

# INTERIM REPORT

30 SEPTEMBER 2017

## CEYBANK UNIT TRUST FUND

(Income & Growth)



Managed By



## Ceybank Unit Trust Fund

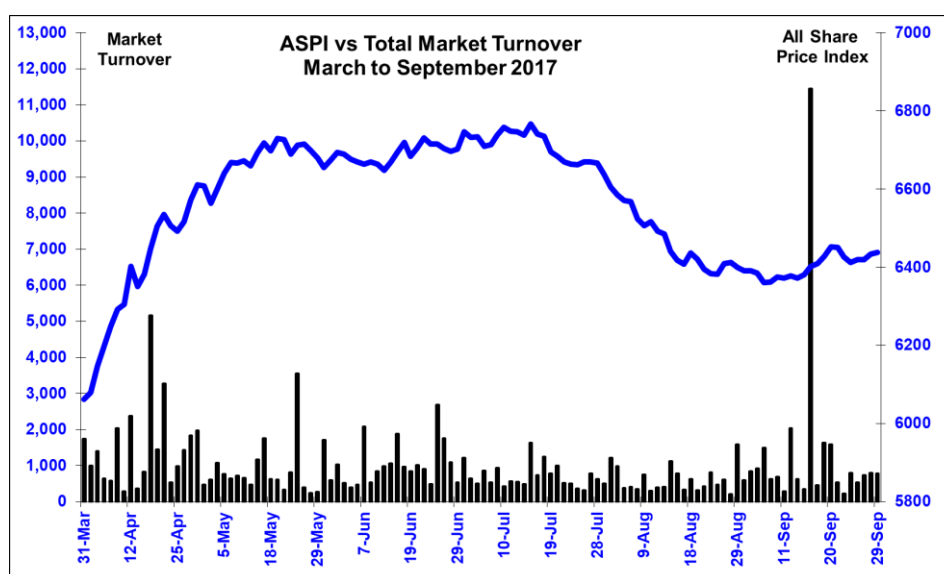
### Manager's half yearly report for the period ended 30<sup>th</sup> September 2017

We have great pleasure in presenting the half yearly report of Ceybank Unit Trust Fund for the 6 months ended 30<sup>th</sup> September 2017.

The stock market remained volatile during the six-month period ending 30<sup>th</sup> September 2017 rising sharply initially but flattening out and losing momentum thereafter. The Net Asset Value per unit of your Fund depreciated by 0.13% during the period under review. During the same period the S&P Index increased by 7.24% while the ASI appreciated 6.21%. The net asset value per unit amounted to Rs 23.78 as at 30<sup>th</sup> September 2017.

### Capital Market Performance

The Colombo Bourse remained volatile during the period under review.

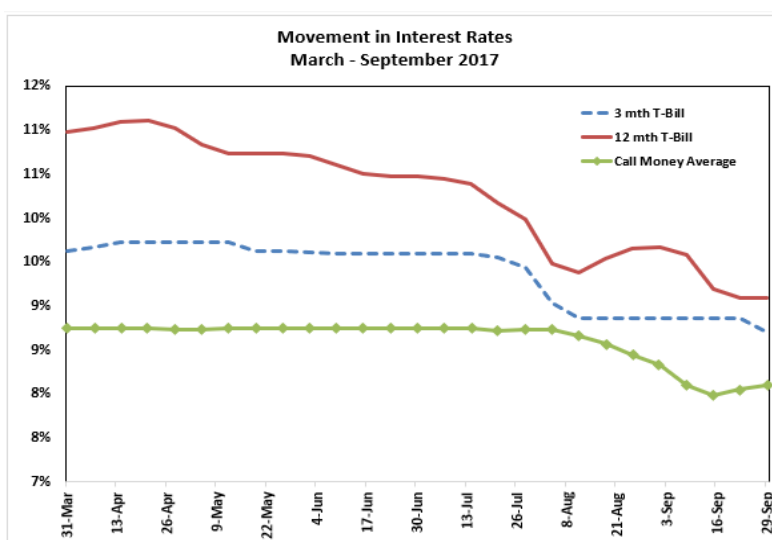


Foreign investors were net buyers with Net foreign inflows for the six months ending September 2016, being approximately Rs 12.38 billion.

The ASI closed at 6,438.24 up by 376 points while the S&P Index was at 3,687.97 up 249 points for the six-month period ended 30<sup>th</sup> September 2017.

The Sri Lankan economy recorded a GDP growth of 4.0% (YOY) for the second quarter of 2017. The services sector contributed 4.5% and Industry 5.2%. However, contributions from the Agriculture sector was a negative 2.9%.

The Country's foreign reserve position remained stable. Gross official reserves stood at US\$ 7.3 billion as at end September 2017. The Exchange rate (Rs/US\$) which was at Rs. 151.99 on 31<sup>st</sup> March 2017, depreciated by 0.67% and was quoted at Rs 153.01 as at 30<sup>th</sup> September 2017.

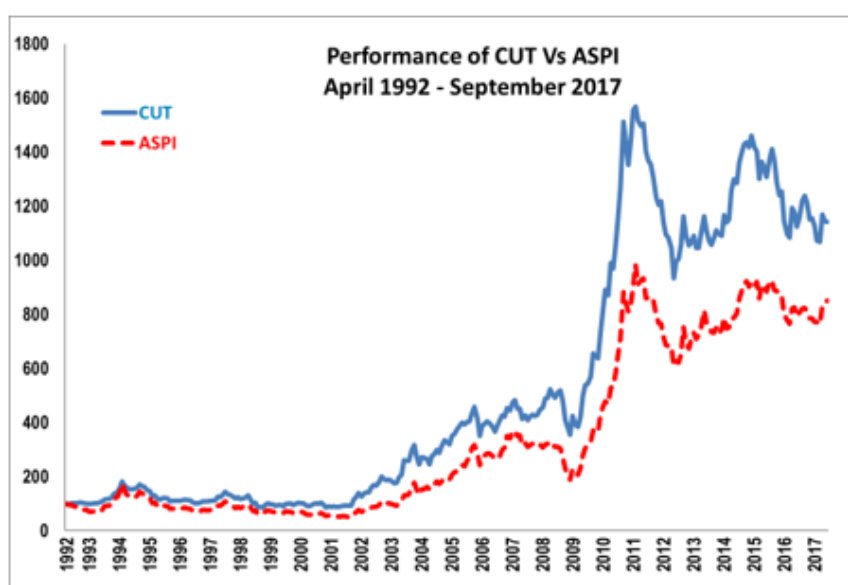


Average Annual Inflation measured by the CCPI declined from 7.3% initially but remained within a thin band for most of the period, with July being the exception, (recording 4.8%). The CCPI closed at 7.1% in end September 2017. Market Interest rates remained mostly unchanged despite being volatile within a narrow range as market liquidity levels changed sharply. The 12-month Treasury bill yields moved down from 10.98% in end March to 9.10% by end September 2017.

Overnight call money traded within a band of 7.85% and 8.75% p.a. Central Bank policy rates remained unchanged during the period. The Standing Deposit Facility and the Standard Lending Facility were 7.25% and 8.75% respectively. Commercial Banks statutory reserve ratio (SRR) remained unchanged at 7.50%.

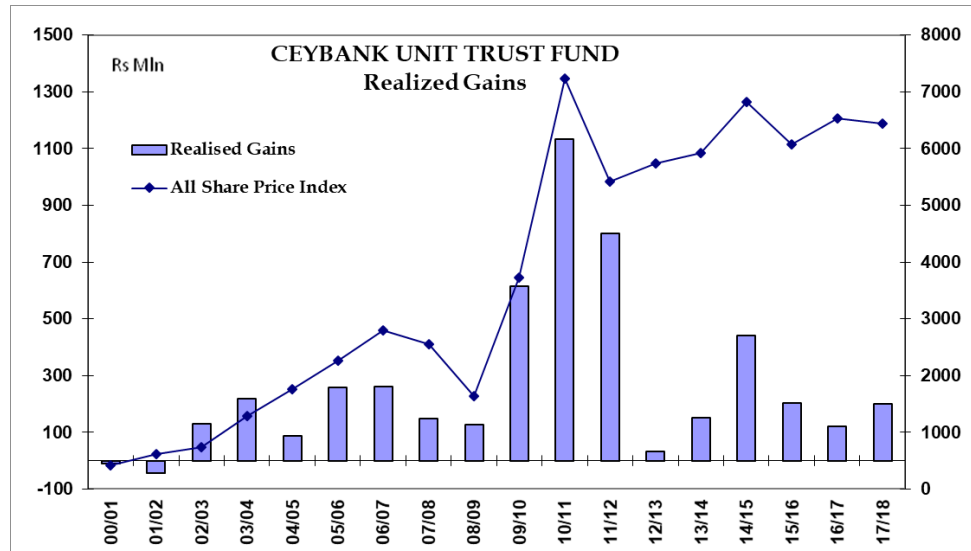
## Fund Performance

The Net Asset Value per unit of your Fund depreciated by 0.13% during the half year under review, due to market price declines in some of the key stock holdings. We believe these declines are temporary and expect these stocks to perform well in the medium term. The chart below depicts the performance of the Fund on the medium to long term. The total net assets stood at Rs. 4,660 million as at 30<sup>th</sup> September 2017.



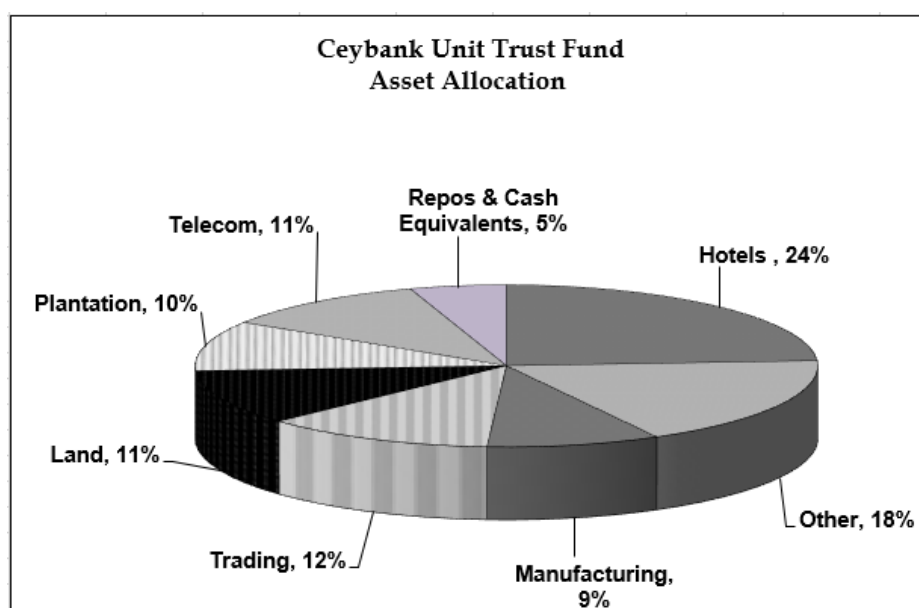
The Fund generated dividend income of Rs 86.94 million, down 22% from Rs 112.14 million in the previous year. Interest income was up 11% to Rs 11.42 million from Rs 10.26 million in the corresponding period. Expenses decreased by (7%) from Rs 53.15 million to Rs 49.48 million, due to a decrease in the Net Asset Value of the Fund.

The Fund realized Rs 11.10 million as capital gains from sale of equity during the period, 77% down from the Rs 48.59 million recorded in the previous period.



The market value of the portfolio was Rs 4,660 million as at 30<sup>th</sup> September 2017 down from Rs 4,720 million in March 2017.

The Fund maintains a relatively high level of equity exposure as at 30<sup>th</sup> September 2017. We will continue to have a high equity exposure with a positive outlook in the medium term and 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 Hotel, Manufacturing, Trading, Land, Plantations, Telecommunication and Diversified 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**

The National budget presented recently, appears to have set direction on National Policy. Implementation however, will be the key, going forward. Focus continues to be on development of infrastructure, tourism, retail and service sectors, emphasis is also on the Small & Medium Enterprises. We expect the economy to grow by around 4.5% for 2017. Extreme weather patterns continuously pose a challenge to the agriculture sector, while the power sector could be affected by droughts locally and rising crude oil prices internationally. The need for large foreign investments, needed to kick start the large projects continues to be a challenge. The large debt repayments due from 2018 through 2020 remains a matter of concern.

Inflation could be expected to remain at the current levels given there is no extreme weather patterns that hamper food production and an increase in prices. Central Bank appears to have control on the demand for credit balancing its inflation targets with growth ambitions, which has resulted in short term interest rates remaining within the thin band. We expect stock market growth to come once investors begin to see the implementation of Government policy which suggests the listing of some state entities on the Colombo Stock Exchange. We will continue to monitor the ongoing changes to identify potential growth counters, to invest in and add value to your investment.



Chitra Sathkumara  
Executive Director/ CEO

30<sup>th</sup> November 2017

# CEYBANK UNIT TRUST

## Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Year ended 30 September	
	2017	2016
<b>Income</b>		
Dividend	86,945	112,140
Interest income from financial assets not held at fair value through profit or loss	11,429	10,264
Net realized gain on financial assets held at fair value through profit or loss	11,101	48,590
Net change in unrealized gain on financial assets held at fair value through profit or loss	(63,507)	574,952
<b>Total investment gain</b>	<b>45,968</b>	<b>745,946</b>
<b>Expenses</b>		
Management fee	(40,398)	(43,182)
Trustee fee & Custodian fee	(8,202)	(8,767)
Other expenses	(880)	(1,206)
	<b>(49,480)</b>	<b>(53,155)</b>
<b>Net operating (Loss) / Profit</b>	<b>(3,512)</b>	<b>692,791</b>
<b>Finance costs</b>		
Distributions to unitholders	-	-
<b>(Loss) / Profit after deductions and before tax</b>	<b>(3,512)</b>	<b>692,791</b>
Income tax expense	-	-
<b>(Decrease) / Increase in net assets attributable to unitholders</b>	<b>(3,512)</b>	<b>692,791</b>

# CEYBANK UNIT TRUST

## Statement of financial position

(all amounts in Sri Lanka Rupees thousands)

	30 September	
	2017	2016
<b>Assets</b>		
Cash and cash equivalents	1,940	1,541
Dividend receivables	2	8,383
Financial assets held at fair value through profit or loss	4,443,270	5,266,490
Loans and receivables	233,163	236,026
Income tax receivable	18,387	16,201
<b>Total assets</b>	<b>4,696,762</b>	<b>5,528,641</b>
<b>Unit Holders' funds and Liabilities</b>		
<b>Liabilities</b>		
Payables	36,225	61,074
Amount payable on unit redemption	40	285
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>36,265</b>	<b>61,359</b>
<b>Net assets attributable to unitholders – liability</b>	<b>4,660,497</b>	<b>5,467,282</b>
<b>Total Unit Holders' Funds and Liabilities</b>	<b>4,696,762</b>	<b>5,528,641</b>

## CEYBANK UNIT TRUST

### Statement of changes in Unitholders' funds

(all amounts in Sri Lanka Rupees thousands)

	Year ended 30 September	
	2017	2016
Unit holders' funds at beginning of year	4,720,687	4,798,549
(Decrease) / Increase in net assets attributable to unit holders	(3,512)	692,791
Received on unit creations	3,818	6,409
Paid on unit redemptions	(60,496)	(30,465)
<b>Unitholders' funds at end of year</b>	<b>4,660,497</b>	<b>5,467,282</b>

“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 remains at all times responsible for the specific details set out in the Interim Report.”





Managers of the Ceybank Unit Trust Fund's

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