top ten open end mutual funds based on 3 year CAGR outperformed the market during the same period. Among them VIPB Accelerated Income Unit Fund (+12.3%) yielded the highest return. On YTD 2019 basis, VIPB Accelerated Income Unit Fund also posted the highest return (+0.1%) compared to all the other funds that generated negative returns.

The top ten closed end mutual funds on the basis of 5 years (2014-2018) performance also yielded negative returns on YTD basis. SEBL1STMF (-0.2%) was the best performer on YTD basis. All these funds are traded at a lucrative discount compared to their NAV. Besides, all the funds also offered higher dividend yields compared to market

Foreign Participation in Equity Market of Bangladesh

Over last 5 years, Bangladesh equity market has experienced a flow of foreign investment. As of September, 2019 total foreign ownership mounted at 7.0% of the total equity market capitalization, which was only 1.7% in 2014.

**International Capital Market Review
(01 September 2019-31 October 2019)**

Index	Country	Beginning (September 2019)	Ending (October 2019)	1 month % Change
S & P 500 INDEX	United States	2,906.27	3,046.77	4.83%
Dow Jones Industrial Average	United States	26,118.02	27,186.69	4.09%
NASDAQ COMPOSITE INDEX	United States	7,874.16	8,303.98	5.46%
FTSE 100 INDEX	United Kingdom	7,281.90	7,330.80	0.67%
DAX Index	Germany	11,953.78	12,910.23	8.00%
HANG SENG	Hong Kong	25,626.55	26,906.72	5.00%
NIKKEI 225	Japan	20,620.19	22,927.04	11.19%
SSE COMPOSITE INDEX	China	2,924.11	2,929.06	0.17%
S&P BSE SENSEX	India	36,562.91	40,051.87	9.54%

(Source: finance.yahoo.com)

International capital market experienced progressive change in different types of indexes during September-October 2019. US equities gained positive returns in case of S&P 500, Dow Jones Industrial Average and NASDAQ COMPOSITE INDEX. There was a 4.83% positive change in S&P 500 index over this timeframe whereas Dow Jones Industrial Average and NASDAQ COMPOSITE INDEX grown by 4.09% and 5.46% respectively. Again, FTSE 100 INDEX of United Kingdom showed optimistic trend and rose by .67%.

Over this timeframe, HANG SENG index of Hong Kong and NIKKEI 225 index of Japan jumped by 5% and 11.19% respectively. In addition to, DAX Index of Germany and S&P BSE SENSEX of India demonstrated positive returns and flourished by .8% and 9.54% respectively. Furthermore, SSE COMPOSITE INDEX of China also improved a little bit by .17% during this timeframe.

The following graph demonstrates the percentage change of one month in index from September-October 2019:

