

# INTERIM REPORT

30 SEPTEMBER 2014

# CEYBANK UNIT TRUST FUND

(Income & Growth)

Managed By



## Ceybank Unit Trust Fund

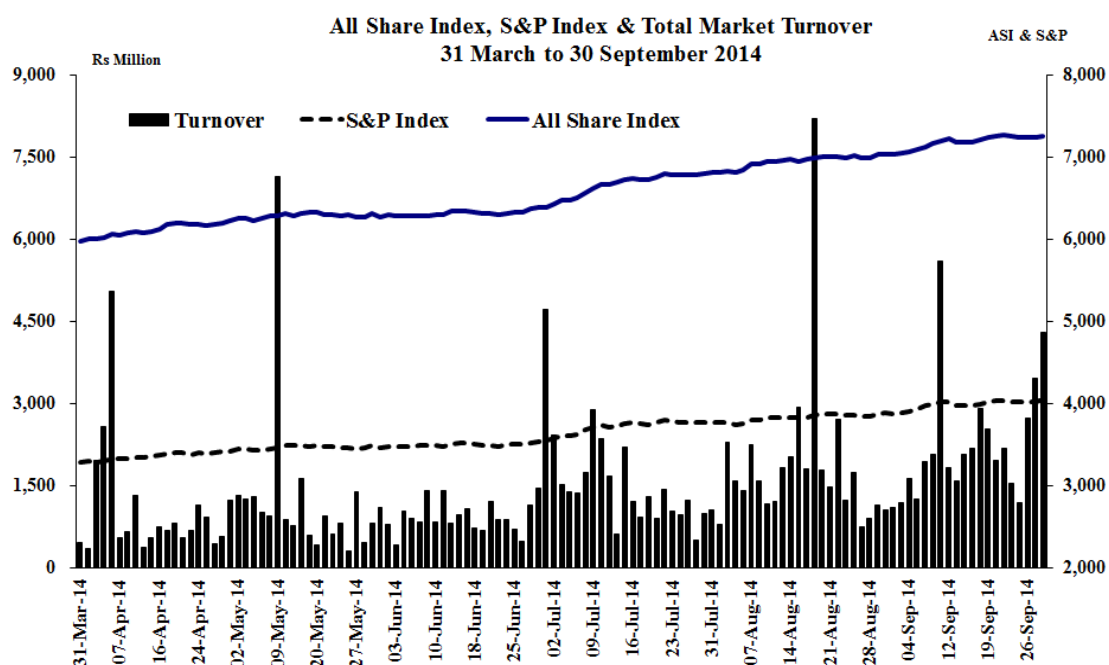
### Manager's half yearly report for the period ended 30<sup>th</sup> September 2014

We have great pleasure in presenting the half yearly report of Ceybank Unit Trust Fund for the 6 months ended 30<sup>th</sup> September 2014.

The stock market appreciated considerably as indicated by the two market indexes. The Net Asset Value per unit of your Fund appreciated by 23.48% during the period under review, outperforming both indexes. During the same period the S&P Index increased 23.12% while the ASI appreciated 21.51%. The net asset value per unit amounted to Rs 31.87 as at 30<sup>th</sup> September 2014. Your Fund distributed a dividend of Rs 2.00 per unit totaling Rs 383.26 million to the unit holders in May 2014.

### Capital Market Performance

The Colombo Bourse increased steadily during the period under review.

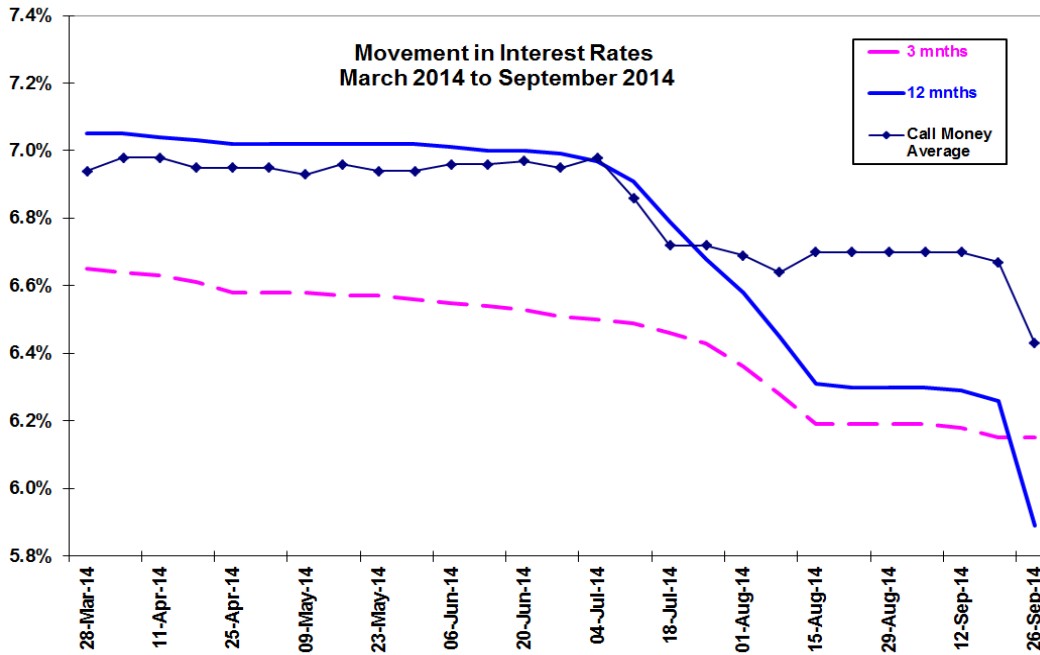


The Stock market remained positive during the six month period, as foreign investors continued to buy into the market. Net foreign inflows for the six months ending September 2014, was approximately Rs 13 Billion.

The ASI closed at 7,252.14 up by 1,283 points while the S&P Index was at 4,038.30 up by 758 points for the six month period ended 30<sup>th</sup> September 2014.

The Country's foreign reserve position remained stable. Gross official reserves stood at US\$ 8.5 billion as at end September 2014. The Exchange rate (Rs/US\$) which was at Rs. 130.73 on 31<sup>st</sup> March 2014, appreciated marginally and was quoted at Rs 130.42 as at 30<sup>th</sup> September 2014.

The Sri Lankan economy recorded a GDP growth of 7.8% (YOY) for the second quarter of 2014. Contributions coming from the Agriculture sector (6.5%) Industry sector (12.2%) and Services (5.8%).

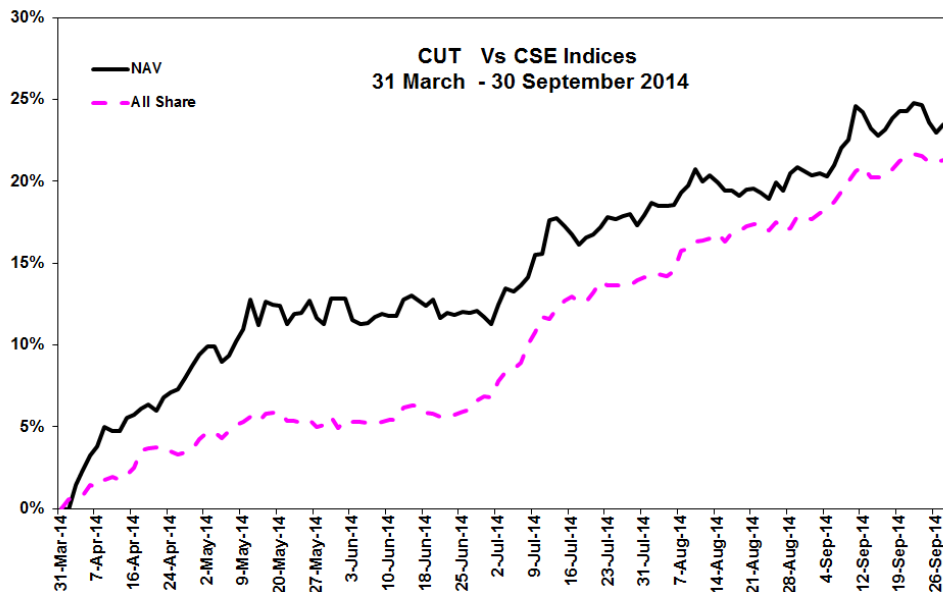


Average Annual Inflation measured by the CCPI declined from 5.7% in March 2014 to 4.2% in September 2014. Market Interest rates moved down gradually until August, before dropping sharply during August and September on increased market liquidity. The 12 month Treasury bill yields dropped from 7.05% in March to 5.89% as at end September 2014.

Overnight call money traded within a band of 5.5% and 7.00% p.a. The Central Bank kept policy rates unchanged. The standing deposit facility remains at 6.5% while the standard lending facility remains at 8.00%. Commercial Banks statutory reserve ratio (SRR) too remained unchanged at 6.00%.

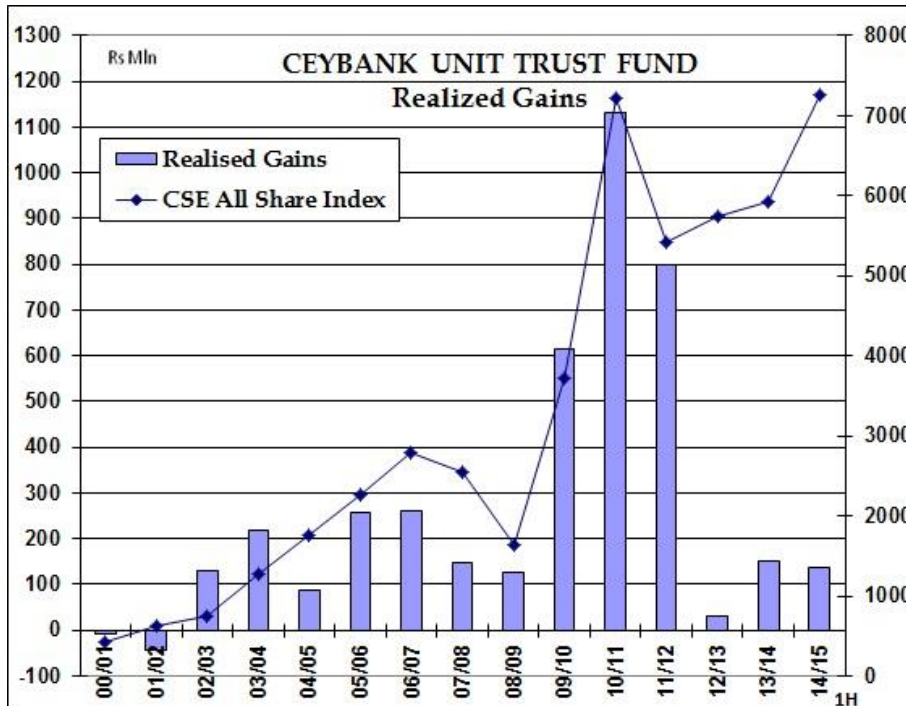
## Fund Performance

The Net Asset Value per unit of your Fund appreciated by 23.48% during the half year period under review. The total net assets stood at Rs. 6,402 million as at 30<sup>th</sup> September 2014.



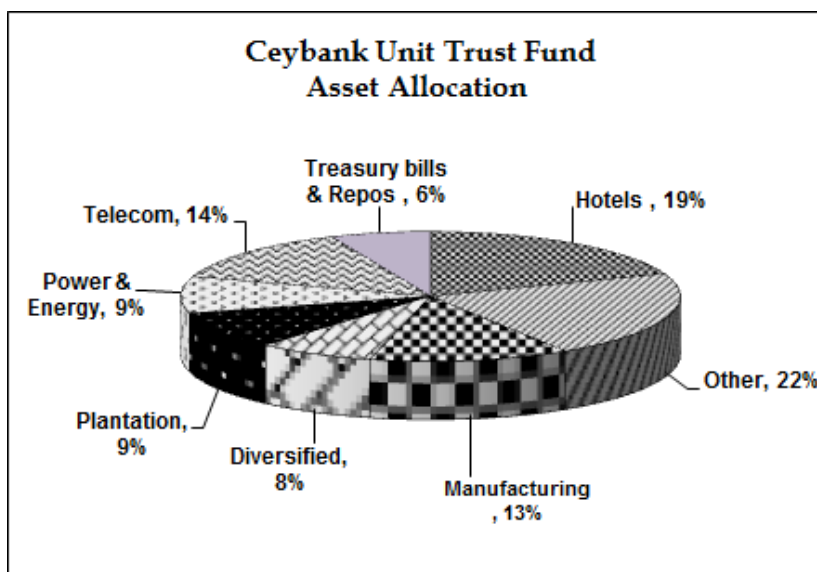
The Fund generated dividend income of Rs 105.64 million, marginally up from Rs 105.48 million in the previous year. Interest income was down to Rs 9.39 million from 11.28 million in the corresponding period due to the drop in market interest rates. Expenses increased from Rs 50.31 million to Rs 59.82 million due to an increase in the Net asset Value of the Fund.

The Fund realized Rs 137.19 million as capital gains from sale of equity during the period, 115% up from the Rs 63.61 million recorded in the previous period.



The market value of the portfolio was Rs 6,402 million as at 30<sup>th</sup> September 2014 up from Rs 5,241 million in March 2014.

The Fund remains fully invested as at 30<sup>th</sup> September 2014, maintaining a relatively high level of equity exposure. We will continue to make changes in the Asset allocation in a manner that is compatible with our view and market expectations.

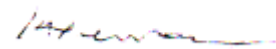


Your Fund investments are diversified across fundamentally strong companies with a medium to long term outlook, in Hotel, Manufacturing, Energy, Plantations, Telecommunication and Diversified sectors as depicted in the chart. We expect these stocks to perform well in the medium term adding further value to your investment.

### **Future Outlook**

We expect the Sri Lankan economy to continue in its positive trajectory. Growth is expected from development of infrastructure, tourism, retail and banking sectors. We expect the economy to grow by around 7.5% for 2014 and around 8% for 2015. The need for large foreign investments and attracting them continues to be a challenge. While the trade gap has been contained, increased consumption could further increase imports and is a matter of concern. Decreasing crude oil prices however is a positive factor.

Inflation could be expected to remain at the current levels. Market liquidity and low inflation would also keep market interest rates unchanged. However rates could increase gradually if there is a substantial demand for credit to the private sector. We expect the stock market to grow at a sustainable level with some sectors performing better than their counterparts. We intend identifying the growth sectors and companies in order to position the Fund to take advantage, by investing in these areas of growth to add value to your investment.



K L Hewage  
Chairman

30<sup>th</sup> September 2014

# CEYBANK UNIT TRUST

## Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Year ended 30 September	
	2014	2013
<b>Income</b>		
Dividend	105,643	105,486
Interest income from financial assets not held at fair value through profit or loss	9,395	11,289
Net realized gain on financial assets held at fair value through profit or loss	137,192	63,613
Net change in unrealized gain on financial assets held at fair value through profit or loss	1,072,322	40,031
<b>Total investment gain</b>	<b>1,324,552</b>	<b>220,419</b>
<b>Expenses</b>		
Management fee	(49,294)	(40,862)
Trustee fee & Custodian fee	(10,008)	(8,296)
Other expenses	(526)	(1,159)
	<b>(59,828)</b>	<b>(50,317)</b>
<b>Net operating profit</b>	<b>1,264,724</b>	<b>170,102</b>
<b>Finance costs</b>		
Distributions to unitholders	(383,265)	-
<b>Profit after deductions and before tax</b>	<b>881,459</b>	<b>170,102</b>
Income tax expense	-	-
<b>Increase in net assets attributable to unitholders</b>	<b>881,459</b>	<b>170,102</b>

# CEYBANK UNIT TRUST

## Statement of financial position

(all amounts in Sri Lanka Rupees thousands)

	30 September	
	2014	2013
<b>Assets</b>		
Cash and cash equivalents	(591)	(1,993)
Receivable on equity share sales	9,140	-
Dividend receivables	25,099	21,717
Financial assets held at fair value through profit or loss	6,046,241	4,724,818
Loans and receivables	367,227	214,539
Income tax receivable	18,832	17,235
<b>Total assets</b>	<b>6,465,948</b>	<b>4,976,316</b>
<b>Unit Holders' funds and Liabilities</b>		
<b>Liabilities</b>		
Payables	48,601	46,453
Amount payable on unit redemption	15,277	352
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>63,878</b>	<b>46,805</b>
<b>Net assets attributable to unitholders – liability</b>	<b>6,402,070</b>	<b>4,929,511</b>
<b>Total Unit Holders' Funds and Liabilities</b>	<b>6,465,948</b>	<b>4,976,316</b>

## CEYBANK UNIT TRUST

### Statement of changes in Unitholders' funds

(all amounts in Sri Lanka Rupees thousands)

	Year ended 30 September	
	2014	2013
<b>Unit holders' funds at beginning of year</b>	5,241,440	4,666,384
Increase in net assets attributable to unit holders	881,459	170,102
Received on unit creations	345,920	117,267
Paid on unit redemptions	(66,749)	(24,242)
<b>Unitholders' funds at end of year</b>	<b>6,402,070</b>	<b>4,929,511</b>

“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 remains at all times responsible for the specific details set out in the Annual Report.”





**Managers of the Ceybank Unit Trust Fund's**

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