

# INTERIM REPORT

30 SEPTEMBER 2018

## CEYBANK UNIT TRUST FUND

(Income & Growth)



Managed By



## Ceybank Unit Trust Fund

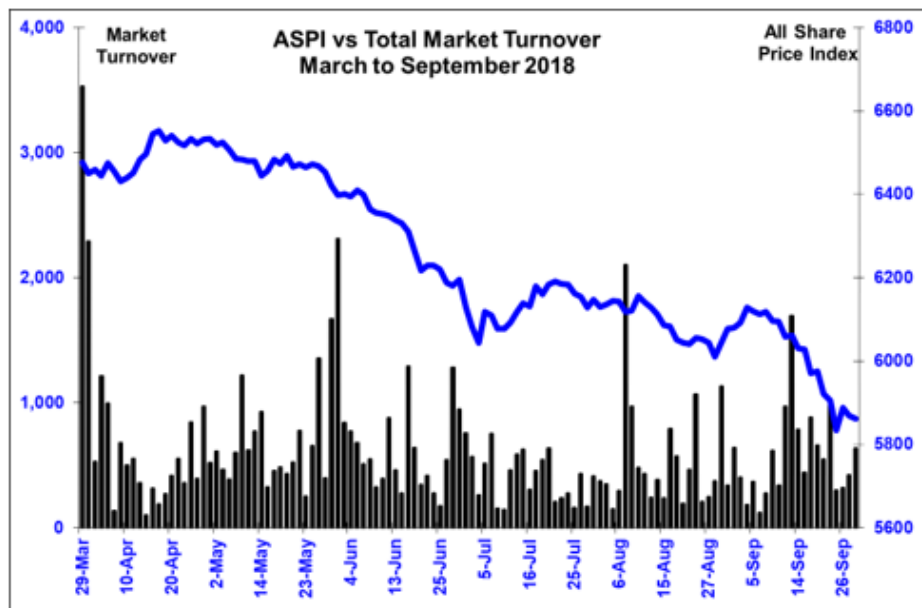
### Manager's half yearly report for the period ended 30<sup>th</sup> September 2018

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 2018.

The stock market continued to fall during the six-month period ending 30<sup>th</sup> September 2018. The Net Asset Value per unit of your Fund depreciated by 18.54% during the period under review. During the same period the S&P Index decreased by 17.76% while the ASI depreciated 9.49%. The net asset value per unit amounted to Rs 18.63 as at 30<sup>th</sup> September 2018.

### Capital Market Performance

The Colombo Bourse remained volatile during the period under review.

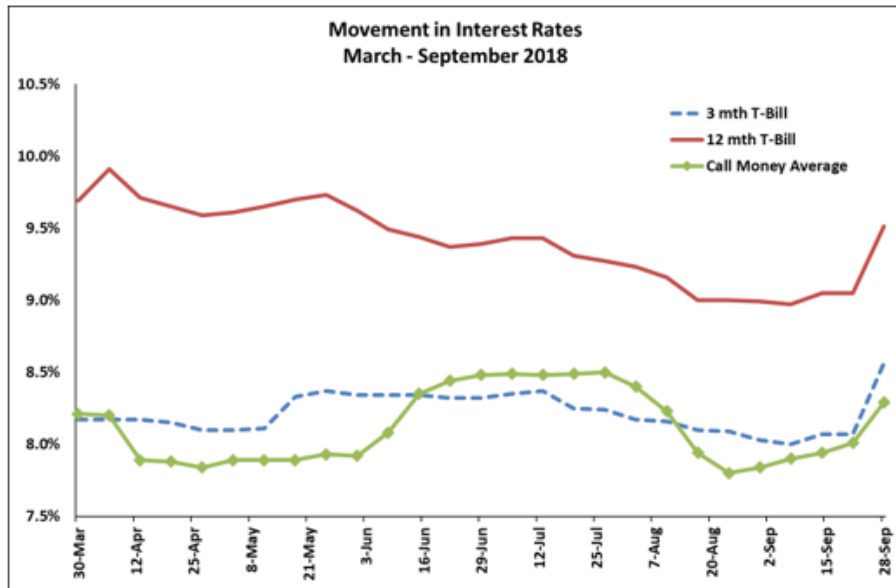


Foreign investors were net sellers with Net foreign outflows for the six months ending September 2018, being approximately Rs 3.21 billion.

The ASI closed at 5,862.18 down by 615 points while the S&P Index was at 3,002 down 648 points for the six-month period ended 30<sup>th</sup> September 2018.

The Sri Lankan economy recorded a GDP growth of 3.7% (YOY) for the second quarter of 2018. The services sector contributed 4.8%, Agriculture 4.5% and Industry 2.3%.

The Country's foreign reserve position remained stable. Gross official reserves stood at US\$ 7.16 billion as at end September 2018. The Exchange rate (Rs/US\$) which was at Rs. 155.97 on 29th March 2018, depreciated by 8.51% and was quoted at Rs 169.24 as at 28th September 2018.



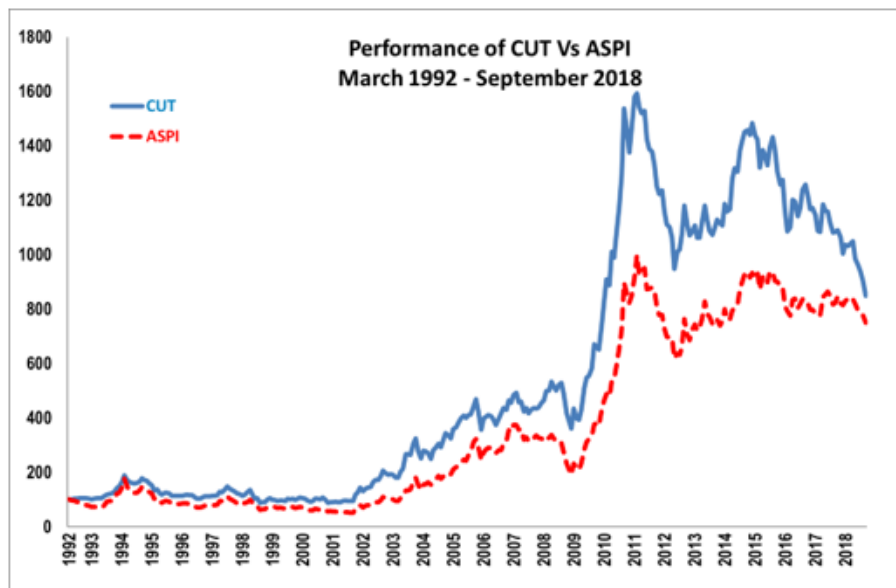
Average Annual Inflation measured by the CCPI declined from 6.1% in end March 2018 to 5.4% at the end of September 2018.

Market Interest rates ended mostly unchanged despite being volatile as market liquidity levels changed sharply. The 12-month Treasury bill yields moved down from 9.69% in end March to 9.51% by end September 2018.

Overnight call money traded within a band of 7.65% and 8.55% p.a. Central Bank policy rates changed once during the period on the 4<sup>th</sup> April 2018. The Standard Lending Facility was reduced by 0.25% to 8.50%. However, the Standing Deposit Facility remained unchanged at 7.25%, and the Commercial Banks statutory reserve ratio (SRR) also remained unchanged at 7.50%.

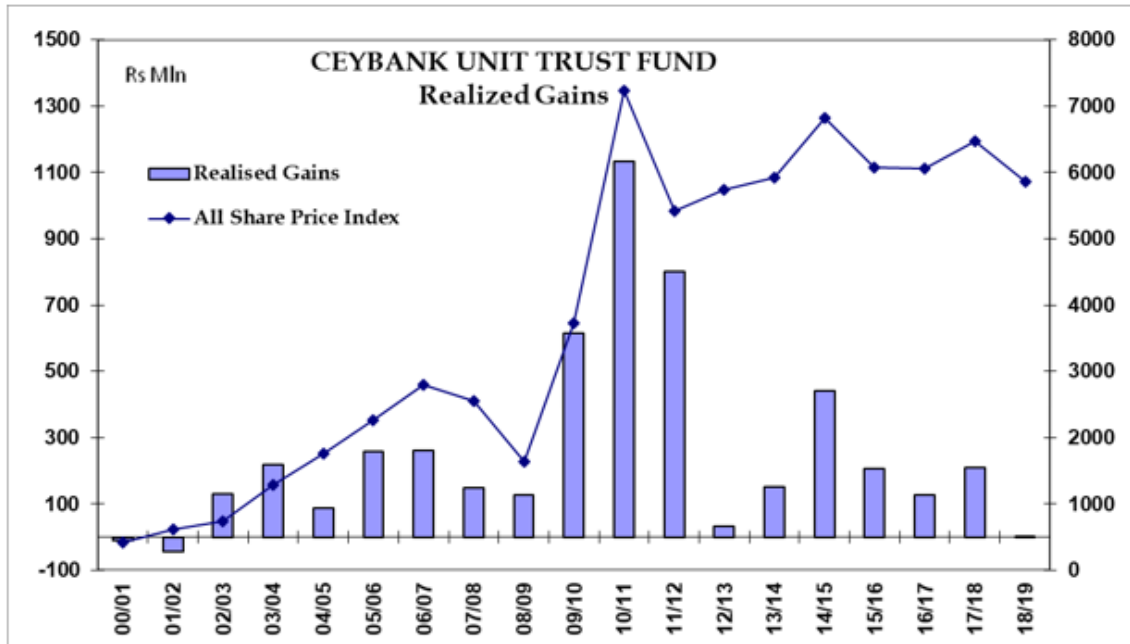
### Fund Performance

The Net Asset Value per unit of your Fund decreased by 18.54% during the half year period under review. The performance was lower than expected due to the decline in market prices of some key stock holdings. We believe that this is 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. 3,348 million as at 30<sup>th</sup> September 2018.



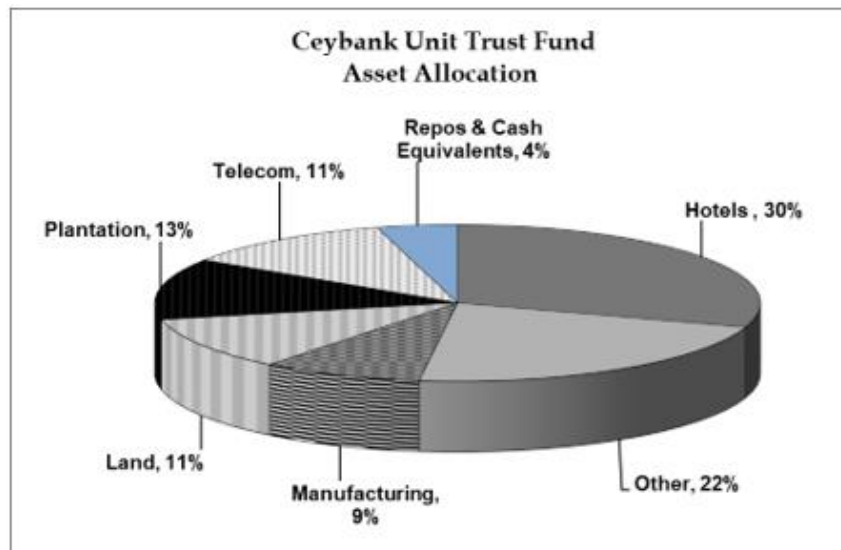
The Fund generated dividend income of Rs 51.02 million, down 41% from Rs 86.94 million in the previous year. Interest income was down 38% to Rs 7.05 million from Rs 11.42 million in the corresponding period. Expenses decreased 20% from Rs 49.48 million to Rs 39.37 million.

The Fund had little opportunity to take capital gains from sale of equity during the period.



The market value of the portfolio was Rs 3,348 million as at 30<sup>th</sup> September 2018 down from Rs 4,209 million in March 2018.

The Fund maintains a relatively high level of equity exposure as at 30<sup>th</sup> September 2018. 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, 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 lengthening political crisis will have an impact on the growth prospects and direction the country is headed for, based on the policies that will prevail or emerge.

In the absence of a National budget, an interim vote on account could be focused to an election platform, as political camps will attempt to take power by wooing the voter. For sustenance the country will need to continue on development of infrastructure, tourism, retail and service sectors, with emphasis on the Small & Medium Enterprises. We expect the economy to grow by around 4.0% for 2018. Weather patterns have been reasonably favorable to the agriculture and the power sector. Crude oil prices internationally, remain volatile but lower. The need for large foreign investments, for large projects continues to be a challenge. The large debt repayments due from 2019 also remains a matter of concern.

Inflation could be expected to remain at the current levels given the fair-weather patterns that are expected to increase agriculture production. Central Bank however, will have added challenges if government policies keep changing. Interest rates could be under pressure in the interim period.

We expect the stock market to be volatile as foreign investors exit or remain on the sidelines on continued uncertainty. We will continue to monitor the ongoing developments and make changes accordingly.



Chitra Sathkumara  
Executive Director/ CEO  
30<sup>th</sup> November 2018

# CEYBANK UNIT TRUST

## Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Year ended 30 September	
	2018	2017
<b>Income</b>		
Dividend	51,025	86,945
Interest income from financial assets not held at fair value through profit or loss	7,058	11,429
Net realized gain on financial assets held at fair value through profit or loss	(399)	11,101
Net change in unrealized gain on financial assets held at fair value through profit or loss	(790,749)	(63,507)
<b>Total investment gain</b>	<b>(733,064)</b>	<b>45,968</b>
<b>Expenses</b>		
Management fee	(31,887)	(40,398)
Trustee fee & Custodian fee	(6,474)	(8,202)
Other expenses	(1,012)	(880)
	<b>(39,372)</b>	<b>(49,480)</b>
<b>(Loss) / Profit after deductions and before tax</b>	<b>(772,436)</b>	<b>(3,512)</b>
Income tax expense	-	-
<b>(Decrease) / Increase in net assets attributable to unitholders</b>	<b>(772,436)</b>	<b>(3,512)</b>

# CEYBANK UNIT TRUST

## Statement of financial position

(all amounts in Sri Lanka Rupees thousands)

	30 September	
	2018	2017
<b>Assets</b>		
Cash and cash equivalents	1,708	1,940
Dividend receivables	18	2
Financial assets held at fair value through profit or loss	3,233,699	4,443,270
Loans and receivables	122,333	233,163
Income tax receivable	20,786	18,387
<b>Total assets</b>	<b>3,378,542</b>	<b>4,696,762</b>
<b>Unit Holders' funds and Liabilities</b>		
<b>Liabilities</b>		
Payables	30,148	36,225
Amount payable on unit redemption	4	40
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>30,152</b>	<b>36,265</b>
<b>Net assets attributable to unitholders – liability</b>	<b>3,348,390</b>	<b>4,660,497</b>
<b>Total Unit Holders' Funds and Liabilities</b>	<b>3,378,542</b>	<b>4,696,762</b>

# CEYBANK UNIT TRUST

## Statement of changes in Unitholders' funds

(all amounts in Sri Lanka Rupees thousands)

	Year ended 30 September	
	2018	2017
<b>Unit holders' funds at beginning of year</b>	4,209,607	4,720,687
(Decrease) / Increase in net assets attributable to unit holders	(772,436)	(3,512)
Received on unit creations	1,630	3,818
Paid on unit redemptions	(90,411)	(60,496)
<b>Unitholders' funds at end of year</b>	<b>3,348,390</b>	<b>4,660,497</b>





Managers of the Ceybank Unit Trust Fund's

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