

## Top Securities in the Downswing Market

Rarely there is any securities in Dhaka Stock Exchange which offers consistent return in a form of upside price move in the downturn market over a long period of time.

### Concepts

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#### Beta:

Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Beta is used in the capital asset pricing model (CAPM), which calculates the expected return of an asset based on its beta and expected market returns. Beta is also known as the beta coefficient.

A beta of 1.0 indicates that the security's price moves with the market. A beta of less than 1.0 means that the security is theoretically less volatile than the market. A beta of greater than 1.0 indicates that the security's price is theoretically more volatile than the market. For example, if a TRUSTBANK's beta is 1.21, it's theoretically 21% more volatile than the market. Conversely, if a BATBC's beta is 0.59, it is theoretically 41% less volatile than the market. Therefore, the fund's excess return is expected to underperform the benchmark by 41% in up markets and outperform by 41% during down markets. That is, if the DSEX uplifts or downsizes by 1% in a given day, the stock's price would increase or decrease by 0.59% respectively on that day. Whereas a beta of -1.0 indicates that the security's price moves opposite to the market. There are few fundamental investments with consistent and significant negative betas.

#### Dual-beta:

In investing, dual-beta is a concept that states that a regular, market beta can be divided into downside beta and upside beta. Thus, dual stands for two betas, upside and downside. The fundamental principle behind dual-beta is that upside and downside betas are not the same. This is in contrast to what the Capital Asset Pricing Model assumes, which is that upside and downside betas are identical.

The dual-beta model allows investors to differentiate downside risk – risk of loss – from upside risk, or gain. Regular beta fails to acknowledge, and thus to permit, this distinction. The dual-beta model does not assume that upside beta and downside betas are the same but actually calculates what the values are for the two betas, thus allowing investors to make better-informed investing decisions.

#### Upside Beta:

Upside beta is the element of traditional beta that investors do not typically associate with the true meaning of risk. It is defined to be the scaled amount by which an asset tends to move compared to a benchmark, calculated only on days when the benchmark's return is positive. For example, if a BATASHOE's upside beta is 1.23, it is theoretically 23% more volatile than the upward market. Therefore, the fund's excess return is expected to outperform the benchmark by 23% in up markets. That is, if the DSEX uplifts by 1% in a given day, the stock's price would increase by 1.23% on that day.

#### Downside Beta:

Downside beta is the element of beta that investors associate with risk in the sense of the uncertain potential for loss. It is defined to be the scaled amount by which an asset tends to move compared to a benchmark, calculated only on days when the benchmark's return is negative. For example, if an IPDC's downside beta is

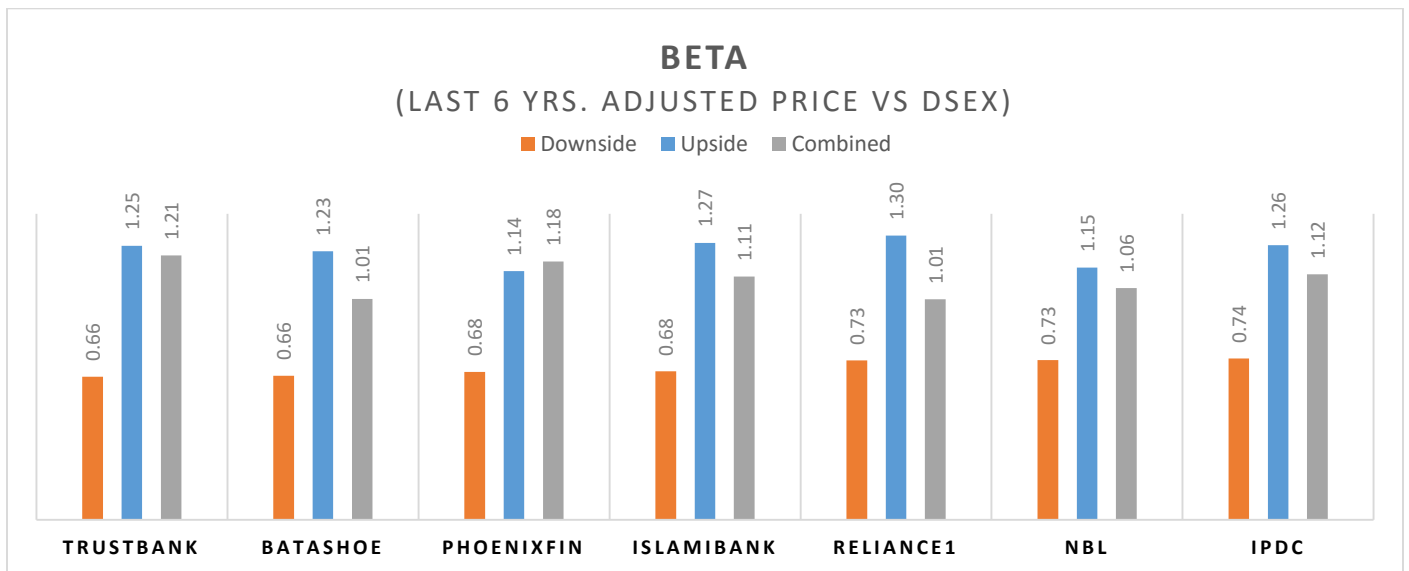
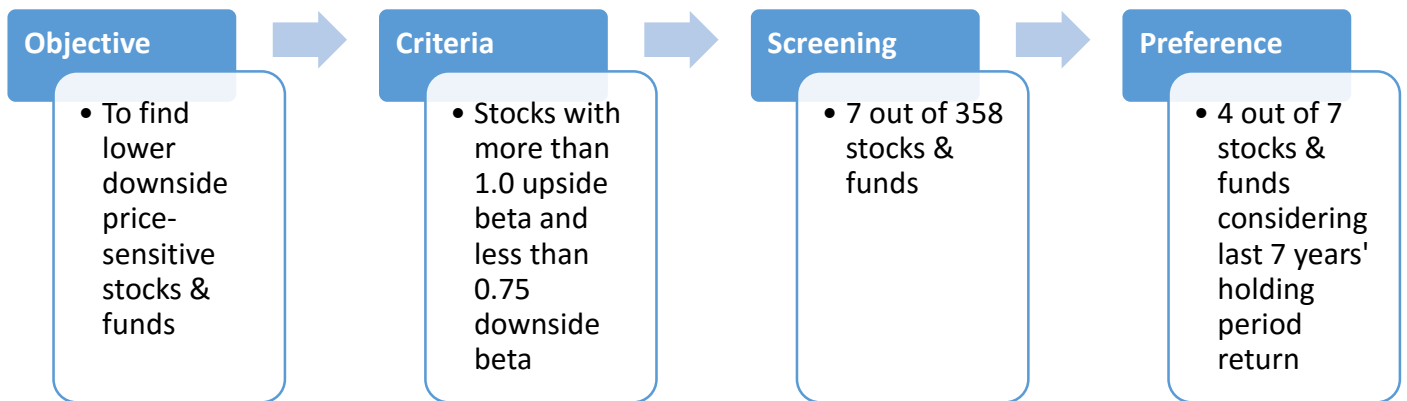
0.74, it's theoretically 26% less volatile than the downward market. Therefore, the fund's excess return is expected to outperform the benchmark by 26% during down markets. That is, if the DSEX downsizes by 1% in a given day, the stock's price would decrease by 0.74% on that day.

Downside beta has greater explanatory power than standard beta in bearish markets. Portfolios that are constructed by minimizing downside beta may be able to maintain more of their value during times of market decline.

**Holding Period Return:**

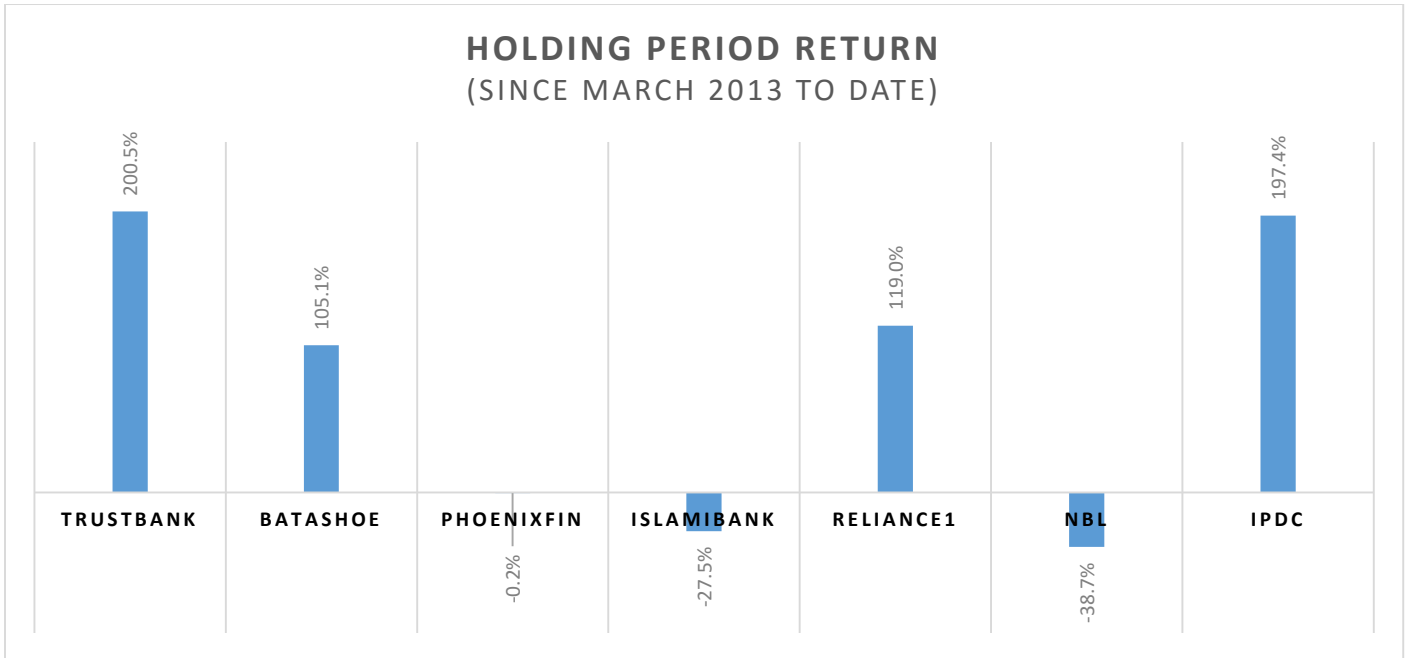
Holding period return is the total return received from holding a securities or portfolio of securities over a period of time, known as the holding period, generally expressed as a percentage. Holding period return is calculated on the basis of total returns from the securities or portfolio (income plus changes in value). It is particularly useful for comparing returns between investments held for different periods of time. In that case annualized holding period return for the investments require to be calculated.

**Analysis**



Note: no stocks & funds has negative value in any categories of beta.

Source: RIL, Royal Capital Ltd.



Note: holding period return has been calculated using basic formula since every stocks & funds under the consideration has identical holding period.

Source: RIL, Royal Capital Ltd.

#### Exchange Information:

	DSE TC	Sector	PE/ Price to NAVPS	Price (BDT)	EPS/ NAVPS @ mkt. pr.	Category	Mkt. Cap. (BDT in MN)
Preferred	TRUSTBANK	Banking Services	6.8	24.4	2.70 (9M)	A	15,010.2
	BATASHOE	Tannery Industries	21.6	693.2	24.06 (9M)	A	9,482.9
	RELIANCE1	Mutual Funds	0.8	8.3	10.68	A	496.1
	IPDC	NBFIs	12.4	22.6	1.82 (Y)	A	7,987.3
Others	PHOENIXFIN	NBFIs	19.3	22.9	0.89 (9M)	A	3,199.6
	ISLAMIBANK	Banking Services	5.8	16.9	2.19 (9M)	A	27,047.8
	NBL	Banking Services	8.3	7.2	0.65 (9M)	A	20,442.8

Data as on March 25, 2020

Source: Dhaka Stock Exchange

#### Shortcoming of Beta:

Beta is based on historical data and may not necessarily be an accurate predictor of future volatility. It assumes that a stock is correlated to the overall performance of the market even in the future. For some industries that are mature and stable, beta from past performances of a stock may be more reliable than an industry which is relatively new. Beta may not be applicable for new companies that have not been around long enough. Sometimes stocks with low beta many times outperform higher beta stocks.

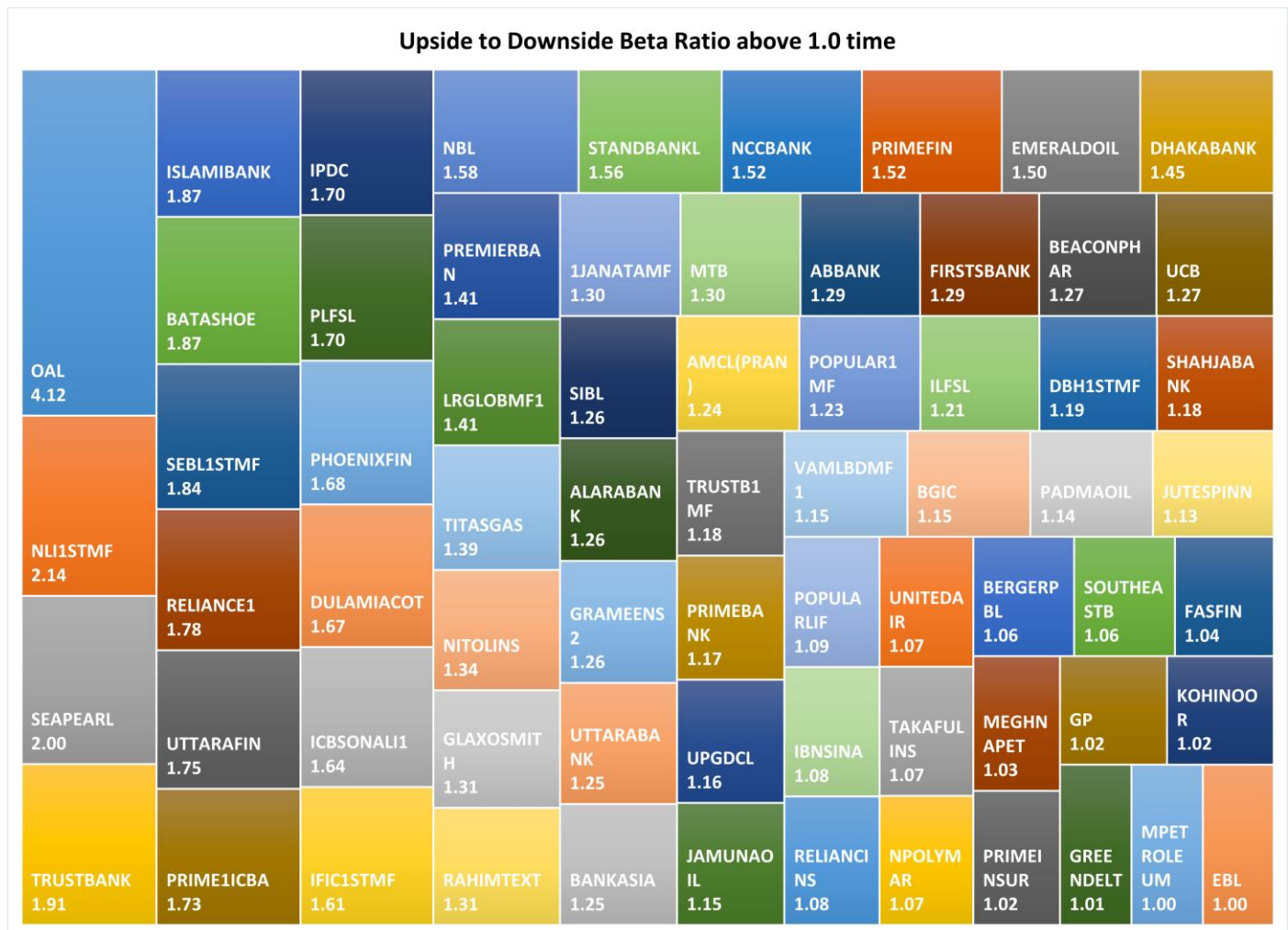
**Securities with below 1.0 Downside Beta:**

DSE TC	Downside	Upside	Beta	Upside/Downside Beta Ratio	Category
GLAXOSMITH	0.32	0.42	0.42	1.31	A
RECKITBEN	0.34	0.20	0.31	0.60	A
OAL	0.38	1.55	0.62	4.12	B
BERGERPBL	0.43	0.46	0.43	1.06	A
LINDEBD	0.44	0.28	0.39	0.65	A
MARICO	0.44	0.40	0.39	0.89	A
IFIC1STMF	0.47	0.76	0.66	1.61	A
RENATA	0.47	0.38	0.43	0.80	A
SEAPEARL	0.47	0.94	0.86	2.00	B
PLFSL	0.48	0.82	0.98	1.70	Z
EBLNRBMF	0.56	0.44	0.53	0.78	A
GREENDELTA	0.58	0.58	0.63	1.01	A
BANKASIA	0.59	0.74	0.83	1.25	A
SIBL	0.60	0.75	0.84	1.26	A
RELIANCINS	0.60	0.65	0.61	1.08	A
1JANATAMF	0.61	0.79	0.72	1.30	A
ICBIBANK	0.62	0.60	0.68	0.98	Z
RAHIMTEXT	0.63	0.82	0.55	1.31	A
STANDBANKL	0.64	0.99	1.00	1.56	A
JAMUNAOIL	0.64	0.74	0.79	1.15	A
APEXFOOT	0.65	0.58	0.65	0.88	A
IBNSINA	0.65	0.71	0.72	1.08	A
TRUSTBANK	0.66	1.25	1.21	1.91	A
BATBC	0.66	0.57	0.59	0.86	A
BATASHOE	0.66	1.23	1.01	1.87	A
TRUSTB1MF	0.67	0.79	0.74	1.18	A
PHOENIXFIN	0.68	1.14	1.18	1.68	A
ISLAMIBANK	0.68	1.27	1.11	1.87	A
MONNOCERA	0.68	0.46	0.77	0.67	A
MEGHNAPEP	0.69	0.71	0.73	1.03	Z
AMCL(PRAN)	0.70	0.86	0.72	1.24	A
MTB	0.70	0.91	0.78	1.30	A
ACMELAB	0.71	0.66	0.66	0.94	A
PUBALIBANK	0.71	0.56	0.75	0.79	A
PADMAOIL	0.72	0.83	0.81	1.14	A
POPULAR1MF	0.72	0.89	0.74	1.23	A
RELIANCE1	0.73	1.30	1.01	1.78	A
NBL	0.73	1.15	1.06	1.58	A
IPDC	0.74	1.26	1.12	1.70	A
BGIC	0.74	0.85	0.95	1.15	A
EXIM1STMF	0.75	0.13	0.41	0.18	A
PRIMEFIN	0.75	1.15	1.10	1.52	Z
TITASGAS	0.76	1.06	0.93	1.39	A
STANDARINS	0.76	0.62	0.61	0.82	A

DSE TC	Downside	Upside	Beta	Upside/Downside Beta Ratio	Category
KOHINOOR	0.76	0.78	0.53	1.02	A
HWAWELLTEX	0.77	0.62	0.74	0.80	A
PRIMEBANK	0.78	0.91	0.99	1.17	A
DULAMIACOT	0.78	1.30	0.84	1.67	Z
MPETROLEUM	0.79	0.80	0.83	1.00	A
VAMLBDMF1	0.80	0.92	0.77	1.15	A
AB BANK	0.80	1.03	1.14	1.29	Z
ACIFORMULA	0.80	0.76	0.89	0.95	A
NTC	0.80	0.63	0.57	0.79	A
GP	0.81	0.83	0.89	1.02	A
UNITEDAIR	0.81	0.87	0.97	1.07	Z
KAY&QUE	0.81	0.79	0.71	0.97	B
NLI1STMF	0.82	1.75	1.42	2.14	A
SOUTHEASTB	0.82	0.87	1.02	1.06	A
DBH1STMF	0.82	0.98	0.87	1.19	A
ICBSONALI1	0.84	1.37	1.12	1.64	A
NCCBANK	0.84	1.28	1.23	1.52	A
ALARABANK	0.84	1.06	1.14	1.26	A
MATINSPINN	0.84	0.52	0.57	0.62	A
ILFSL	0.85	1.02	1.34	1.21	B
EBL1STMF	0.85	0.70	0.71	0.83	A
LRGLOBMF1	0.85	1.20	1.01	1.41	A
FIRSTSBANK	0.86	1.10	1.10	1.29	A
PHPMF1	0.86	0.81	0.75	0.94	A
UTTARAFIN	0.87	1.52	1.17	1.75	A
EASTRN LUB	0.87	0.53	0.59	0.61	A
BIFC	0.87	0.62	0.85	0.71	Z
SQURPHARMA	0.88	0.74	0.75	0.84	A
DACCADYE	0.88	0.83	0.84	0.93	Z
POPULARLIF	0.89	0.97	0.85	1.09	A
SQUARETEXT	0.90	0.74	0.76	0.83	A
GRAMEENS2	0.90	1.14	1.00	1.26	A
VAMLRBBF	0.91	0.70	0.62	0.76	A
MEGCONMILK	0.92	0.41	0.71	0.45	Z
DHAKABANK	0.93	1.35	1.29	1.45	A
EMERALDOIL	0.93	1.40	1.10	1.50	Z
ABB1STMF	0.93	0.84	0.78	0.91	A
NITOLINS	0.93	1.25	0.95	1.34	A
ATLASBANG	0.93	0.86	0.86	0.92	B
DBH	0.93	0.92	0.84	0.98	A
SINGERBD	0.94	0.86	0.84	0.92	A
PRIMEINSUR	0.94	0.96	1.04	1.02	Z
SHAHJABANK	0.94	1.11	1.06	1.18	A
SAVAREFR	0.95	0.91	0.66	0.96	Z
TAKAFULINS	0.95	1.02	1.04	1.07	A

DSE TC	Downside	Upside	Beta	Upside/Downside Beta Ratio	Category
AZIZPIPES	0.96	0.94	0.83	0.98	B
NATLIFEINS	0.96	0.73	0.77	0.76	A
BEACONPHAR	0.96	1.22	0.97	1.27	B
PADMALIFE	0.96	0.70	0.90	0.73	Z
GENEXIL	0.97	0.84	0.93	0.87	A
PRIME1ICBA	0.97	1.67	1.68	1.73	A
UPGDCL	0.98	1.14	0.95	1.16	A
SEBL1STMF	0.98	1.80	1.43	1.84	A
JUTESPINN	0.98	1.10	0.87	1.13	Z
EBL	0.98	0.98	0.97	1.00	A
UCB	0.99	1.25	1.23	1.27	A
NPOLYMAR	0.99	1.05	0.99	1.07	A
PREMIERBAN	0.99	1.39	1.33	1.41	A
UTTARABANK	0.99	1.23	1.30	1.25	A
FASFIN	0.99	1.03	1.22	1.04	B

**Upside to Downside Beta Ratio** implies, e.g., GLAXOSMITH gains about 1.31 times as much in bull market as it loses in bear market.



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