



Interim Report

30th June 2020

“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 SURAKUM FUND - Interim Report 2020

REPORT OF THE MANAGER

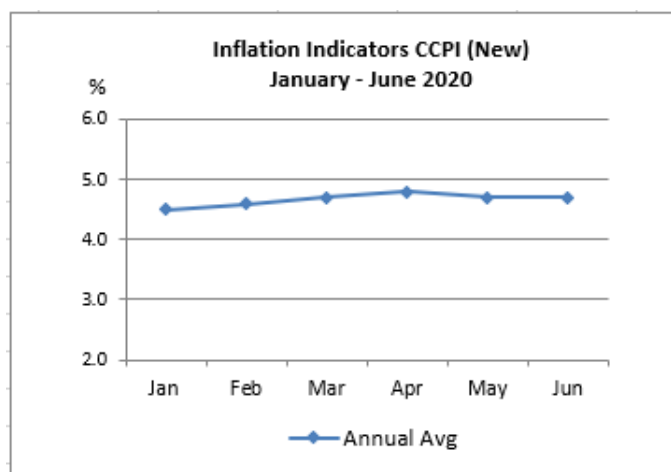
We have great pleasure in presenting the Interim Report and Accounts of the Ceybank Surakum Fund for the six-month period ended 30th June 2020.

The Net Asset Value per unit of your Fund appreciated by 3.14% (AER 6.39%) during the period, 31st December 2019 to 30th June 2020.

Economy

The Sri Lankan Economy recorded a contraction in GDP of 1.6% for the 1st quarter of 2020.

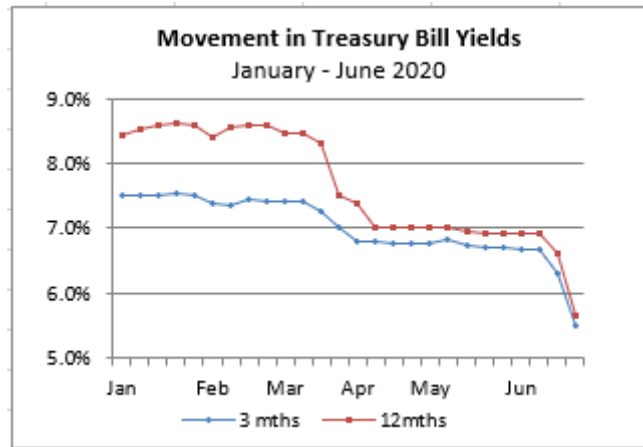
Average Annual Inflation measured by the CCPI (New) which was at 4.5% at the beginning of the year, increased gradually and ending marginally higher at 4.7% in June 2020.



Market interest rates declined continuously during the period. The benchmark 12-month Treasury bill rate which was at 8.45% in January closed lower at 5.66% by the end of June. The long-term Treasury bond market continued to be volatile.

Overnight call money rates moved within a band of 5.50% and 9.00% p.a. The exchange rate which was at 181.50 (Rs/US\$) at the beginning of the year witnessed a depreciation of 2.60% during the period under review. The Rupee was quoted at 186.23 (Rs/ US\$) as at 30th June 2020.

During the period under review, the Central Bank reduced the Standard Deposit Facility Rate (SDFR) and Standard Lending Facility Rate (SLFR) four times (by a total of 100 basis points). As at end June 2020 the rates on the SDFR and SLFR were 5.50% and 6.50% respectively. The Statutory Reserve Ratio (SRR) for Commercial Banks' was reduced twice (by a total of 300 basis points) and was at 2%.



Fund Performance

The Net Asset Value per unit of your Fund appreciated by 3.14% (AER 6.39%) during the period under review.

The Fund generated a net income of Rs 5.06 million during the period under review. The Fund is invested in a mix of Treasury Bill and repurchase agreements with maturities less than a year.

Future Outlook

The Covid Pandemic continues to have its effects on the economy which is expected to contract at around 3.0% in 2020, before bouncing back. The Future outlook on growth will depend on Government policy direction and its execution.

It is apparent that import substitution and local manufacturing will be given priority as the country is faced with large foreign exchange debts to repay, both in the short and medium term. We expect Import controls to be selective given the dependency of some sectors on imported raw materials used for value addition and export.

Agriculture if harnessed well, could play a large role in maintaining food security and additionally supplement exports. If weather conditions are favorable it would help boost Agriculture and also reduce the cost of power generation via Hydro Electricity. The Tourism industry is bound to face multiple challenges with the Airport remaining closed and may take time to recover. Volatile crude oil prices globally could add pressure on the import bill.

Trade wars, recessions and other conflicts in the international scene has increased. Sri Lanka too is bound to feel its effects, especially in the export sector.

Attracting Foreign Direct Investments continues to be a challenge. Portfolio investments are expected to be slow, on global uncertainty. We expect interest rates to remain around current levels and until the end of the year on lower credit growth. Lower Interest rates globally will also help reduce the cost of borrowing internationally, to settle foreign debt.

The Fund being a Gilt-Edge Fund is invested in a mix of Government securities. 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 while maximizing returns for the investor.

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Ian Ferdinands

Acting CEO

30 September 2020

CEYBANK SURAKUM FUND

Statement of comprehensive income

(all amounts in Sri Lanka Rupees)

	Period from 1 January to 30 June 2020	Period from 1 January to 30 June 2019
Income		
Net income on financial Assets	5,068,331	6,846,854
Total investment income	5,068,331	6,846,854
Operating Expenses	(681,148)	(684,106)
	(681,148)	(684,106)
Net operating profit before tax	4,387,183	6,162,748
Income tax expense	-	-
Increase in net assets attributable to unitholders	4,387,183	6,162,748

CEYBANK SURAKUM FUND

Statement of financial position

(all amounts in Sri Lanka Rupees)

	30 June	
	2020	2019
ASSETS		
Cash and cash equivalents	422,501	438,484
Financial assets at FVTPL	-	73,255,805
Financial assets at Amortized Cost	145,303,903	62,465,629
Total assets	145,726,404	136,159,918
UNITHOLDERS' FUNDS AND LIABILITIES		
Liabilities		
Other payables	1,462,117	1,184,378
Total liabilities (excluding net assets attributable to unitholders)	1,462,117	1,184,378
Net assets attributable to unitholders – liability	144,264,287	134,975,540
Total unitholders' funds and liabilities	145,726,404	136,159,918

Statement of changes in unitholders' funds

(all amounts in Sri Lanka Rupees)

	30 June	
	2020	2019
Unitholders' funds at beginning of the year	139,877,104	129,135,101
Increase in net assets attributable to unit holders	4,387,183	6,162,748
Paid on unit redemptions	-	(322,309)
Unitholders' funds at 30th June	144,264,287	134,975,540