

INTERIM REPORT

30 SEPTEMBER 2022

CEYBANK CENTURY GROWTH FUND



Managed By



Ceybank Century Growth Fund

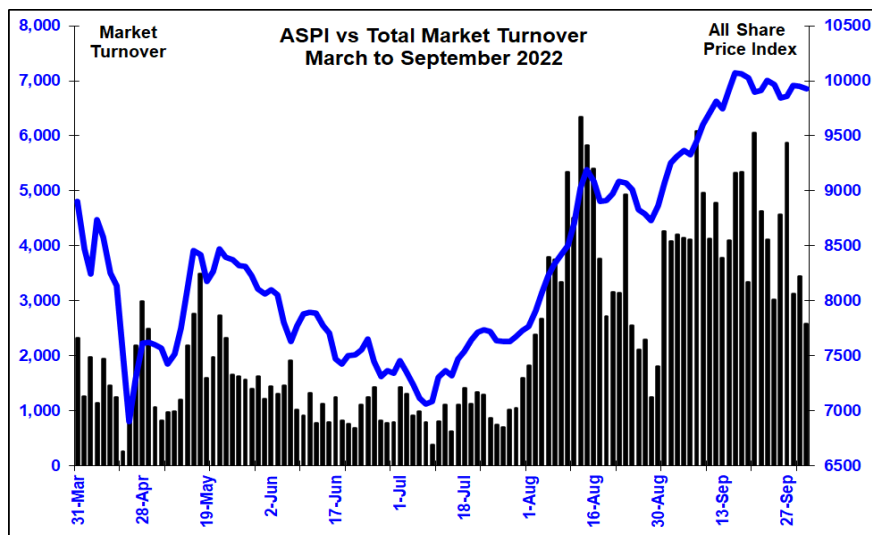
Manager's half yearly report for the period ended 30th September 2022

We have great pleasure in presenting the half yearly report of Ceybank Century Growth Fund for the 6 months ended 30th September 2022.

Amidst the economic crisis in the country, the performance in the stock market displayed a mixed sentiment during the six-month period ending 30th September 2022. The Net Asset Value per unit of your Fund appreciated by 30.89% during the period under review. During the same period the ASPI gained by 11.54% and the S&P Index increased by 4.43%. The net asset value per unit amounted to Rs 90.09 as at 30th September 2022.

Capital Market Performance

The Colombo Bourse which witnessed a bearish sentiment during April-June 2022, recovered during July-September 2022 backed by the restoring of political crisis and social unrest with the appointment of a new president in Sri Lanka amidst the macro-economic challenges in the country.



Source: Colombo Stock Exchange

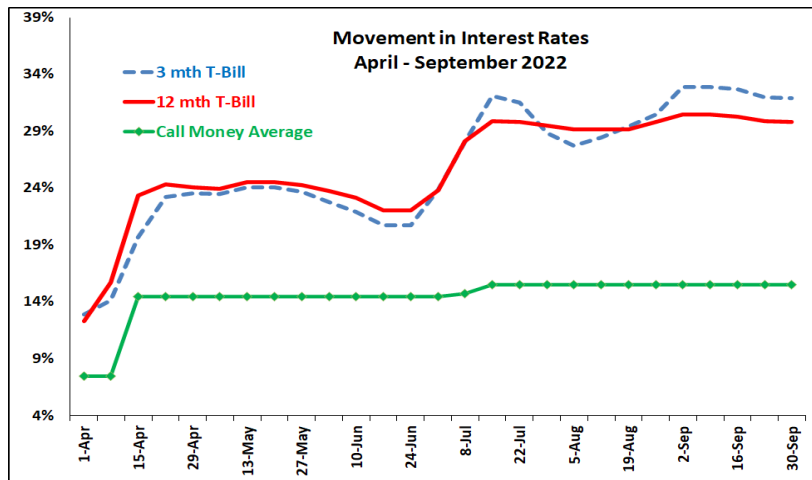
Foreign investors emerged as net buyers with net foreign inflows for the six months ending September 2022, being approximately Rs 20.46 billion.

The ASPI closed at 9,931.07 up by 1,027 points while the S&P Index was at 3,165.33 up 134 points for the six-month period ended 30th September 2022.

The Sri Lankan economy witnessed a contraction of 4.8% (YoY) in the first half 2022 against 9.3% YoY expansion in 1H2021 amidst the economic crisis in the country driven by heightened inflationary pressure, political instability, social unrest, heavily depressed currency, elevated foreign debt and depleted foreign reserves, etc.

The Country's foreign reserve position showed a decline from US\$ 4 billion at the end of March to US\$ 1.78 billion by end September 2022 owing to lack of foreign inflow to Sri Lanka. The Exchange rate (Rs/US\$) which was at Rs.299 on 1st April 2022, depreciated by 21.37% and was quoted at Rs 362.90 as at 30th September 2022.

Average Annual Inflation measured by the CCPI which was at 9.1% in end March 2022, witnessed an accelerated trend throughout the period and recorded as 33.4% at the end of September 2022.



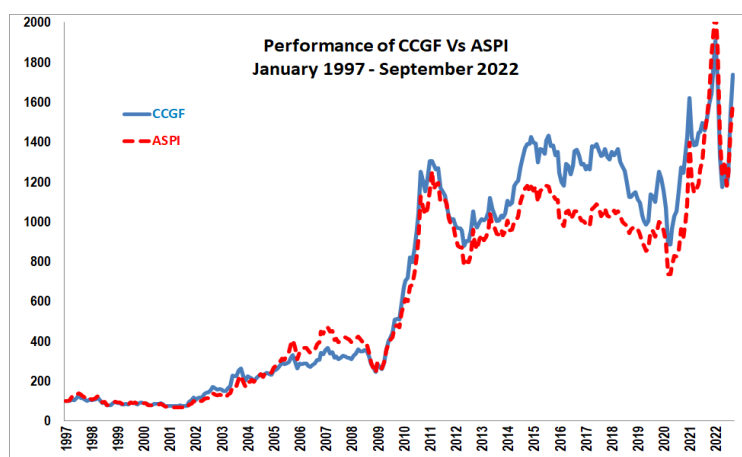
Source: Central Bank of Sri Lanka

Market Interest rates surged up during the period. The 12-month Treasury bill yields moved up by 1,757 basis points, from 12.28% p.a. at the end of March to 29.85% p.a. by end September 2022.

Overnight call money traded within a band of 7.45% and 15.50% p.a. Central Bank policy rates were increased unexpectedly by 700 basis points in April 2022 and another 100 basis points in July 2022. Thus, the Standard Lending Facility Rate and the Standing Deposit Facility Rate were quoted at 14.50% and 15.50% respectively. The statutory reserve ratio (SRR) for Commercial Banks was at 4% as at end September 2022.

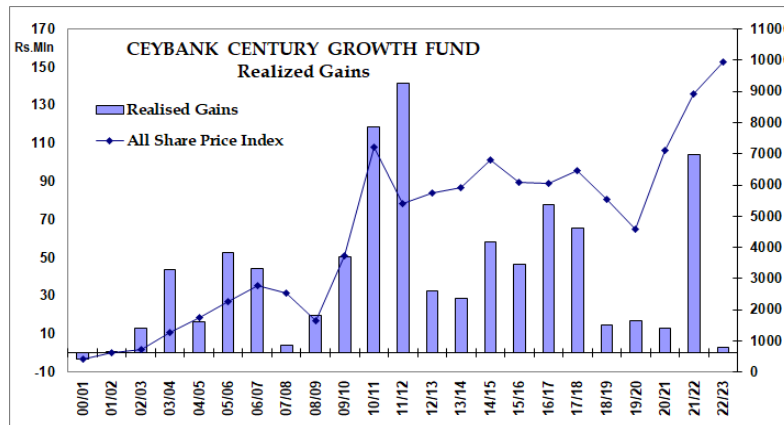
Fund Performance

The Net Asset Value per unit of your Fund increased by 30.89% during the half year period under review. The performance was a result of the gain in market prices of some key stock holdings and realization of capital gains in equity portfolio coupled with the high yield in fixed income portfolio of the Fund. The chart below depicts the performance of the Fund on the medium to long term. The total net assets stood at Rs. 977 million as at 30th September 2022.



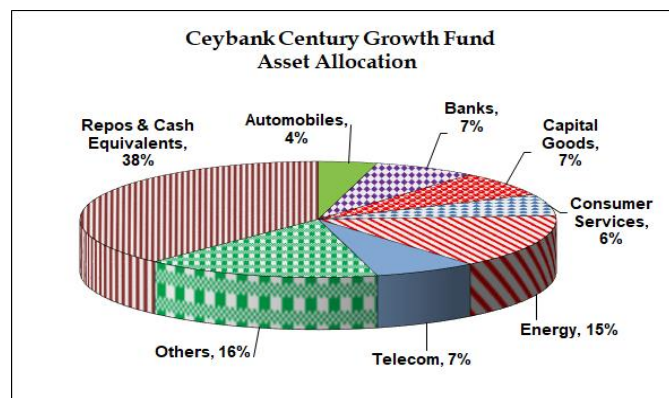
The Fund generated dividend income of Rs 22.95 million, marginally down from Rs 23.99 million in the corresponding period. Expenses declined from Rs 9.85 million to Rs 7.08 million. Interest Income improved notably to Rs 20.37 million up from 6.35 million.

The Fund realized Rs 3.24 million as capital gains from sale of equity during the period, increased from the Rs 0.28 million recorded in the previous period.



The market value of the portfolio was Rs 977 million as at 30th September 2022 up from Rs 765 million in March 2022.

The Fund maintained a relatively high level of equity exposure as at 30th September 2022. We would expect to reduce the high equity exposure and to increase fixed income portfolio of the Fund 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 Energy, Telecommunication, Capital Goods, Banks and Consumer Services sectors as depicted in the chart. We expect most of these stocks to perform well in the medium term adding further value to your investment.

Future Outlook

Despite the recovery in the economy by 3.3% in 2021 from the disastrous Covid-19 Pandemic, the Sri Lankan economy contracted by 4.8% in 1H2022 due to local and global challenges as a consequence of policy instability on macro fundamentals coupled with political chaos. The systematic risk of downturns in world economies, owing to tight financial controls adopted by Central Banks around the world, due to inflationary pressures and geopolitical tensions in Eastern Europe, will affect the Sri Lankan economy which is expected to record a contraction in 2022E and in 2023E due to the instability in macro fundamentals in the domestic economy.

However, a recovery in the economy can be anticipated in 2024 with the implementation of structural reforms in the country in year 2023 as per the agreement on the Extended Fund Facility (EFF) Arrangement of about USD2.9Bn with IMF. Thus, the negotiations of the debt restructuring process which is a crucial aspect in IMF-EFF Arrangement would be expected to conclude and receive the IMF Board's approval for financial assistance in 1Q2023 with a view to obtain the first tranche of IMF-EFF.

The accelerated trend in inflation slowed down in the wake of price controls, uninterrupted fuel supply on quota system, currency peg, the sluggish recovery in domestic demand over low disposable income amidst tight monetary and fiscal policy adopted by the government. However, the hike in taxes and duties on essential commodities, higher import inflation due to weaker currency and the expected hike in electricity charges in 2023 would mitigate this downward pressure on inflation.

The rise in market interest rates is expected to stabilize at a moderate level without discouraging the credit growth in the economy as it is crucial to enhance the economic activities in the long term. This would ease off the pressure on hyper-inflation and heavy depreciation of rupee against dollars.

The Private sector credit disbursement is anticipated to reduce further in the midst of elevated interest rate environment due to high cost of borrowing and low disposable income during 1H2023 till there would be a stabilization in market interest rates coupled with the lagged effect on adjusting the lending rates.

The Central Bank of Sri Lanka is expected to pursue the Managed Floating Exchange Rate strategy in the near term till the economy attracts more dollar inflows. This is expected to cushion the inflationary pressure as the steep decline in currency would create a precipitous situation in the economy.

With the successful conclusion of IMF-EFF discussion, restoration of macroeconomic stability and debt sustainability, safeguarding of financial stability, protecting the vulnerable and stepping up structural reforms to address corruption vulnerabilities with a view to achieve growth potentials in the country would be materialized in 2023 with IMF-EFF. With this positive sentiment among investors, we expect that the share market would react positively owing to attractive valuation in equities. This would further create opportunity for the potential & existing investors to invest and realize attractive gains in the equity market. 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
December 2022

CEYBANK CENTURY GROWTH FUND

Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Notes	Six months ended 30 th Sep	
		2022	2021
Income			
Dividend		22,959	23,995
Interest income from financial assets	1	20,375	6,352
Net realized gain on financial assets held at fair value through profit or loss		283	3,245
Net change in unrealized Gain on financial assets held at fair value through profit or loss		270,322	87,686
Miscellaneous Income		55	-
Total investment income		313,994	121,278
Expenses			
Management fee		(7,089)	(9,853)
Trustee & custodian fee		(1,440)	(2,000)
Other expenses	2	(161)	(105)
		(8,690)	(11,958)
Profit / (Loss) after deductions and before tax		305,304	109,320
Income tax expense		-	-
Increase/ (Decrease) in net assets attributable to unitholders		305,304	109,320

CEYBANK CENTURY GROWTH FUND

Statement of financial position

(all amounts in Sri Lanka Rupees thousands)

	Note	Six months ended 30'th Sep	
		2022	2021
Assets			
Cash and cash equivalents		328,240	2,591
Other receivable		64	242
Financial assets held at fair valued through profit or loss	3	975,974	1,045,013
Financial assets measured at amortised cost	4	254,968	243,247
Receivable for sale of equity shares		-	-
Income tax receivable		-	-
Total assets		1,559,246	1,291,093
Unit Holders' funds and Liabilities			
Liabilities			
Payables	5	5,040	7,099
Amount Payable on Unit redemption		576,258	209
Total liabilities (excluding net assets attributable to unitholders)		581,298	7,308
Net assets attributable to unitholders – liability		977,948	1,283,785
Total Unit Holders' funds and Liabilities		1,559,246	1,291,093

CEYBANK CENTURY GROWTH FUND

Statement of changes in Unitholders' funds

(all amounts in Sri Lanka Rupees thousands)

	Note	Six months ended 30'th Sep	
		2022	2021
Unit holders' funds at beginning of the year		765,855	1,020,569
Increase / (Decrease) in net assets attributable to unit holders		305,304	109,320
Received on unit creations		670,304	234,099
Paid on unit redemptions		(763,515)	(80,203)
Unitholders' funds at end of the year		977,948	1,283,785

Notes	In Rs. '000	
	2022	2021
1 Interest Income From Financial Assets		
Interest on T Bill Primary	12,513	-
Interest on Bank Deposit	-	2,675
Interest on Reverse Repo Agreements	7,862	3,677
	20,375	6,352
2 Other Expenses		
NBT/VAT Expenses	34	39
Bank Charges	15	23
Miscellaneous Expenses	112	43
	161	105
3 Financial Assets Held at Fair Valued Through Profit or Loss		
	975,974	1,045,013

As at 30th September 2022

Company	Share Qty	Market Value	Holding as at % NAV
AUTOMOBILES & COMPONENTS			
KELANI TYRES PLC	1,011,585	68,687	7.02%
BANKS			
COMMERCIAL BANK OF CEYLON PLC - Non Voting	217,645	9,163	0.94%
NATIONS TRUST BANK PLC	39,552	1,993	0.20%
PAN ASIA BANKING CORPORATION PLC	5,605	63	0.01%
COMMERCIAL BANK OF CEYLON PLC	196,908	10,830	1.11%
SAMPATH BANK PLC	1,168,215	48,481	4.96%
HATTON NATIONAL BANK PLC	110,289	9,297	0.95%
HATTON NATIONAL BANK PLC - NON VOTING	274,176	20,316	2.08%
CAPITAL GOODS			
ROYAL CERAMICS LANKA PLC	288,214	11,961	1.22%
JOHN KEELLS HOLDINGS PLC	301,001	41,312	4.22%
LANKA WALLTILES PLC	501,539	42,079	4.30%
SOFTLOGIC HOLDINGS PLC	23,200	573	0.06%
ACCESS ENGINEERING PLC	1,376,094	16,376	1.67%
COMMERCIAL & PROFESSIONAL SERVICES			
EXTERMINATORS LIMITED	166,884	1,302	0.13%
CONSUMER DURABLES & APPAREL			
TEEJAY LANKA PLC	216,245	8,023	0.82%
HELA APPAREL HOLDINGS LIMITED	1,472,600	17,671	1.81%
CONSUMER SERVICES			
TRANS ASIA HOTELS PLC	569,596	26,201	2.68%
HAYLEYS LEISURE PLC	316,448	6,835	0.70%
ASIAN HOTELS & PROPERTIES PLC	1,260,052	52,922	5.41%
DIVERSIFIED FINANCIALS			
PEOPLES LEASING & FINANCE PLC	764,596	4,893	0.50%
ENERGY			
LANKA IOC PLC	831,264	240,027	24.54%
FOOD BEVERAGE & TOBACCO			
KELANI VALLEY PLANTATIONS PLC	25,591	2,885	0.30%
SUNSHINE HOLDINGS PLC	124,145	5,760	0.59%
CEYLON GRAIN ELEVATORS PLC	156,250	15,500	1.58%
LUCKY LANKA MILK PROCESSING COMPANY PLC	200,000	160	0.02%
MELSTACORP PLC	210,000	11,487	1.17%
HEALTH CARE EQUIPMENT & SERVICES			
THE LANKA HOSPITALS CORPORATION PLC	524,721	45,493	4.65%
INSURANCE			
HNB ASSURANCE PLC	252,000	9,979	1.02%
LOLC GENERAL INSURANCE LIMITED	713,800	6,067	0.62%
MATERIALS			
DIPPED PRODUCTS LIMITED	360,000	15,480	1.58%
CHEVRON LUBRICANTS LANKA PLC	53,191	5,691	0.58%
TOKYO CEMENT COMPANY (LANKA) PLC - NON VOTING	510,695	16,495	1.69%
JAT HOLDINGS LIMITED	500,000	7,450	0.76%
EX-PACK CORRUGATED CARTONS LIMITED	2,000,000	34,200	3.50%

REAL ESTATE			
C T LAND DEVELOPMENT PLC	188,354	4,558	0.47%
SEYLAN DEVELOPMENTS PLC	388,303	5,242	0.54%
COLOMBO LAND & DEVELOPMENT COMPANY PLC	363,318	7,484	0.77%
MILLENNIUM HOUSING DEVELOPERS PLC	95,440	353	0.04%
PRIME LANDS RESIDENCIES LIMITED	250,000	1,825	0.19%
RETAILING			
KAPRUKA HOLDINGS LIMITED	958,400	9,584	0.98%
SOFTWARE & SERVICES			
HSENIID BUSINESS SOLUTIONS LIMITED	319,200	6,863	0.70%
TELECOMMUNICATION SERVICES			
SRI LANKA TELECOM PLC	1,620,369	71,782	7.34%
DIALOG AXIATA PLC	4,782,054	41,126	4.21%
TRANSPOTATION			
CHRISWORLD LIMITED	362,896	5,335	0.55%
UTILITIES			
LVL ENERGY FUND PLC	595,415	4,466	0.46%
WINDFORCE LIMITED	100,000	1,700	0.17%
		975,974	

As at 30th September 2021

Company	Share Qty	Market Value 000'	Holding as at % NAV
AUTOMOBILES & COMPONENTS			
KELANI TYRES PLC	1,307,516	111,139	8.66%
BANKS			
COMMERCIAL BANK OF CEYLON PLC - Non Voting	209,242	15,902	1.24%
NATIONS TRUST BANK PLC	37,230	2,130	0.17%
PAN ASIA BANKING CORPORATION PLC	155,605	2,396	0.19%
COMMERCIAL BANK OF CEYLON PLC	189,696	16,029	1.25%
SAMPATH BANK PLC	1,168,215	60,747	4.73%
HATTON NATIONAL BANK PLC	108,337	15,276	1.19%
HATTON NATIONAL BANK PLC - NON VOTING	268,884	35,963	2.80%
CAPITAL GOODS			
ROYAL CERAMICS LANKA PLC	278,214	12,798	1.00%
JOHN KEELLS HOLDINGS PLC	346,001	51,814	4.04%
LANKA WALLTILES PLC	1,094,915	81,790	6.37%
SOFTLOGIC HOLDINGS PLC	23,200	288	0.02%
ACCESS ENGINEERING PLC	2,560,753	58,897	4.59%
CONSUMER DURABLES & APPAREL			
TEEJAY LANKA PLC	191,245	8,415	0.66%
CONSUMER SERVICES			
AITKEN SPENCE HOTEL HOLDINGS PLC	1,078,973	46,827	3.65%
TRANS ASIA HOTELS PLC	569,596	33,891	2.64%
HAYLEYS LEISURE PLC	316,448	8,006	0.62%
ASIAN HOTELS & PROPERTIES PLC	1,260,052	54,938	4.28%
DIVERSIFIED FINANCIALS			
PEOPLES LEASING & FINANCE PLC	690,620	7,390	0.58%
ENERGY			
LANKA IOC PLC	1,767,951	36,420	2.84%

FOOD BEVERAGE & TOBACCO			
KELANI VALLEY PLANTATIONS PLC	966,600	41,660	3.25%
SUNSHINE HOLDINGS PLC	79,212	1,980	0.15%
CEYLON GRAIN ELEVATORS PLC	156,250	18,477	1.44%
LUCKY LANKA MILK PROCESSING COMPANY PLC	200,000	160	0.01%
MELSTACORP PLC	210,000	12,558	0.98%
HEALTH CARE EQUIPMENT & SERVICES			
THE LANKA HOSPITALS CORPORATION PLC	857,616	45,711	3.56%
INSURANCE			
HNB ASSURANCE PLC	297,000	13,098	1.02%
MATERIALS			
DIPPED PRODUCTS LIMITED	340,000	19,924	1.55%
Chevron Lubricants Lanka PLC	53,191	5,678	0.44%
TOKYO CEMENT COMPANY (LANKA) PLC - NON VOTING	1,120,695	47,293	3.68%
JAT HOLDINGS LIMITED	500,000	11,000	0.86%
REAL ESTATE			
C T LAND DEVELOPMENT PLC	188,354	5,538	0.43%
SEYLAN DEVELOPMENTS PLC	388,303	6,407	0.50%
COLOMBO LAND & DEVELOPMENT COMPANY PLC	580,218	22,629	1.76%
MILLENNIUM HOUSING DEVELOPERS PLC	95,440	554	0.04%
PRIME LANDS RESIDENCIES LIMITED	250,000	2,450	0.19%
TELECOMMUNICATION SERVICES			
SRI LANKA TELECOM PLC	1,620,369	59,954	4.67%
DIALOG AXIATA PLC	4,782,054	51,646	4.02%
TRANSPOTATION			
CHRISSWORLD LIMITED	362,896	9,000	0.70%
UTILITIES			
LVL ENERGY FUND PLC	595,415	6,371	0.50%
WINDFORCE LIMITED	100,000	1,870	0.15%
		1,045,013	

	2022	2021
4 Financial Assets Measured at Amortised Cost		
Treasury Bills- Primary	196,447	-
Reverse Repurchase Agreements	58,521	193,239
Bank Deposits	-	50,008
	<u>254,968</u>	<u>243,247</u>
5 Payables		
Trade Creditors	-	2,189
Payables to Management Company	2,716	2,481
Management Fees	1,818	1,709
Trustee Fees	276	259
Custodian Fees	230	461
	<u>5,040</u>	<u>7,099</u>



Managers of the Ceybank Unit Trust Fund's

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