



# Gilt Edge Fund

(B Series)

Interim Report

30th June 2014

“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 2014

## REPORT OF THE MANAGER

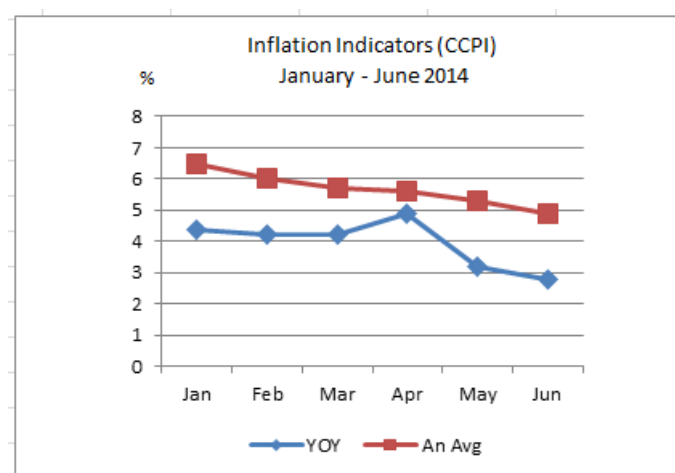
We have great pleasure in presenting the Interim Report and Accounts of the Ceybank Gilt Edge Fund (B) series for the period 1<sup>st</sup> January 2014 to 30<sup>th</sup> June 2014.

The Net Asset Value per unit of your Fund appreciated by 3.71% during the period, giving an annualized yield of 7.42%p.a.

## Economy

The Sri Lankan Economy recorded a GDP growth of 7.6% for the 1<sup>st</sup> quarter of 2014. Contribution to the expansion in the first quarter sector wise was seen in Agriculture 0.2%, Industry 12.6% and Services 6.5%.

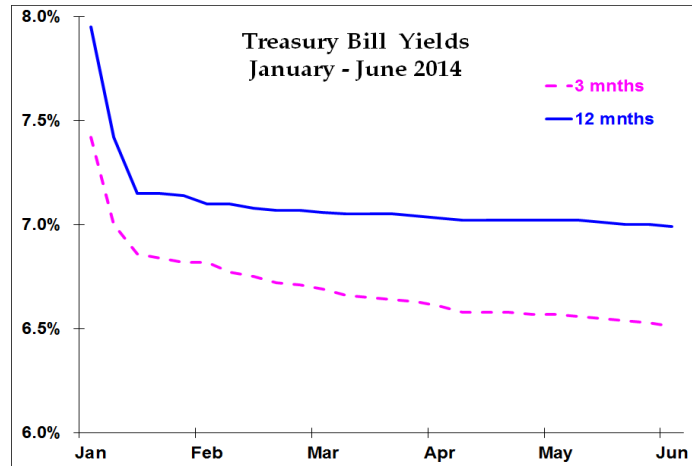
Average Annual Inflation measured by the CCPI (New) which was at 6.5% at the beginning of the year, dropped continuously to end lower at 4.9% in June 2014



Market interest rates declined gradually during the period. The benchmark 12 month Treasury bill rate which was at 7.95% in January dropped 96 basis points to 6.99% by the end of the period. The long term Treasury bond market continued to be volatile during the period edging down.

Overnight call money rates moved between 5.75% and 7.75% p.a. The exchange rate which was at 130.82 (Rs/US\$) at the beginning of the year appreciated marginally during the period under review, due to foreign currency inflows. The Rupee was quoted at 130.34(Rs/ US\$) as at 30<sup>th</sup> June 14.

Central Bank policy rates on the Standing Lending Facility Rate (SLFR) was reduced by 50 bps on 2<sup>nd</sup> January 2014. The current rates on Standing Deposit Facility and Standing Lending Facility as at 30<sup>th</sup> June 2014 are 6.50% and 8.00% respectively.



## Fund Performance

The Net Asset Value per unit of your Fund appreciated by 3.71% during the period, giving an annualized yield of 7.42%p.a.

The Fund generated a net income of Rs 124.76 million and declared a tax free dividend of Rs 0.20 (20 cents) per unit totaling Rs 1.10 million to the unit holders as of 31st July 2014. The Fund is invested in a mix of Treasury Bills with maturities less than a year.

## Future Outlook

The economy is expected to grow at around 7.5% in 2014. Contribution is expected from all sectors with the services and industry expected to contribute significantly. However adverse weather conditions, the prevailing recession in export markets and the volatility in international commodity prices remain a concern.

Interest rates are expected to remain at the current levels or ease down further during the second half of the year, due to high liquidity in the market and low private sector credit growth. The Fund being a Gilt Edge Fund is invested in a mix of Government securities within a one year maturity period in accordance with its objectives. The Managers will continue to monitor the interest rate environment and make changes to the investment profile accordingly to provide liquidity and regular income for the investor.

Mr K L Hewage

Chairman

August 2014

## CEYBANK GILT EDGED FUND - B SERIES

### Statement of comprehensive income

(all amounts in Sri Lanka Rupees)

Period from  
1 January to  
30 June 2014

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#### Income

Net income on financial instruments held at fair value  
through profit or loss 134,061,642

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**Total investment income 134,061,642**

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#### Expenses

Management participation (8,905,801)  
Miscellaneous expenses (112,025)  
Bank charges (62,750)  
Nation Building Tax (139,335)  
Custodian Fee (84,000)

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**(9,303,911)**

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**Net operating profit 124,757,731**

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#### Finance costs

Distributions to unitholders -

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**Profit after deductions and before tax 124,757,731**

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Income tax expense (10,362,448)

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**Increase in net assets attributable to unitholders 114,395,283**

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## CEYBANK GILT EDGED FUND - B SERIES

### Statement of financial position

(all amounts in Sri Lanka Rupees)

30 June 2014

#### ASSETS

Cash and cash equivalents	200,778
Financial assets held at fair value through profit or loss	55,113,103
Tax receivable	1,379,354
<b>Total assets</b>	<b><u>56,693,235</u></b>

#### UNITHOLDERS' FUNDS AND LIABILITIES

##### Liabilities

Money Payable on Unit redemption	137,655
Other payables	42,173
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b><u>179,828</u></b>
<b>Net assets attributable to unitholders – liability</b>	<b><u>56,513,407</u></b>
<b>Total unitholders' funds and liabilities</b>	<b><u>56,693,235</u></b>

### Statement of changes in unitholders' funds

(all amounts in Sri Lanka Rupees)

30 June 2014

<b>Unitholders' funds at beginning of the year</b>	4,166,426,333
Increase in net assets attributable to unit holders	114,395,283
Received on unit creations	3,736,095,442
Paid on unit redemptions	(7,960,403,651)
<b>Unitholders' funds at 30th June</b>	<b><u>56,513,407</u></b>