



# Gilt Edge Fund

**(A Series)**

Interim Report

30th June 2019

“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 GILT EDGE FUND (A SERIES) - Interim Report 2019

## REPORT OF THE MANAGER

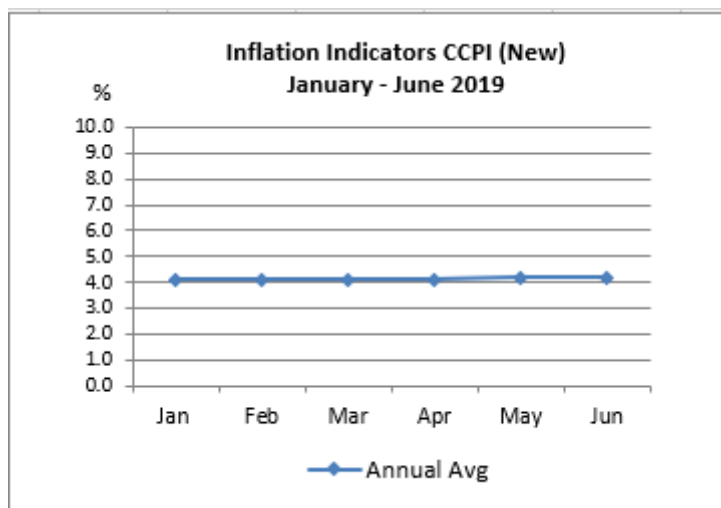
We have great pleasure in presenting the Interim Report and Accounts of the Ceybank Gilt Edge Fund (A series) for the six-month period ended 30<sup>th</sup> June 2019.

The Net Asset Value per unit of your Fund appreciated by 5.35% (AER 11.09%) during the period, 31<sup>st</sup> December 2018 to 30<sup>th</sup> June 2019.

### Economy

The Sri Lankan Economy recorded a GDP growth of 3.7% for the 1<sup>st</sup> quarter of 2019. Contribution to the expansion in the first quarter, sector wise, was seen in Agriculture 5.5%, Services 4.1% and Industry 3.0%.

Average Annual Inflation measured by the CCPI (New) which was at 4.1% at the beginning of the year, remained flat, ending marginally higher at 4.2% in June 2019.



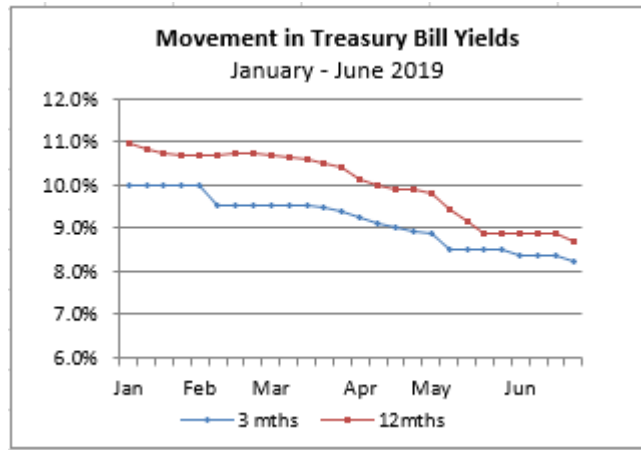
Market interest rates declined gradually during the period. The benchmark 12-month Treasury bill rate which was at 10.99% in January closed lower at 8.70% by the end of June. The long-term Treasury bond market continued to be volatile.

Overnight call money rates moved within a band of 7.80% and 9.00% p.a. The exchange rate which was at 182.91 (Rs/US\$) at the beginning of the year witnessed an appreciation of 3.48% during the period under review. The Rupee was quoted at 176.54 (Rs/ US\$) as at 28th June 2019.

During the period under review, the Central Bank reduced the Standard Deposit Facility Rate (SDFR) and Standard Lending Facility Rate (SLFR) by 50 basis points on 30<sup>th</sup> May 2019. As at end June 2019 the rates on the SDFR and SLFR were 7.50% and 8.50% respectively. The Statutory Reserve Ratio (SRR) for Commercial Banks' was reduced by 1% and was at 5%.

\*update

Central Bank has further reduced the SDFR and SLFR rates by 50 basis points on 22<sup>nd</sup> August 2019.



## Fund Performance

The Net Asset Value per unit of your Fund appreciated by 5.35% (AER 11.09%) during the period under review.

The Fund generated a net income of Rs 126.51 million during the period under review. The Fund is invested in a mix of Treasury Bills and Repurchase agreements, with maturities less than a year.

## Future Outlook

The economy is expected to grow at around 3.0% in 2019. The Future outlook on growth will depend on the execution of Government policy, and the recovery after the Easter Sunday Bombing.

The country will need to position itself better if it is to capture opportunities from any possible fallouts from Trade wars and uncertain tariffs. International commodity prices including crude oil remain volatile and a concern. Local weather conditions which were somewhat favorable, will have a significant impact on the growth performance.

Interest rates are expected to flatten out towards the end of the year depending on increased demand by the Government for the envisaged development projects and a Presidential election, which might see an increase in Government spending.

The Fund being a Gilt-Edge Money Market Fund is invested in a mix of Government securities within a one-year maturity period. The Managers will continue to monitor the interest rate environment and make changes to the investment profile, to fulfill the Fund objective of providing liquidity for the investor.

Chitra Sathkumara  
Executive Director/ CEO  
August 2019

## **CEYBANK GILT-EDGED FUND (A-SERIES)**

### **Statement of comprehensive income**

(all amounts in Sri Lanka Rupees )

	<b>Period from 1 January to 30 June 2019</b>	<b>Period from 1 January to 30 June 2018</b>
<b>Income</b>		
Net income on financial Assets	126,516,178	168,098,737
<b>Total investment income</b>	<b>126,516,178</b>	<b>168,098,737</b>
<b>Operating Expenses</b>	<b>(8,175,611)</b>	<b>(13,392,371)</b>
	<b>(8,175,611)</b>	<b>(13,392,371)</b>
<b>Net operating profit before tax</b>	<b>118,340,567</b>	<b>154,706,365</b>
Income tax expense	-	(13,012,400)
<b>Increase in net assets attributable to unitholders</b>	<b>118,340,567</b>	<b>141,693,965</b>

## **CEYBANK GILT-EDGED FUND (A-SERIES)**

### **Statement of financial position**

(all amounts in Sri Lanka Rupees)

	<b>30 June</b>	<b>30 June</b>
	<b>2019</b>	<b>2018</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	516,330	300,045
Financial assets at Amortized Cost	525,209,850	1,700,755
<b>Total Assets</b>	<b>525,726,180</b>	<b>2,000,800</b>
<b>UNIT HOLDERS' FUNDS AND LIABILITIES</b>		
<b><u>Liabilities</u></b>		
Other payables	1,601,911	1,059,972
<b>Total Liabilities (excluding net assets attributable to unit holders)</b>	<b>1,601,911</b>	<b>1,059,972</b>
<b>Net assets attributable to unit holders – liability</b>	<b>524,124,269</b>	<b>940,828</b>
<b>Total Unit Holders' funds and Liabilities</b>	<b>525,726,180</b>	<b>2,000,800</b>

### **Statement of changes in Unitholders' funds**

(all amounts in Sri Lanka Rupees)

	<b>30 June</b>	<b>30 June</b>
	<b>2019</b>	<b>2018</b>
<b>Unitholders' funds at beginning of the year</b>	918,844	913,455,552
Increase in net assets attributable to unit holders	118,340,567	141,693,965
Received on unit creations	4,550,043,000	9,284,218,712
Paid on unit redemptions	(4,145,178,142)	(10,338,427,400)
<b>Unitholders' funds as at 30th June</b>	<b>524,124,269</b>	<b>940,828</b>