



# CEYBANK HIGH YIELD FUND

## Interim Report

30th June 2018

“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 HIGH YIELD FUND - Interim Report 2018

### REPORT OF THE MANAGER

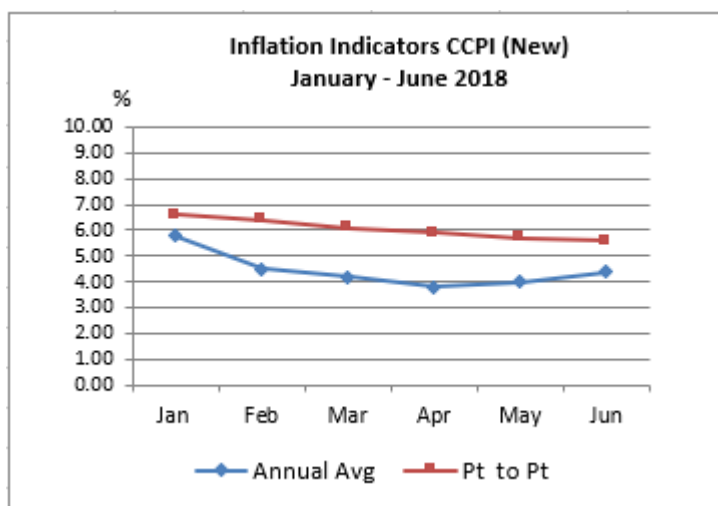
We have great pleasure in presenting the Interim Report and Accounts of the Ceybank High Yield Fund for the six-month period ended 30<sup>th</sup> June 2018.

The Net Asset Value per unit of your Fund appreciated by 4.99% during the period.

### Economy

The Sri Lankan Economy recorded a GDP growth of 3.2% for the 1<sup>st</sup> quarter of 2018. Contribution to the expansion in the first quarter sector wise was seen in Industry 1.0% and Services 4.4%. Agriculture contracted by 4.8%.

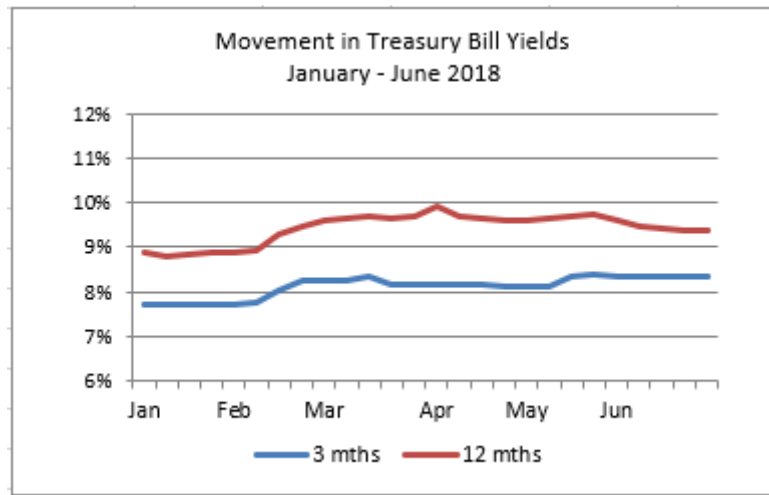
Average Annual Inflation measured by the CCPI (New) which was at 6.6% at the beginning of the year, eased off gradually, ending lower at 5.6% in June 2018.



Market interest rates which moved up gradually during the first four months of the year tapered off in May and June. The benchmark 12 month Treasury bill rate which was at 8.90% in January closed marginally higher at 9.39% by the end of June. The long term Treasury bond market continued to be volatile. The premium to Treasuries offered on Corporate Debt remained around 3%.

Overnight call money rates moved within a thin band of 7.70% and 8.55% p.a. The exchange rate which was at 153.46 (Rs/US\$) at the beginning of the year witnessed a depreciation of 3% during the period under review. The Rupee was quoted at 158.25 (Rs/ US\$) as at 29th June 2018.

The Central Bank reduced the Standard Lending Facility Rate by 25 basis points on 4<sup>th</sup> April 2018. The current rates on the Standard Deposit Facility Rate and Standard Lending Facility Rate are 7.25% and 8.50% respectively. The Statutory Reserve Ratio for Commercial Banks' remained unchanged at 7.5%.



### Fund Performance

The Net Asset Value per unit of your Fund appreciated by 4.99% during the period under review.

The Fund generated a net income of Rs 34.41 million during the period under review. The Fund is invested in a mix of Treasury Bills and Corporate Securities with maturities less than a year.

### Future Outlook

The economy is expected to grow at around 4.0% in 2018. The Future outlook on growth will depend on clarity in Government policy especially on taxes and the execution of policy.

The resumption of the GSP+ facility is positive and the country will need to move fast to capitalize on the opportunities. Trade wars and uncertain tariffs remain a concern, as much as the higher crude oil prices. International commodity prices remain volatile. This along with local weather conditions will have a significant impact on the growth performance.

Interest rates are expected to increase marginally or remain flat towards the end of the year depending on increased demand by the Government for the envisaged development projects.

The Fund being a Money Market Fund is invested in a mix of Government securities and Corporate Debt 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 and income for the investor.

Chitra Sathkumara  
Executive Director/ CEO  
August 2018

# CEYBANK HIGH YIELD FUND

## Statement of comprehensive income

(all amounts in Sri Lanka Rupees)

	Period from 1 January to 30 June 2018
<b>Income</b>	
Net Income on Financial Assets	34,414,640
<b>Total investment income</b>	<b>34,414,640</b>
<b>Operating Expenses</b>	(3,347,665)
	<b>(3,347,665)</b>
<b>Net operating profit before tax</b>	<b>31,066,975</b>
Income tax expense	(2,681,421)
<b>Increase in net assets attributable to unitholders</b>	<b>28,385,554</b>

# CEYBANK HIGH YIELD FUND

## Statement of financial position

(all amounts in Sri Lanka Rupees)

30 June 2018

### ASSETS

Cash and cash equivalents	625,270
Financial Assets - Loans & Receivable	183,760,876
<b>Total assets</b>	<b>184,386,146</b>

### UNITHOLDERS' FUNDS AND LIABILITIES

#### Liabilities

Money Payable on Unit redemption	2,118
Other payables	216,658
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>218,776</b>
<b>Net assets attributable to unitholders – liability</b>	<b>184,167,371</b>
<b>Total unitholders' funds and liabilities</b>	<b>184,386,146</b>

## Statement of changes in unitholders' funds

(all amounts in Sri Lanka Rupees)

30 June 2018

<b>Unitholders' funds at beginning of the year</b>	698,766,591
Increase in net assets attributable to unit holders	28,385,554
Received on unit creations	1,045,744,026
Paid on unit redemptions	(1,588,728,800)
<b>Unitholders' funds at 30th June</b>	<b>184,167,371</b>