



# CEYBANK UNIT TRUST FUND

Interim Report  
30th September 2023

“The SEC in granting approval does not extend to either endorsing or ratifying the accuracy of the specific details set out therein, and that the Management Company and Trustee remains at all times responsible for the specific details set out in the Interim Report.”

## Ceybank Unit Trust Fund

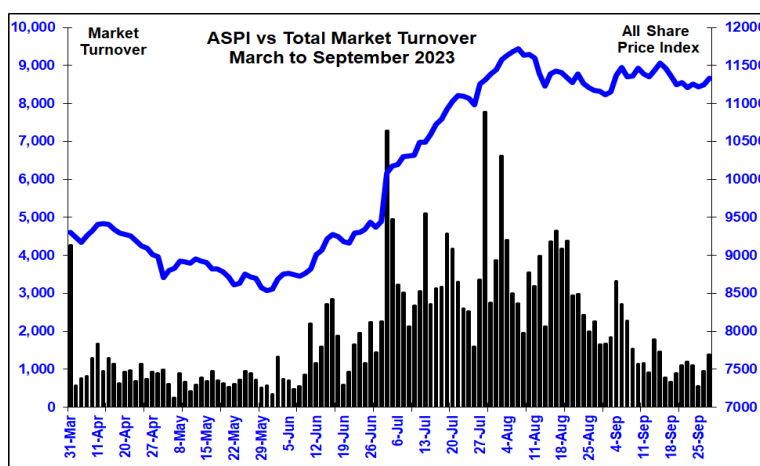
### Manager's half yearly report for the period ended 30<sup>th</sup> September 2023

We have great pleasure in presenting the half yearly report of Ceybank Unit Trust Fund for the six months ended 30<sup>th</sup> September 2023.

Amidst the uncertainties in the economy, the performance in the stock market displayed a mixed momentum during the six-month period ending 30<sup>th</sup> September 2023. The Net Asset Value per unit of your Fund appreciated by 2.06% during the period under review. During the same period the ASPI gained by 21.87% and the S&P Index increased by 19.19%. The net asset value per unit amounted to Rs 34.51 as at 30<sup>th</sup> September 2023.

### Capital Market Performance

The Colombo Bourse which witnessed a sluggish performance during second quarter 2023, recovered with a bullish run in the market during the third quarter 2023 with the announcement of Domestic Debt Optimization (DDO) in June 2023. The market factored the minimal impact on the banking sector and primary dealer counters from the DDO and heavy weight was given to those counters during July-September 2023.



Source: Colombo Stock Exchange

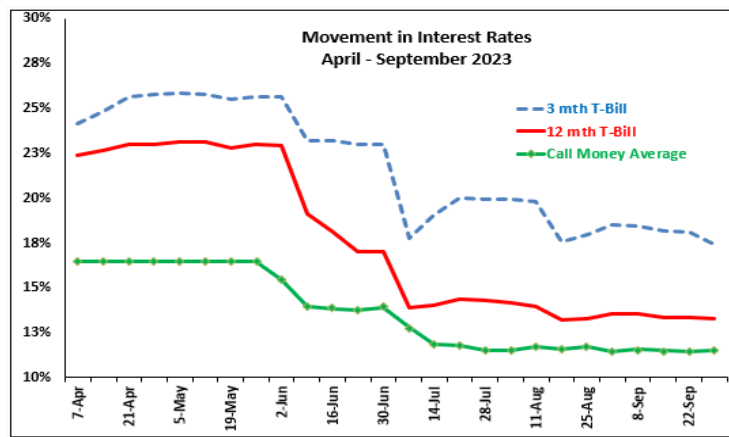
Foreign investors emerged as net buyers with net foreign inflows for the six months ending September 2023, being approximately Rs 3 billion.

The ASPI closed at 11,335.61 up by 2,035 points while the S&P Index was at 3,197.72 up by 515 points for the six-month period ended 30<sup>th</sup> September 2023.

The Sri Lankan economy witnessed a contraction of 7.9% (YoY) in the 1H2023 against the negative growth of 3.6% (YoY) in 1H2022 in the midst of uncertainties reflected across the sectors in the economy. Sector wise, both industry and services sectors slumped by 18.3%YoY and 3.2%YoY respectively while the agriculture sector accounted a marginal growth of 2.2%YoY during 1H2023.

The Country's foreign reserve position improved to USD 3.53 billion by end September 2023 from USD 2.69 billion at the end of March 2023. The Exchange rate (Rs/US\$) which was at Rs.327.50 on 3<sup>rd</sup> April 2023, appreciated marginally by 0.93% and was quoted at Rs 324.44 as at 27<sup>th</sup> September 2023.

Average Annual Inflation measured by the CCPI (2021=100) which was at 50.3% in end March 2023, witnessed a decelerated trend throughout the period and recorded as 1.3% at the end of September 2023.



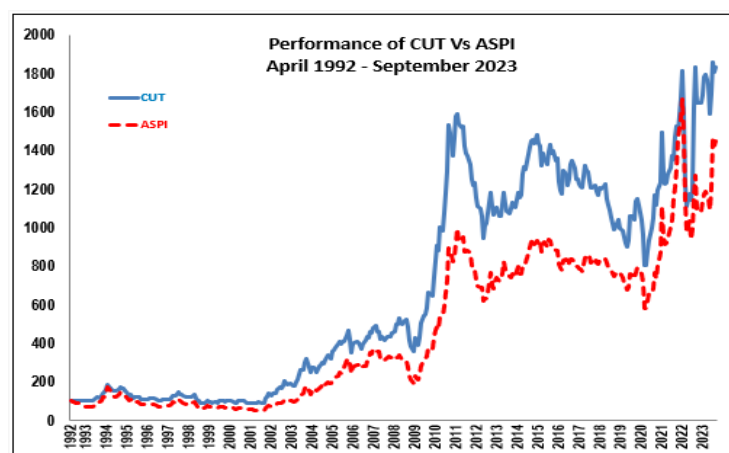
Source: Central Bank of Sri Lanka

Market Interest rates declined during the period. The 12-month Treasury bill yields plunged by 1,099 basis points, from 24.31% p.a. at the end of March to 13.32% p.a. by end September 2023 in order to reduce the risk premium on gilt edge securities.

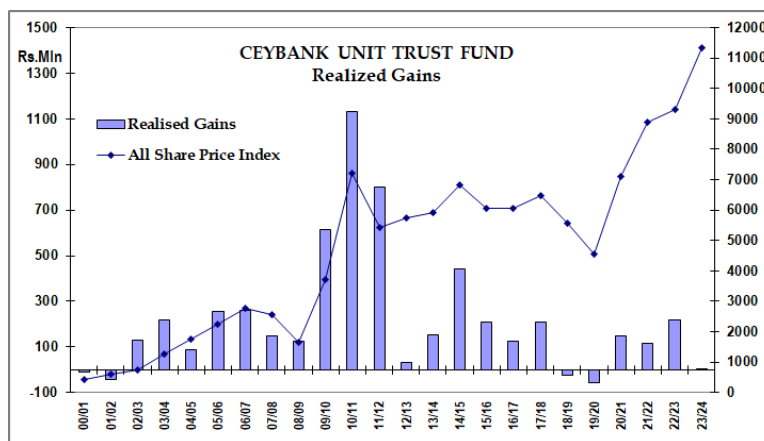
Overnight call money traded within a band of 11% and 16.50% p.a. Central Bank policy rates were reduced by 450 basis points (bps) during the period. Thus, the Standard Lending Facility Rate and the Standing Deposit Facility Rate were quoted at 11% and 12% respectively. The statutory reserve ratio (SRR) for Commercial Banks was decreased by 200bps to 2% as at end September 2023.

## Fund Performance

The Net Asset Value per unit of your Fund improved by 2.06% against the ASPI growth of 21.87% during the half year period under review. The low weight in Banking sector and no investments in primary dealer counters in the equity portfolio of the Fund were the main factors for under performance of the Fund in comparison to ASPI. As at 30th September 2023, the Banking sector with 10.20% weight in the Bourse witnessed an upside of 45% during April - September 2023. However, the Fund represented merely 3.14% weight in Banks in the equity portfolio of CUT as at 30th September 2023. During April-September 2023, the primary dealer shares of Capital Alliance PLC and First Capital Treasuries PLC appreciated by 139% and 70% respectively. The chart below depicts the performance of the Fund on the medium to long term. The total net assets stood at Rs. 5,466 million as at 30th September 2023.

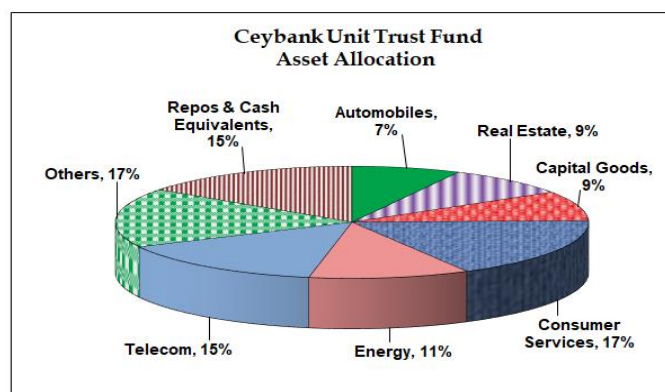


The Fund generated dividend income of Rs 71.81 million, down from Rs 98 million in the corresponding period. Expenses surged up from Rs 41.72 million to Rs 61.09 million. Interest Income increased by 79% to Rs 87.01 million. The Fund recorded Rs 5.09 million as capital gains from sale of equity during the period by taking the opportunities in the volatile market.



The market value of the equity portfolio was Rs 4,679 million as at 30<sup>th</sup> September 2023 marginally down from Rs 4,682 million in March 2023.

The Fund reduced its equity exposure level and increased the investments in fixed income portfolio in order to capitalize the surge in interest rates in gilt edged securities. In the midst of declining interest rates, the Fund would expect to pursue other avenues in the equity market to maximize the yield of the Fund while divesting some existing equity holdings owing to sluggish performance of those respective counters with a view to make changes in the Asset allocation in a manner that is compatible with our view and market expectations.



Your Fund investments are diversified across fundamentally strong companies with a medium to long term outlook, in Consumer Services, Telecommunication, Energy, Real Estate and Capital Goods sectors as depicted in the chart. We expect these stocks to perform well in the medium term adding further value to your investment.

## Future Outlook

Despite the consecutive economic contractions accounted from 1Q2022 – 2Q2023, we would expect a slowdown in economic downturns, during the 2H2023 in the wake of regaining fundamentals in the economy. In the midst of systematic risk of downturns in world economies, owing to tight financial controls adopted by Central Banks around the world, due to inflationary pressures and the conflict between Israel and Gaza, the Sri Lankan economy could anticipate to record a negative growth of 3% - 4% YoY in 2023E against 7.8% economic plunge in 2022 with the gradual improvement in macro indicators in the country. In line with the implementation of structural reforms in IMF-EFF Agreement by the authorities in 2023, the signs of recovery in macro fundamentals can be witnessed in the economy with inflation moderating, the exchange rate stabilizing, reduction in elevated interest rates, improvement in workers' remittances and tourist arrivals, rebuilding of reserves by the Central Bank of Sri Lanka, rise in foreign holdings in treasury securities, etc.

Thus, the economy in the country is expected to witness a recovery and return to normalcy in 2024E despite the uncertainties in political front due to forthcoming presidential and general elections in the country and the intensified systematic risk of financial stress in world economies.

After announcing the domestic debt optimization (DDO) program in June 2023 with a view to restructure the domestic debt, the Sri Lankan government is anticipating to finalize the discussions with foreign parties including Paris Club members, non-Paris Club members and foreign bondholders, with the aim to secure an extended grace period or to reduce foreign debt obligations. In fact, it is crucial to conclude the debt restructuring process with all creditors in order to obtain the Executive Board approval to complete the first IMF's review and to obtain the second tranche of funds.

Despite the improvement in tourism earnings, workers' remittances and higher inflows to gilt-edged securities, a surge in import expenses would be expected with the spike in crude oil and other commodity prices due to uncertainties in Israel-Hamas war situation. Thus, a moderate currency depreciation against USD in the medium to long-term would be anticipated owing to gradual lifting of import restrictions, building up of foreign reserves against the future external debt payment.

The decelerated trend in inflation would stabilize at a single digit level during the latter part of the period in 2023. However, the hike in taxes and duties on essential commodities, and increase in electricity charges would mitigate this downward pressure on inflation. The declining market interest rates would slowly stabilize at a moderate level by gradually accelerating the Private sector credit disbursement during the latter period.

Further, an upgrade in country rating would be anticipated in year 2024 with the compliance in IMF reforms and this would further have a positive multiple effect on macro fundamentals particularly on the net foreign activities in the Colombo Bourse. This would create opportunities for the potential and existing investors to invest and realize attractive gains in the equity market as equities are currently free from taxes. So, we will continue to search for value in specific sectors and counters in the equity market and make changes to the Fund portfolio based on the changing market environment.

## **Management**

We would like to thank our valued unit holders for the confidence placed in us. We are confident of providing a consistent return to the unit holders who remain in the Fund in the medium to long term. We also place on record our appreciation for the support and co-operation received from the Securities and Exchange Commission of Sri Lanka, Colombo Stock Exchange, the Trustee National Savings Bank and Custodian Bank of Ceylon.

Our sincere appreciation is also due to the stakeholders, the Chairman and Board of Directors and for their guidance. Our achievements would not have been possible without the skills and commitment of the Management Team. We thank them for their contribution and dedication throughout the year and look forward to their support in the future.

Sgd

Kanchana Karannagoda

Fund Manager

November 2023

CEYBANK UNIT TRUST

Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Notes	Six months ended 30 September	
		2023	2022
<b>Income</b>			
Dividend		71,810	98,001
Interest income from financial assets	1	87,011	48,618
Other Income		10,989	110
Net realized gain on financial assets held at fair value through profit or loss		5,094	36,368
Net change in unrealized gain on financial assets held at fair value through profit or loss		(4,836)	1,791,780
<b>Total investment gain</b>		<b>170,068</b>	<b>1,974,877</b>
<b>Expenses</b>			
Management fee		(43,586)	(34,297)
Trustee fee & Custodian fee		(8,849)	(6,963)
Other expenses	2	(8,661)	(463)
		<b>(61,096)</b>	<b>(41,723)</b>
<b>Profit / (Loss) after deductions and before tax</b>		<b>108,972</b>	<b>1,933,154</b>
Income tax expense		-	-
<b>Increase / (Decrease) in net assets attributable to unitholders</b>		<b>108,972</b>	<b>1,933,154</b>

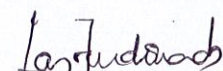


CEYBANK UNIT TRUST

Statement of financial position

(all amounts in Sri Lanka Rupees thousands)

	Notes	Six months ended 30 September	
		2023	2022
<b>Assets</b>			
Cash and cash equivalents		77,518	839
Dividend receivables		-	14,235
Financial assets held at fair value through profit or loss	3	5,364,548	5,624,971
Financial assets measured at amortised cost	4	53,209	-
Receivable for sale of equity shares		-	-
<b>Total assets</b>		<b>5,495,275</b>	<b>5,640,045</b>
<b>Unit Holders' funds and Liabilities</b>			
<b>Liabilities</b>			
Payables	5	28,516	34,437
Amount payable on unit redemption		505	910
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>29,021</b>	<b>35,347</b>
<b>Net assets attributable to unitholders – liability</b>		<b>5,466,254</b>	<b>5,604,698</b>
<b>Total Unit Holders' Funds and Liabilities</b>		<b>5,495,275</b>	<b>5,640,045</b>



Director  
Ceybank Asset Management Ltd  
Fund Management Company



Director  
Ceybank Asset Management Ltd  
Fund Management Company



National Savings Bank



CEYBANK UNIT TRUST

Statement of changes in Unitholders' funds

(all amounts in Sri Lanka Rupees thousands)

	Six months ended 30 September	
	2023	2022
Unit holders' funds at beginning of year	5,374,889	3,899,023
Increase / (Decrease) in net assets attributable to unit holders	108,972	1,933,154
Received on unit creations	1,954	483
Paid on unit redemptions	(19,561)	(227,962)
Unitholders' funds at end of year	5,466,254	5,604,698

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Statement of cash flows  
For the 06 months period ended 30 September 2023  
(all amounts in Sri Lanka Rupees thousands)

	Period from 1 April to 30 September 2023 Rs.
<i>Net Profit Before Taxation</i>	108,972
<i>Cash flows from operating activities</i>	
Investment in equity shares	(11,050)
Payable on Unit Redemption	448
Net investments in repurchase agreements	-6,183
Other Receivable	13,687
Other Payable	(13,199)
<i>Net cash inflows / (outflows) from operating activities</i>	<u>92,675</u>
<i>Cash flows from financing activities</i>	
Proceeds from issue of units	1,954
Payments on redemption of units	(19,561)
<i>Net cash (outflows) / inflows from financing activities</i>	<u>(17,607)</u>
<i>Net decrease in cash and cash equivalents</i>	<u>75,068</u>
Cash and cash equivalents at the beginning of the period as at 01st April 2023	2,450
Net decrease in cash and cash equivalents	<u>75,068</u>
<i>Cash and cash equivalents at the end of the 06 month Period</i>	<u>77,518</u>

to R/S

	Six months ended 30 September	
	2023	2022
<b>Notes</b> (all amounts in Sri Lanka Rupees thousands)		
<b>1 Interest Income from Financial Assets</b>		
Interest on Reverse Repo Agreements	5,587	7,535
Interest on T.Bills - Primary	78,533	38,427
Interest on T.Bills -Secondary	2,891	-
Interest on Bank Deposits	-	1,548
Interest on Commercial Papers	-	1,108
	<b>87,011</b>	<b>48,618</b>
<b>2 Other Expenses</b>		
NBT/VAT Expense	1,367	171
Miscellaneous Expenses	699	116
Bank Charges	167	32
Interest Expenses	2	144
WHT on Dividend Income	5,076	-
Social Security Levy Fee	1,350	-
	<b>8,661</b>	<b>463</b>
<b>3 Financial Assets held at fair value through profit or loss</b>		
Treasury Bills - Primary	685,143	426,388
Investments at Quoted Market Value	4,679,405	5,198,583
	<b>5,364,548</b>	<b>5,624,971</b>

**As at 30th September 2023**

Company	Market Value	Holdings as a % of NAV
<b><u>AUTOMOBILES &amp; COMPONENTS</u></b>		
KELANI TYRES PLC	410,300	7.51%
<b><u>BANKS</u></b>		
NATIONS TRUST BANK PLC	4,229	0.08%
SEYLAN BANK PLC - NON VOTING	11,971	0.22%
PAN ASIA BANKING CORPORATION PLC	1,301	0.02%
COMMERCIAL BANK OF CEYLON PLC	82,943	1.52%
SAMPATH BANK PLC	17,072	0.31%
UNION BANK OF COLOMBO PLC	280	0.01%
SANASA DEVELOPMENT BANK PLC	55,413	1.01%
<b><u>CAPITAL GOODS</u></b>		
ROYAL CERAMICS LANKA PLC	21,618	0.40%
HAYLEYS PLC	50,044	0.92%
JOHN KEELLS HOLDINGS PLC	68,549	1.25%
CENTRAL INDUSTRIES PLC	9,512	0.17%
LANKA WALLTILES PLC	20,537	0.38%
HEMAS HOLDINGS PLC	42,537	0.78%
VALLIBEL ONE PLC	246,228	4.50%
SOFTLOGIC HOLDINGS PLC	775	0.01%
ACCESS ENGINEERING PLC	13,901	0.25%
<b><u>COMMERCIAL &amp; PROFESSIONAL</u></b>		
EXTERMINATORS PLC	2,670	0.05%
<b><u>CONSUMER DURABLES &amp; APPAREL</u></b>		
TEEJAY LANKA PLC	6,689	0.12%
HELA APPAREL HOLDINGS PLC	18,849	0.34%
<b><u>CONSUMER SERVICES</u></b>		
AITKEN SPENCE HOTEL HOLDINGS	15,492	0.28%
TRANS ASIA HOTELS PLC	254,682	4.66%
THE KINGSBURY PLC	128,276	2.35%
HAYLEYS LEISURE PLC	954	0.02%
ASIAN HOTELS & PROPERTIES PLC	558,493	10.22%

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Company	Market Value	Holdings as a % of NAV
<b><u>DIVERSIFIED FINANCIALS</u></b>		
MERCHANT BANK OF SRI LANKA	58,995	1.08%
PEOPLES LEASING & FINANCE PLC	43	0.00%
<b><u>ENERGY</u></b>		
LANKA IOC PLC	600,005	10.98%
LAUGFS GAS PLC	4,352	0.08%
LAUGFS GAS PLC- NON VOTING	259	0.00%
<b><u>FOOD BEVERAGE &amp; TOBACCO</u></b>		
KELANI VALLEY PLANTATIONS PLC	81,705	1.49%
KAHAWATTE PLANTATIONS PLC	57,510	1.05%
<b><u>HEALTH CARE EQUIPMENT &amp;</u></b>		
THE LANKA HOSPITALS CORPORATION PLC	311,998	5.71%
<b><u>INSURANCE</u></b>		
LOLC GENERAL INSURANCE PLC	11,232	0.21%
<b><u>MATERIALS</u></b>		
TOKYO CEMENT COMPANY (LANKA) PLC - NON	6,750	0.12%
TOKYO CEMENT COMPANY (LANKA) PLC	3,581	0.07%
ALUMEX PLC	3,306	0.06%
JAT HOLDINGS PLC	18,400	0.34%
EX-PACK CORRUGATED CARTONS PLC	73,548	1.35%
<b><u>REAL ESTATE</u></b>		
C T LAND DEVELOPMENT PLC	39	0.00%
EQUITY TWO PLC	85,729	1.57%
COLOMBO LAND & DEVELOPMENT	377,915	6.91%
PRIME LANDS RESIDENCIES PLC	7,900	0.14%
<b><u>RETAILING</u></b>		
KAPRUKA HOLDINGS PLC	8,051	0.15%
<b><u>SOFTWARE &amp; SERVICES</u></b>		
HSENIID BUSINESS SOLUTIONS PLC	37,010	0.68%
<b><u>TELECOMMUNICATION SERVICES</u></b>		
SRI LANKA TELECOM PLC	810,861	14.83%
DIALOG AXIATA PLC	7,889	0.14%
<b><u>TRANSPOTATION</u></b>		
EXPOLANKA HOLDINGS PLC	50,774	0.93%
CHRISSWORLD PLC	8,525	0.16%
<b><u>UTILITIES</u></b>		
LVL ENERGY FUND PLC	6,700	0.12%
LAUGFS POWER PLC	1,079	0.02%
LAUGFS POWER PLC-NON VOTING	85	0.00%
WINDFORCE PLC	1,850	0.03%
	<b><u>4,679,405</u></b>	

**As at 30th September 2022**

Company	Market Value	Holdings as a % of NAV
<b><u>AUTOMOBILES &amp; COMPONENTS</u></b>		
KELANI TYRES PLC	415,812	7.42%
<b><u>BANKS</u></b>		
NATIONS TRUST BANK PLC	1,831	0.03%
SEYLAN BANK PLC - NON VOTING	5,349	0.10%
PAN ASIA BANKING CORPORATION	1,427	0.03%
COMMERCIAL BANK OF CEYLON	47,765	0.85%
SAMPATH BANK PLC	9,877	0.18%
UNION BANK OF COLOMBO PLC	219	0.00%
SANASA DEVELOPMENT BANK	42,791	0.76%

**CAPITAL GOODS**

ROYAL CERAMICS LANKA PLC	22,161	0.40%
HAYLEYS PLC	36,117	0.64%
JOHN KEELLS HOLDINGS PLC	48,811	0.87%
CENTRAL INDUSTRIES PLC	7,895	0.14%
LANKA WALLTILES PLC	35,527	0.63%
HEMAS HOLDINGS PLC	21,013	0.37%
VALLIBEL ONE PLC	265,926	4.74%
SOFTLOGIC HOLDINGS PLC	1,204	0.02%
ACCESS ENGINEERING PLC	8,355	0.15%

**COMMERCIAL & PROFESSIONAL****SERVICES**

EXTERMINATORS LIMITED	2,603	0.05%
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**CONSUMER DURABLES & APPAREL**

TEEJAY LANKA PLC	6,951	0.12%
HELA APPAREL HOLDINGS LIMITED	35,342	0.63%

**CONSUMER SERVICES**

AITKEN SPENCE HOTEL HOLDINGS	11,966	0.21%
TRANS ASIA HOTELS PLC	244,070	4.35%
THE KINGSBURY PLC	103,483	1.85%
HAYLEYS LEISURE PLC	792	0.01%
ASIAN HOTELS & PROPERTIES PLC	377,117	6.73%

**DIVERSIFIED FINANCIALS**

MERCHANT BANK OF SRI LANKA	53,095	0.95%
PEOPLES LEASING & FINANCE PLC	23	0.00%

**ENERGY**

LANKA IOC PLC	1,493,367	26.64%
LAUGFS GAS PLC	2,427	0.04%
LAUGFS GAS PLC- NON VOTING	151	0.00%

**FOOD BEVERAGE & TOBACCO**

KELANI VALLEY PLANTATIONS PLC	117,205	2.09%
KAHAWATTE PLANTATIONS PLC	115,020	2.05%
LUCKY LANKA MILK PROCESSING	1,440	0.03%

**HEALTH CARE EQUIPMENT &**

THE LANKA HOSPITALS CORPORATION PLC	261,355	4.66%
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**INSURANCE**

LOLC GENERAL INSURANCE LIMITED	15,154	0.27%
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**MATERIALS**

TOKYO CEMENT COMPANY (LANKA) PLC - NON	4,600	0.08%
TOKYO CEMENT COMPANY (LANKA) PLC	2,604	0.05%
ALUMEX PLC	3,375	0.06%
JAT HOLDINGS LIMITED	14,900	0.27%
EX-PACK CORRUGATED CARTONS LIMITED	68,564	1.22%

**REAL ESTATE**

C T LAND DEVELOPMENT PLC	40	0.00%
EQUITY TWO LTD	89,161	1.59%
COLOMBO LAND & DEVELOPMENT	389,252	6.95%
PRIME LANDS RESIDENCIES	7,300	0.13%

**RETAILING**

KAPRUKA HOLDINGS LIMITED	9,584	0.17%
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**SOFTWARE & SERVICES**

HSENIID BUSINESS SOLUTIONS	13,726	0.24%
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**TELECOMMUNICATION SERVICES**

SRI LANKA TELECOM PLC	671,482	11.98%
DIALOG AXIATA PLC	6,224	0.11%

**TRANSPORTATION**

EXPOLANKA HOLDINGS PLC	81,200	1.45%
CHRISSWORLD LIMITED	11,393	0.20%

**UTILITIES**

LVL ENERGY FUND PLC	8,375	0.15%
LAUGFS POWER LIMITED	1,361	0.02%
LAUGFS POWER LIMITED -NON VOTING	99	0.00%
WINDFORCE LIMITED	1,700	0.03%

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**5,198,583**

to KCS



	2023	2022
<b>4 Financial Assets measured at Amortised Cost</b>		
Reverse Repo Agreements	53,209	-
	<u>53,209</u>	<u>-</u>
<b>5 Payables</b>		
Unclaimed Redemptions	8	8
Payables to Management Company	330	11,269
Management Fees	23,027	19,192
Trustee Fees	3,844	2,908
Custodian Fees	1,307	1,061
	<u>28,516</u>	<u>34,437</u>

10/10/20





Managers of the Ceybank Unit Trust Fund's

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