

OFFICE MEMO

To:	Fund manager	Investment Manager	CIO

Subject : Stock Pick for Reasonable Capital Appreciation
From : CAPM Investment Research Team (CIRT)
Reference : CAPM/CIRT/44/2013
Date : Saturday, July 27, 2013

Acronyms:

Rec.-Recommended	B.-Buy	Curr.-Current	Px-Price	App.-Appreciation
Dep.-Depreciation	Sl. No.-Serial Number	Mkt.Px-Market Price	Cat.-Category	Mgt.-Management
Ann.-Annualized	Fwd.-Forward	Wk.-Week	DPR-Dividend Payout	Ttl.-Total
Vol-Volatility	Con.-Confidence	Acq.-Acquisition	Share hld.-Share Holdings	Exp.-Expectation
Div.-Dividend	TP-Time Period	Cap.Gain -Capital Gain	TT-Tentative Timeline	
Avg.T.Vol.-Average Trade Volume		Ttl Spx-Total Selling Price	FFS.-Free Float Share	

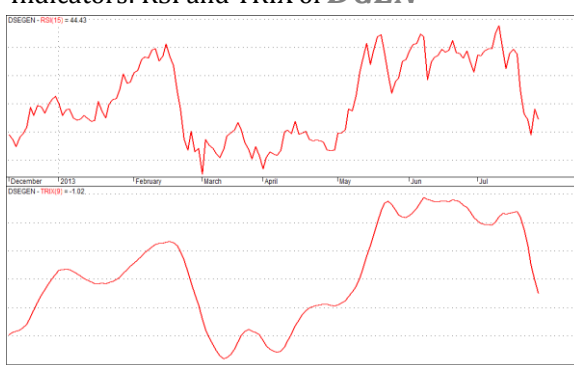
Section-A: Next Week Forecast

In next week the market is expected to take sideways after having been adjusted a little more. The technical indicators of the benchmark Index, DGEN, are signifying a little more adjustment in the next few trading days of the coming week, as it has reached to its next resistance zone and generated a red candlestick thereon with a reduced trade volume. It is expected that the market may adjust upto its next support zone of 4228.84 points. However, the market is posing opportunity to capitalize profit by buying at low.

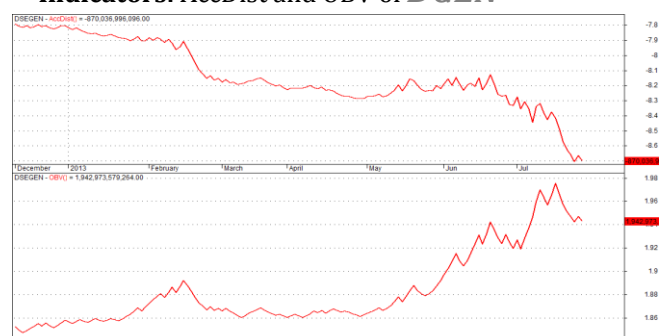
Candlestick Pattern of *DGEN*



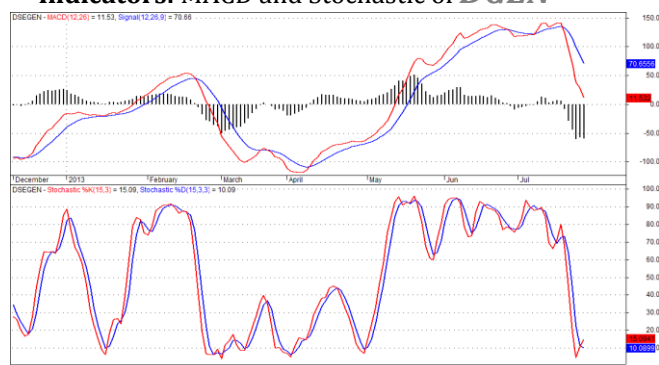
Indicators: RSI and TRIX of *DGEN*



Indicators: AccDist and OBV of *DGEN*



Indicators: MACD and Stochastic of *DGEN*



Section-B: Current Recommendation

B.1 Criteria for Securities Selection:

After a reasonable investigation we have identified a handful of securities considering the following characteristics:

1. Strong Technical Indicators' support.
2. Next Dividend Declaration.
3. General reputation of management.
4. Price Earning (PE) multiple.
5. Current price level compared with 52 weeks high and low prices.
6. Stocks with high payout ratio.
7. Sector diversification.
8. Supportive market dynamics.
9. Considering the sectoral movement.

B.2 Fundamental Characteristics:

The following table exhibits the fundamental qualities of the selected stocks:

Sl.No	Script	Mkt. Cat.	About Mgt.	Curr.Px as	Share Statistics			
				27-Jul-13	EPS	Fwd PE	52 wk.	
							High	Low
1	GHAIL	'A'	Mr. Rajeeb Samdani is the managing director of Golden Harvest Group	42.5	3.44	12.35	76.4	29.7
2	DBH	'A'	Mr. Faruq A Choudhury is the Chairman of DBH. He is also a Member of the Governing Body of BRAC and Governing Board of the BRAC University.	61.2	4.17	14.66	269.7	49.5
3	UTTARAFIN	'A'	Rashidul Hasan is the Chairman of UTTARAFIN Company Limited.	73.9	8.32	8.88	188	61.7
4	UTTARABANK	'A'	Mr. Azharul Islam is the honorable Chairman of Uttara Bank Limited.	25.2	3.57	7.05	88	25.2
5	TITASGAS	'A'	Md.Mozammel Haque Khan is the Chairman of TITASGAS. He is also a secretary of Energy and Mineral Resources division.	87.5	8.76	7.05	101.4	48.1

Sl.No.	Script	DPR	Share hld.			Avg.T.Vol.		
			Directors hld(%)	Institutional hld(%)	Investors hld(%)	Avg.T.V (5D)	% of ttl. share	% of FFS
1	GHAIL	2	35.03	23.43	41.54	607320	0.78%	1.87%
2	DBH	2.5	75.48	0	24.52	61100	0.05%	0.21%
3	UTTARAFIN	4	33.75	44.09	22.14	105080	0.14%	0.64%
4	UTTARABANK	3.5	8.19	3.19	88.62	317045	0.11%	0.12%
5	TITASGAS	3	0	75	25	2436400	0.26%	1.03%

B.3 Risk Measurement Tools:

The picked stocks are quantified with a detailed risk management process, few used tools of risk management are mentioned below:

Sl. No	Script	STDEV		Beta	R-Squared	Value at Risk(VAR)		
		Dly	Ann.			At 90% Con.	At 95% Con.	At 99% Con.
1	GHAIL	0.047	1.03	1.51	0.22	-1.32	-1.69	-2.39
2	DBH	0.049	1.07	1.02	0.23	-1.37	-1.75	-2.48
3	UTTARAFIN	0.037	0.80	1.22	0.58	-1.03	-1.32	-1.87
4	UTTARABANK	0.030	0.65	0.97	0.57	-0.84	-1.07	-1.52
5	TITASGAS	0.026	0.58	0.85	0.57	-0.74	-0.95	-1.34

B.4 Technical indicators:

The following two tables exhibit the technical characteristics of the selected stocks:

Sl. No.	Script	Curr.Px as on	Candlestick Name	Candlestick Pattern	Next Support Level	Next Resistance Level	Volume Trend	Moving Averages	
		24-Feb-13						SMA(50)	SMA(200)
1	GHAIL	42.5	Red Candle	Bearish	39.95	54.59	Neutral	42.73	40.25
2	DBH	61.2	Red Candle	Bearish	59.34	73.07	Neutral	64.32	58.73
3	UTTARAFIN	73.9	Red Candle	Bearish	73.61	78.37	Neutral	76.40	81.54
4	UTTARABANK	25.2	Red Candle	Bearish	Not Identified	28.73	Increasing	30.23	34.52
5	TITASGAS	87.5	Red Candle	Bearish	85.12	96.22	Neutral	84.20	74.94

Table: Technical Indicators (01)

Sl. No.	Stocks Name	Trend Line	Indicators						
			MACD	A/D Line	On Balance Volume	RSI	Slow Stochastic	TRIX	Ultimate Oscillator
1	GHAIL	Neutral	Buy	Buy	Buy	Buy	Buy	Observe	Observe
2	DBH	Bearish	Observe	Observe	Observe	Observe	Observe	Observe	Observe
3	UTTARAFIN	Neutral	Buy	Buy	Buy	Buy	Buy	Observe	Observe
4	UTTARABANK	Bearish	Buy	Buy	Buy	Buy	Buy	Buy	Buy
5	TITASGAS	Bullish	Observe	Buy	Observe	Observe	Observe	Observe	Observe

Table: Technical Indicators (02)

B.5 Market Dynamics:

Sl.No.	Script	Mkt Exp.	Feasibility of the Expectation	Rec.
1	GHAIL	Price Appreciation+54.8%	It's a growing company with diversified business policy. At the same time GHAIL is a joint venture of Nippon Express, the largest logistic company of ASIA.	Buy
2	DBH	Price Appreciation+20.00%	Upcoming dividend declaration and low PE could be a better one for the short term investment.	Buy
3	UTTARAFIN	Price Appreciation+12.9%	Fundamentally UTTARAFIN is a outstanding share for the investment	Buy
4	UTTARABANK	Price Appreciation+37.3%	UTTARABANK has now included in DSE-30 index, generally blue-chip share can be included.	Buy
5	TITASGAS	Price Appreciation+25.7%	Because of government company and monopoly business characteristics, it's a reliable for investment.	Buy

B.6 Overall Recommendation:

Fundamental and technical indicator suggests that all stocks are buyable for periods mentioned in Tentative Timeline of B.7. However, we will recommend up to date confirmation in day to day basis.

Sl. No.	Script	Curr.Px as on	Px Range	Avg. px	Qty	Acq.Cost (TK)	TT
		27-Jul-13					
1	GHAIL	42.5	41.50-42.50	42	3000	126000	3M
2	DBH	61.2	60.50-61.50	60	1000	60000	1M
3	UTTARAFIN	73.9	73.00-74.00	73.5	1000	73500	1M
4	UTTARABANK	25.2	25.00-26.00	25.5	25000	637500	9M
5	TITASGAS	87.5	87.00-89.00	87.5	5000	437500	3M

Please note that the actual acquisition price may marginally vary from the market price stated in the above table. Variation in acquisition price may impact the return figure, which is forecasted in the following section

The investment horizon of the securities would be, ideally mid-term. However, average holding period of the stocks are assumed to be 1 month to 9 months. Approximately Tk 1.33 million will be required to avail the above securities.

B.8 Expected Return:

The following table illustrates the expected return from the stocks considering their holding periods;

Sl.No.	Script	Sector	Qty	Avg.Acq.Px	Expe.SPx	Ttl.SPx	Exp.Return		
							Cap.Gain	Div.	Ttl.Gain
1	GHAIL	Food & Allied	3000	126,000.00	65	195,000.0	69,000.0	\$ -	69,000.0
2	DBH	Finance	1000	60,000.00	72	72,000.0	12,000.0	\$ -	12,000.0
3	UTTARAFIN	Finance	1000	73,500.00	83	83,000.0	9,500.0	\$ -	9,500.0
4	UTTARABANK	Bank	25000	637,500.00	35	875,000.0	237,500.0	\$ -	237,500.0
5	TITASGAS	Fuel&Power	5000	437,500.00	110	550,000.0	112,500.0	\$ -	112,500.0

Expectedly, the average holding period return of these securities will be 60.26%, which is much higher than the opportunity cost of 12.50%. So, we may expect that in its holding period these securities will generate 47.76% return, net of opportunity cost.

However, due to fluctuating nature of the market, the actual return may significantly differ from the forecasted return. If the market continues to fall, some loss may appear during or after construction of the portfolio.

B.9 Risk Minimizing Measures:

CAPM Investment Research Team will continuously monitor the performance of these securities, and suggest corrective actions.

Trigger sale may be activated if price of an individual stock drops by 10% of acquisition value.

Trigger may be executed if the portfolio value falls by 15% of total acquisition cost.

Placed for management approval.

To: Investment Committee (All Members)
Investment Team

ANALYST PANEL:

Chandan Kumer Saha
Manager, CIRT

Md. Sohag Rana
Executive, CIRT

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