

# INTERIM REPORT

30 SEPTEMBER 2022

## CEYBANK UNIT TRUST FUND

(Income & Growth)



Managed By



## Ceybank Unit Trust Fund

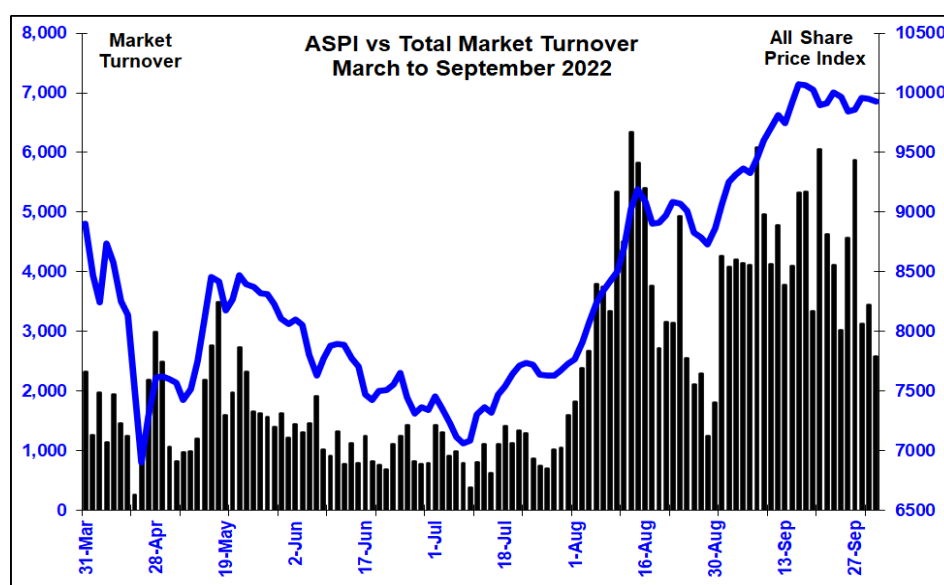
### Manager's half yearly report for the period ended 30<sup>th</sup> September 2022

We have great pleasure in presenting the half yearly report of Ceybank Unit Trust Fund for the six months ended 30<sup>th</sup> 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 30<sup>th</sup> September 2022. The Net Asset Value per unit of your Fund appreciated by 49.74% 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 34.56 as at 30<sup>th</sup> 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

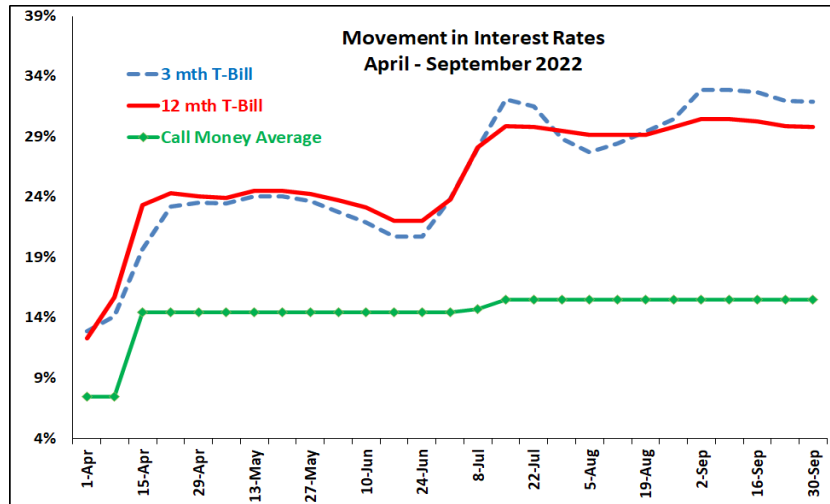
Foreign investors emerged as net buyers with net foreign inflows for the six months ending September 2022, being approximately Rs 20.46 billion.

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 30<sup>th</sup> 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 1<sup>st</sup> April 2022, depreciated by 21.37% and was quoted at Rs 362.90 as at 30<sup>th</sup> 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.



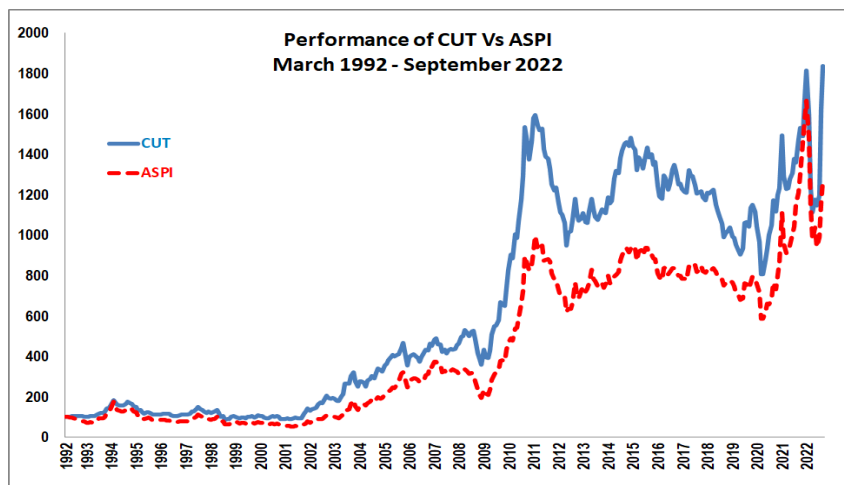
Source: Central Bank of Sri Lanka

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.

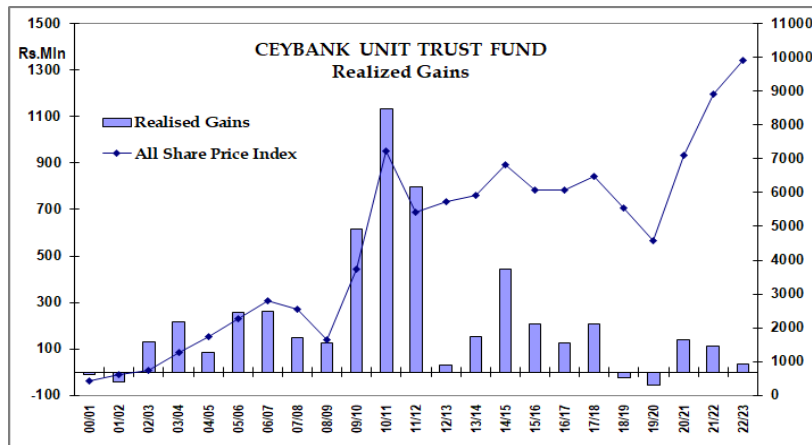
### Fund Performance

The Net Asset Value per unit of your Fund increased by 49.74% 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. 5,604 million as at 30<sup>th</sup> September 2022.



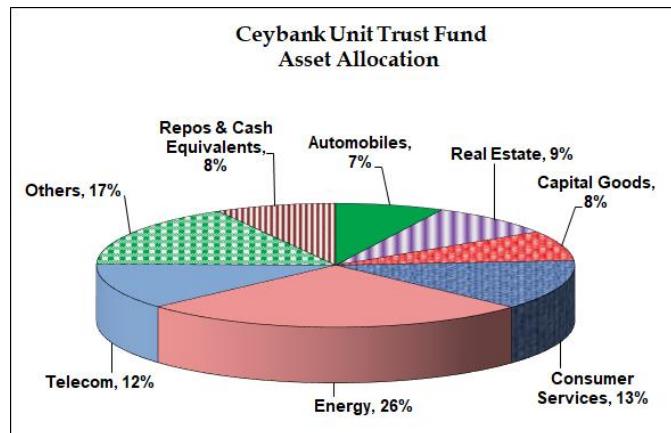
The Fund generated dividend income of Rs 98 million, up from Rs 71.34 million in the corresponding period. Expenses declined from Rs 42.29 million to Rs 41.72 million. Interest Income increased to Rs 48.61 million up from 15.34 million.

The Fund recorded Rs 36.36 million as capital gains from sale of equity during the period, as opposed to the Rs 19.14 million capital gains recorded in the previous corresponding period.



The market value of the equity portfolio was Rs 5,604 million as at 30<sup>th</sup> September 2022 up from Rs 3,899 million in March 2022.

The Fund maintained a relatively high level of equity exposure as at 30<sup>th</sup> 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, Consumer Services, Telecommunication and Real Estate 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

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 UNIT TRUST

### Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Notes	Six months ended 30 September	
		2022	2021
<b>Income</b>			
Dividend		98,001	71,343
Interest income from financial assets	1	48,618	15,348
Other Income		110	-
Net realized gain on financial assets held at fair value through profit or loss		36,368	19,149
Net change in unrealized gain on financial assets held at fair value through profit or loss		1,791,780	715,366
<b>Total investment gain</b>		<b>1,974,877</b>	<b>821,206</b>
<b>Expenses</b>			
Management fee		(34,297)	(34,971)
Trustee fee & Custodian fee		(6,963)	(7,100)
Other expenses	2	(463)	(220)
		<b>(41,723)</b>	<b>(42,291)</b>
<b>Profit / (Loss) after deductions and before tax</b>		<b>1,933,154</b>	<b>778,915</b>
Income tax expense		-	-
<b>Increase / (Decrease) in net assets attributable to unitholders</b>		<b>1,933,154</b>	<b>778,915</b>

## CEYBANK UNIT TRUST

### Statement of financial position

(all amounts in Sri Lanka Rupees thousands)

	Notes	Six months ended 30 September	
		2022	2021
<b>Assets</b>			
Cash and cash equivalents		839	3,967
Dividend receivables		14,235	443
Financial assets held at fair value through profit or loss	3	5,198,583	4,419,897
Financial assets measured at amortised cost	4	426,388	303,596
Receivable for sale of equity shares		-	3,837
<b>Total assets</b>		<b>5,640,045</b>	<b>4,731,740</b>
<b>Unit Holders' funds and Liabilities</b>			
<b>Liabilities</b>			
Payables	5	34,437	33,915
Amount payable on unit redemption		910	270
Payables for purchase of equity shares		-	4,010
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>35,347</b>	<b>38,195</b>
<b>Net assets attributable to unitholders – liability</b>		<b>5,604,698</b>	<b>4,693,545</b>
<b>Total Unit Holders' Funds and Liabilities</b>		<b>5,640,045</b>	<b>4,731,740</b>

## CEYBANK UNIT TRUST

### Statement of changes in Unitholders' funds

(all amounts in Sri Lanka Rupees thousands)

	Six months ended 30 September	
	2022	2021
<b>Unit holders' funds at beginning of year</b>	3,899,023	3,935,366
Increase / (Decrease) in net assets attributable to unit holders	1,933,154	778,915
Received on unit creations	483	438
Paid on unit redemptions	(227,962)	(21,174)
<b>Unitholders' funds at end of year</b>	<b>5,604,698</b>	<b>4,693,545</b>

	<u>Six months ended 30 September</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes</u>	in Rs. '000	in Rs. '000
<b>1 Interest Income from Financial Assets</b>		
Interest on Bank Deposits	1,548	2,337
Interest on Reverse Repo Agreements	7,535	3,144
Interest on Commercial Papers	1,108	9,867
Interest on T.Bills - Primary	38,427	-
	<b>48,618</b>	<b>15,348</b>
<b>2 Other Expenses</b>		
NBT/VAT Expense	171	142
Miscellaneous Expenses	116	41
Bank Charges	32	37
Interest Expenses	144	-
	<b>463</b>	<b>220</b>
<b>3 Financial Assets held at fair value through profit or loss</b>		
Investments at Quoted Market Value	<b>5,198,583</b>	<b>4,419,897</b>

**As at 30th September 2022**

Company	Share Qty	Market Value Rs. '000	Holdings as a % of NAV
<b><u>AUTOMOBILES &amp; COMPONENTS</u></b>			
KELANI TYRES PLC	6,123,886	415,812	7.42%
<b><u>BANKS</u></b>			
NATIONS TRUST BANK PLC	36,325	1,831	0.03%
SEYLAN BANK PLC - NON VOTING	274,314	5,349	0.10%
PAN ASIA BANKING CORPORATION PLC	126,284	1,427	0.03%
COMMERCIAL BANK OF CEYLON PLC	868,447	47,765	0.85%
SAMPATH BANK PLC	238,000	9,877	0.18%
UNION BANK OF COLOMBO PLC	25,226	219	0.00%
SANASA DEVELOPMENT BANK	1,539,241	42,791	0.76%
<b><u>CAPITAL GOODS</u></b>			
ROYAL CERAMICS LANKA PLC	534,011	22,161	0.40%
HAYLEYS PLC	367,788	36,117	0.64%
JOHN KEELLS HOLDINGS PLC	355,636	48,811	0.87%
CENTRAL INDUSTRIES PLC	88,315	7,895	0.14%
LANKA WALLTILES PLC	423,445	35,527	0.63%
HEMAS HOLDINGS PLC	330,908	21,013	0.37%
VALLIBEL ONE PLC	5,471,735	265,926	4.74%
SOFTLOGIC HOLDINGS PLC	48,751	1,204	0.02%
ACCESS ENGINEERING PLC	702,090	8,355	0.15%
<b><u>COMMERCIAL &amp; PROFESSIONAL SERVICES</u></b>			
EXTERMINATORS LIMITED	333,769	2,603	0.05%
<b><u>CONSUMER DURABLES &amp; APPAREL</u></b>			
TEEJAY LANKA PLC	187,362	6,951	0.12%
HELA APPAREL HOLDINGS LIMITED	2,945,200	35,342	0.63%
<b><u>CONSUMER SERVICES</u></b>			
AITKEN SPENCE HOTEL HOLDINGS PLC	195,848	11,966	0.21%
TRANS ASIA HOTELS PLC	5,305,879	244,070	4.35%
THE KINGSBURY PLC	10,779,473	103,483	1.85%
HAYLEYS LEISURE PLC	36,680	792	0.01%
ASIAN HOTELS & PROPERTIES PLC	8,978,984	377,117	6.73%



Company	Share Qty	Market Value	Holdings as a % of NAV
		Rs.'000	
<b><u>DIVERSIFIED FINANCIALS</u></b>			
MERCHANT BANK OF SRI LANKA & FINANCE PLC	11,798,960	53,095	0.95%
PEOPLES LEASING & FINANCE PLC	3,580	23	0.00%
<b><u>ENERGY</u></b>			
LANKA IOC PLC	5,171,833	1,493,367	26.64%
LAUGFS GAS PLC	122,600	2,427	0.04%
LAUGFS GAS PLC- NON VOTING	12,175	151	0.00%
<b><u>FOOD BEVERAGE &amp; TOBACCO</u></b>			
KELANI VALLEY PLANTATIONS PLC	1,039,508	117,205	2.09%
KAHAWATTE PLANTATIONS PLC	3,108,636	115,020	2.05%
LUCKY LANKA MILK PROCESSING COMPANY PLC	1,800,000	1,440	0.03%
<b><u>HEALTH CARE EQUIPMENT &amp; SERVICES</u></b>			
THE LANKA HOSPITALS CORPORATION PLC	3,014,475	261,355	4.66%
<b><u>INSURANCE</u></b>			
LOLC GENERAL INSURANCE LIMITED	1,782,800	15,154	0.27%
<b><u>MATERIALS</u></b>			
TOKYO CEMENT COMPANY (LANKA) PLC - NON VOTING	142,400	4,600	0.08%
TOKYO CEMENT COMPANY (LANKA) PLC	65,105	2,604	0.05%
ALUMEX PLC	344,413	3,375	0.06%
JAT HOLDINGS LTD	1,000,000	14,900	0.27%
EX-PACK CORRUGATED CARTONS LIMITED	4,009,610	68,564	1.22%
<b><u>REAL ESTATE</u></b>			
C T LAND DEVELOPMENT PLC	1,667	40	0.00%
EQUITY TWO LTD	2,201,508	89,161	1.59%
COLOMBO LAND & DEVELOPMENT COMPANY PLC	18,895,734	389,252	6.95%
PRIME LANDS RESIDENCIES LTD	1,000,000	7,300	0.13%
<b><u>RETAILING</u></b>			
KAPRUKA HOLDINGS LIMITED	958,400	9,584	0.17%
<b><u>SOFTWARE &amp; SERVICES</u></b>			
HSENDI BUSINESS SOLUTIONS LIMITED	638,400	13,726	0.24%
<b><u>TELECOMMUNICATION SERVICES</u></b>			
SRI LANKA TELECOM PLC	15,157,605	671,482	11.98%
DIALOG AXIATA PLC	723,769	6,224	0.11%
<b><u>TRANSPORTATION</u></b>			
EXPOLANKA HOLDINGS PLC	373,335	81,200	1.45%
CHRISWORLD LTD	775,000	11,393	0.20%
<b><u>UTILITIES</u></b>			
LVL ENERGY FUND PLC	1,116,653	8,375	0.15%
LAUGFS POWER LIMITED	122,600	1,361	0.02%
LAUGFS POWER LIMITED -NON VOTING	12,175	99	0.00%
WINDFORCE LTD	100,000	1,700	0.03%
		<b><u>5,198,583</u></b>	

**As at 30th September 2021**

Company	Share Qty	Market Value	Holdings as a % of NAV
		Rs.'000	
<b><u>AUTOMOBILES &amp; COMPONENTS</u></b>			
KELANI TYRES PLC	6,473,917	550,283	11.72%
<b><u>BANKS</u></b>			
NATIONS TRUST BANK PLC	34,192	1,956	0.04%
SEYLAN BANK PLC - NON VOTING	250,935	9,285	0.20%
PAN ASIA BANKING CORPORATION PLC	126,284	1,945	0.04%
COMMERCIAL BANK OF CEYLON PLC	836,636	70,696	1.51%
SAMPATH BANK PLC	238,000	12,376	0.26%
UNION BANK OF COLOMBO PLC	25,226	280	0.01%
SANASA DEVELOPMENT BANK	1,539,241	78,347	1.67%
<b><u>CAPITAL GOODS</u></b>			
ROYAL CERAMICS LANKA PLC	500,000	23,000	0.49%
HAYLEYS PLC	365,000	39,238	0.84%
JOHN KEELLS HOLDINGS PLC	354,636	53,107	1.13%
CENTRAL INDUSTRIES PLC	73,315	7,324	0.16%
LANKA WALLTILES PLC	423,445	31,631	0.67%
HEMAS HOLDINGS PLC	330,908	23,395	0.50%
VALLIBEL ONE PLC	5,846,232	363,051	7.74%
SOFTLOGIC HOLDINGS PLC	48,751	605	0.01%

ACCESS ENGINEERING PLC	681,090	15,665	0.33%
<b><u>CONSUMER DURABLES &amp; APPAREL</u></b>			
TEEJAY LANKA PLC	137,362	6,044	0.13%
<b><u>CONSUMER SERVICES</u></b>			
AITKEN SPENCE HOTEL HOLDINGS PLC	195,848	8,500	0.18%
TRANS ASIA HOTELS PLC	5,457,879	324,744	6.92%
THE KINGSBURY PLC	16,224,100	167,108	3.56%
HAYLEYS LEISURE PLC	36,680	928	0.02%
ASIAN HOTELS & PROPERTIES PLC	8,978,984	391,484	8.34%
<b><u>DIVERSIFIED FINANCIALS</u></b>			
MERCHANT BANK OF SRI LANKA & FINANCE PLC	11,798,960	75,513	1.61%
PEOPLES LEASING & FINANCE PLC	3,235	35	0.00%
ADAM INVESTMENTS PLC	3,859,024	772	0.02%
<b><u>ENERGY</u></b>			
LANKA IOC PLC	6,025,833	124,132	2.64%
LAUGFS GAS PLC	122,600	2,746	0.06%
LAUGFS GAS PLC- NON VOTING	12,175	170	0.00%
<b><u>FOOD BEVERAGE &amp; TOBACCO</u></b>			
KELANI VALLEY PLANTATIONS PLC	1,205,908	51,975	1.11%
KAHAWATTE PLANTATIONS PLC	6,481,518	172,408	3.67%
LUCKY LANKA MILK PROCESSING COMPANY PLC	1,800,000	1,440	0.03%
<b><u>HEALTH CARE EQUIPMENT &amp; SERVICES</u></b>			
THE LANKA HOSPITALS CORPORATION PLC	3,014,475	160,672	3.42%
<b><u>MATERIALS</u></b>			
TOKYO CEMENT COMPANY (LANKA) PLC - NON VOTING	142,400	6,009	0.13%
TOKYO CEMENT COMPANY (LANKA) PLC	65,105	3,288	0.07%
ALUMEX PLC	344,413	4,167	0.09%
JAT HOLDINGS LIMITED	1,000,000	22,000	0.47%
<b><u>REAL ESTATE</u></b>			
C T LAND DEVELOPMENT PLC	1,667	49	0.00%
EQUITY TWO LTD	2,279,187	109,857	2.34%
COLOMBO LAND & DEVELOPMENT COMPANY PLC	18,895,734	736,934	15.70%
PRIME LANDS RESIDENCIES LIMITED	1,000,000	9,800	0.21%
<b><u>TELECOMMUNICATION SERVICES</u></b>			
SRI LANKA TELECOM PLC	17,309,741	640,460	13.65%
DIALOG AXIATA PLC	723,769	7,817	0.17%
<b><u>TRANSPOTATION</u></b>			
EXPOLANKA HOLDINGS PLC	373,335	74,387	1.58%
CHRISSWORLD LIMITED	775,000	19,220	0.41%
<b><u>UTILITIES</u></b>			
LVL ENERGY FUND PLC	1,116,653	11,948	0.25%
LAUGFS POWER LIMITED	122,600	1,140	0.02%
LAUGFS POWER LIMITED -NON VOTING	12,175	97	0.00%
WINDFORCE LIMITED	100,000	1,870	0.04%
		<b>4,419,897</b>	

	2022	2021
	in Rs. '000	in Rs. '000
<b>4 Financial Assets measured at Amortised Cost</b>		
Reverse Repo Agreements	0	81,744
Treasury Bills - Primary	426,388	-
Commercial Papers	0	221,852
	<b>426,388</b>	<b>303,596</b>
<b>5 Payables</b>		
Unclaimed Redemptions	8	8
Payables to Management Company	11,269	10,989
Management Fees	19,192	18,235
Trustee Fees	2,908	2,763
Custodian Fees	1,061	1,920
	<b>34,437</b>	<b>33,915</b>



Managers of the Ceybank Unit Trust Fund's

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