



# Gilt Edge Fund

(B Series)

Interim Report

30th June 2015

“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 GILT EDGE FUND (B SERIES) - Interim Report 2015

### REPORT OF THE MANAGER

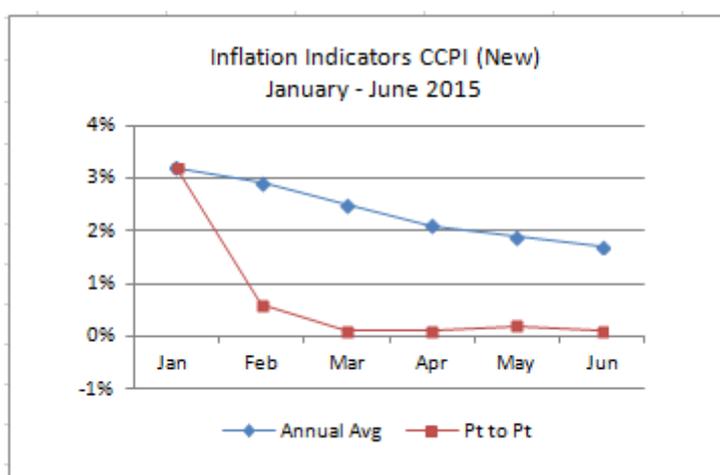
We have great pleasure in presenting the Interim Report and Accounts of the Ceybank Gilt Edge Fund (B series) for the period 1<sup>st</sup> January 2015 to 30<sup>th</sup> June 2015.

The Net Asset Value per unit of your Fund appreciated by 2.69% during the period.

### Economy

The Sri Lankan Economy recorded a GDP growth of 6.4% for the 1<sup>st</sup> quarter of 2015. Contribution to the expansion in the first quarter sector wise was seen in Agriculture 0.7%, Industry 6.5% and Services 7.5%.

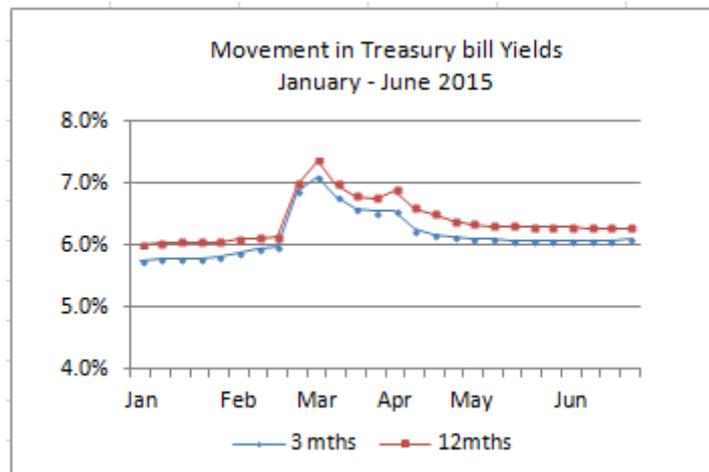
Average Annual Inflation measured by the CCPI (New) which was at 3.2% at the beginning of the year, declined continuously and ended at 1.7% in June 2015.



Market interest rates which were flat during the first two months of the year, spiked unusually in March and then declined gradually to end the period mostly unchanged. The benchmark 12 month Treasury bill rate which was at 6.00% in January spiked to 7.37% in March and ended at 6.28% by the end of June. The long term Treasury bond market continued to be volatile due to foreign investors exiting some of their holdings.

Overnight call money rates moved between 5.70% and 7.25% p.a. The exchange rate which was at 131.96 (Rs/US\$) at the beginning of the year witnessed a gradual depreciation during the period under review. The Rupee was quoted at 133.69 (Rs/ US\$) as at 30th June 2015.

Central Bank reduced policy rates by 50 basis points during April 2015. The current rates on the Standard Borrowing facility and Standard Lending facility are 6.00% and 7.50% respectively.



### Fund Performance

The Net Asset Value per unit of your Fund appreciated by 2.69% during the period under review.

The Fund generated a net income of Rs 16.26 million during the period under review. The Fund is invested in a mix of Treasury Bills Bonds and Repurchase agreements with maturities less than one year.

### Future Outlook

The economy is expected to grow at around 6.5% in 2015. We expect a slow but steady growth as the new Government begins to expedite its plans to increase Growth after months of preoccupation on Parliamentary elections and the formation of a National Government. Contribution is expected from all sectors with the services and industry expected to contribute significantly. However the prevailing recession in export markets, the volatility in international commodity prices and regional currency markets, remain a concern. The decline in crude oil prices would be beneficial for the economy.

Interest rates are expected to be volatile during the second half of the year, as government will need to increase its planned spending. The Fund being a Money Market Fund is invested in a mix of Government securities and Corporate Debt within a one year maturity period. 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 and regular income for the investor.

C. A. Kamaladasa  
**Chairman**  
September 2015

# CEYBANK GILT EDGED FUND - B SERIES

## Statement of comprehensive income

(all amounts in Sri Lanka Rupees)

	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2014
<b>Income</b>		
Net income on financial instruments held at fair value through profit or loss	16,268,277	134,061,642
<b>Total investment income</b>	<b>16,268,277</b>	<b>134,061,642</b>
<b>Expenses</b>		
Management participation	(1,631,054)	(8,905,801)
Miscellaneous expenses	-	(112,025)
Interest expenses	(27,775)	-
Bank charges	(14,800)	(62,750)
Nation Building Tax	(25,999)	(139,335)
Custodian Fee	(72,000)	(84,000)
	<b>(1,771,628)</b>	<b>(9,303,911)</b>
<b>Net operating profit</b>	<b>14,496,649</b>	<b>124,757,731</b>
<b>Finance costs</b>		
Distributions to unitholders	-	-
<b>Profit after deductions and before tax</b>	<b>14,496,649</b>	<b>124,757,731</b>
Income tax expense	(1,452,265)	(10,362,448)
<b>Increase in net assets attributable to unitholders</b>	<b>13,044,384</b>	<b>114,395,283</b>

## CEYBANK GILT EDGED FUND - B SERIES

### Statement of financial position

(all amounts in Sri Lanka Rupees)

	30 June 2015	30 June 2014
<b>ASSETS</b>		
Cash and cash equivalents	310,074	200,778
Financial assets held at fair value through profit or loss	508,615,196	55,113,103
Tax receivable	-	1,379,354
<b>Total assets</b>	<b>508,925,270</b>	<b>56,693,235</b>
<b>UNITHOLDERS' FUNDS AND LIABILITIES</b>		
<b>Liabilities</b>		
Money Payable on Unit redemption	211	137,655
Other payables	282,891	42,173
Tax payable	514,980	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>798,082</b>	<b>179,828</b>
<b>Net assets attributable to unitholders – liability</b>	<b>508,127,188</b>	<b>56,513,407</b>
<b>Total unitholders' funds and liabilities</b>	<b>508,925,270</b>	<b>56,693,235</b>

### Statement of changes in unitholders' funds

(all amounts in Sri Lanka Rupees)

	30 June 2015	30 June 2014
<b>Unitholders' funds at beginning of the year</b>	507,823,730	4,166,426,333
Increase in net assets attributable to unit holders	13,044,384	114,395,283
Received on unit creations	838,246,210	3,736,095,442
Paid on unit redemptions	(850,987,136)	(7,960,403,651)
<b>Unitholders' funds at 30th June</b>	<b>508,127,188</b>	<b>56,513,407</b>