

# INTERIM REPORT

30 SEPTEMBER 2013

## CEYBANK UNIT TRUST FUND

(Income & Growth)

Managed By



## Ceybank Unit Trust Fund

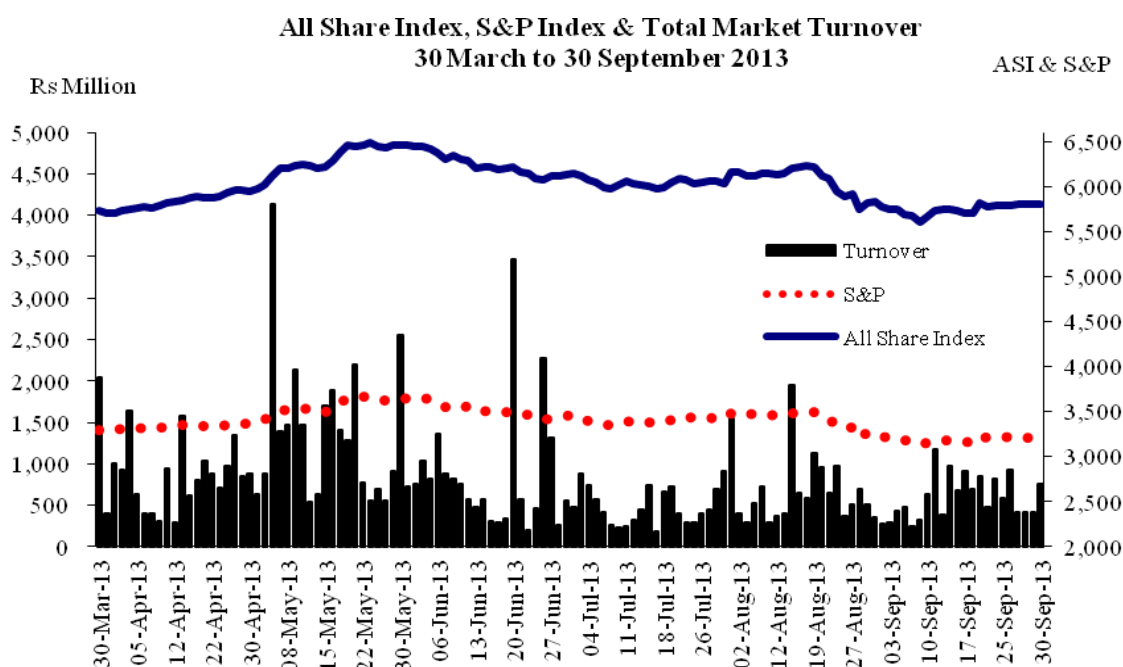
### Manager's half yearly report for the period ended 30<sup>th</sup> September 2013

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 2013.

The stock market remained mostly unchanged with the two market indexes moving in opposite directions. The Net Asset Value per unit of your Fund appreciated by 3.5% during the period under review. During the same period the S&P Index dropped 2.4% while the ASI appreciated 1.18%. The net asset value per unit amounted to Rs 25.80 as at 30<sup>th</sup> September 2013. Your Fund distributed a dividend of Rs 0.50 per unit totaling Rs 93.66 million to the unit holders as of 31<sup>st</sup> March 2013.

### Capital Market Performance

The Colombo Bourse ended the period flat despite recording an initial increase during the month of May 2013.

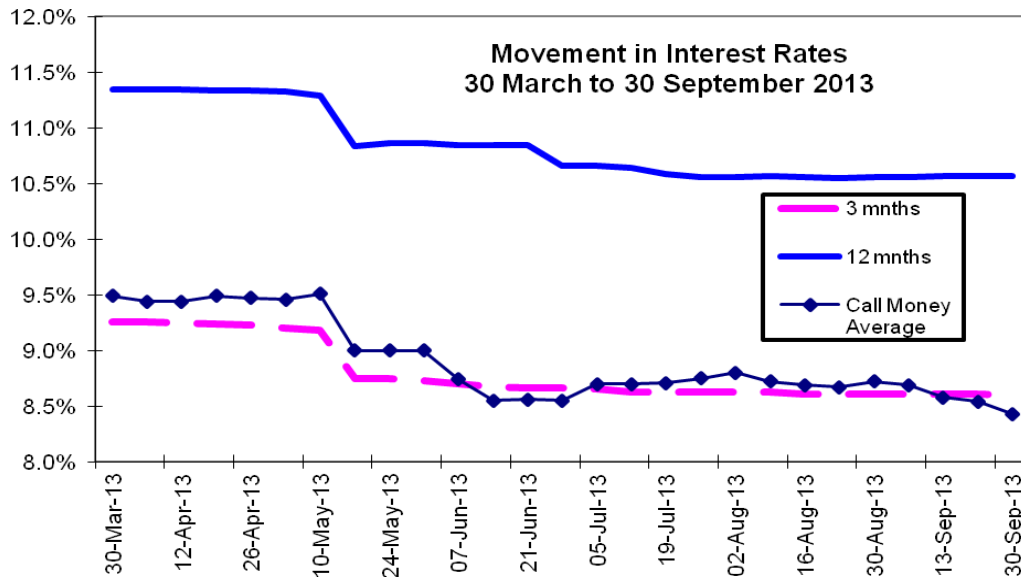


The initial upward movement of the Stock market which continued from end March through May slowed down as the bourse lost steam and ended the six month period ending September mostly unchanged. Foreign interest was limited to selected stocks but volumes continued to grow. Net foreign inflows for the six months ending September 2013, was approximately Rs 15 Billion.

The ASI closed at 5,803.32 up by 67 points while the S& P Index was at 3,214.37 down by 79 points for the six month period ended 30<sup>th</sup> September 2013.

The Country's foreign reserve position remained stable. Gross official reserves stood at US\$ 6,960 million as at end September 2013. The Exchange rate (Rs/US\$) which was at Rs. 126.85 on 1<sup>st</sup> April 2013 depreciated during the period and was quoted at Rs 131.94 as at 30th September 2013.

The Sri Lankan economy recorded a GDP growth of 7.8% (YOY) for the third quarter of 2013. Contributions coming from the Agriculture sector (7.0%) Industry sector (8.1%) and Services (7.9%).

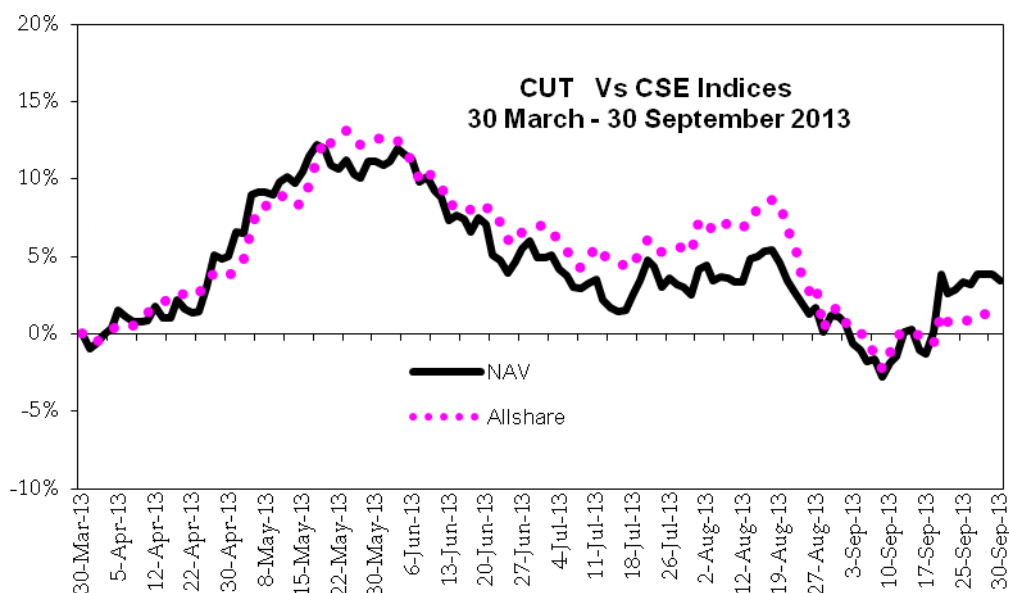


Average Annual Inflation measured by the CCPI declined from 8.8% in March 2013 to 7.8% in September 2013. Market Interest rates moved down gradually during the period on increased market liquidity. The 12 month Treasury bill yields dropped from 11.35% in March to 10.57% as at end September 2013.

Overnight call money traded within a band of 8.25% and 9.75% p.a. Central Bank cut Repo and Reverse repo rates by 0.50% during the period under review. The repo rate was at 7.00% and the Reverse repo rate at 9.00%. as at 30<sup>th</sup> September 2013. Central Bank also reduced Commercial Banks statutory reserve ratio (SRR) by 2% in June 2013. SRR is currently at 6.00%.

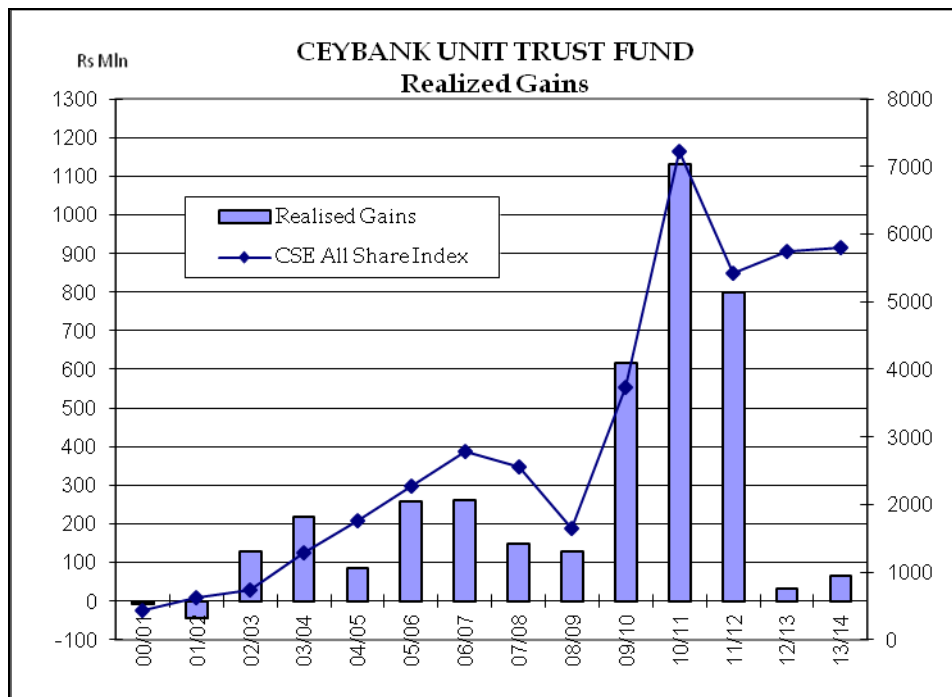
## Fund Performance

The Net Asset Value per unit of your Fund appreciated by 3.5% during the half year period under review. The total net assets stood at Rs. 4,929 million as at 30<sup>th</sup> September 2013.



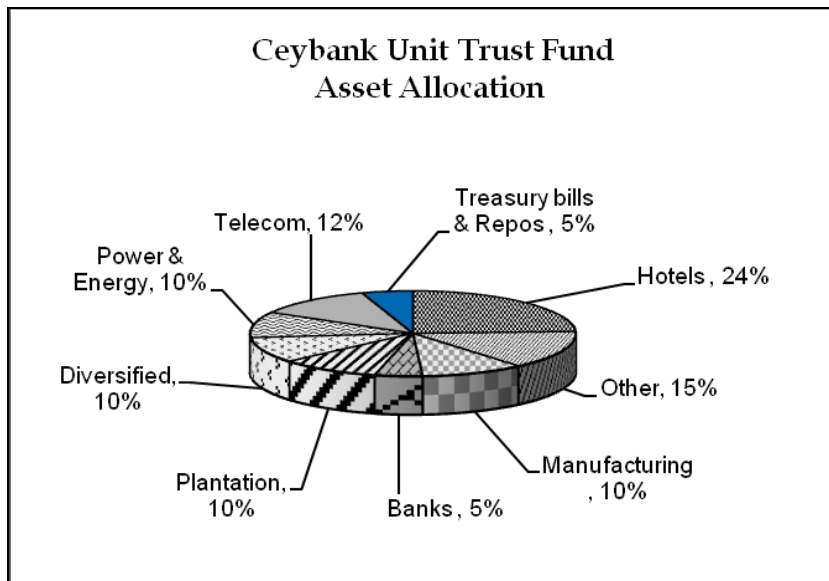
The Fund generated dividend income of Rs 105.48 million 27% up from Rs 83.05 million in the previous year. Interest income was marginally down to Rs 11.28million from 11.80million in the corresponding period due to a low interest environment. Expenses declined from Rs 51.24 million to Rs 50.31 million.

The Fund realized Rs 63.61million as capital gains from sale of equity during the period, 212% up from the Rs 20.39 million recorded in the previous period.



The market value of the portfolio was Rs 4,929 million as at 30<sup>th</sup> September 2013 down from Rs 5,298 million in March 2013, due to the decline in the market.

The Fund remains fully invested as at 30<sup>th</sup> September 2013, 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**

The outlook for the Sri Lankan economy is positive, with growth expected from development of infrastructure and from the tourism sector. We expect the economy to grow by around 7.0% for 2013 and 7.5% for 2014. Attracting large foreign investments continues to be a challenge and has been below expectations. The trade gap is a matter of concern. However a successful agreement between the USA and Iran would have a positive impact on the country's crude oil imports which have been under stress due to trade embargoes. The Shrinking export markets are also an area of concern.

Inflation could be expected to ease off further before stabilizing. Interest rates are expected to remain unchanged on lower inflation and high market liquidity. However rates could increase gradually in tandem with the growth of credit to the private sector, towards the first half of 2014. Despite being slow to take off, we expect the stock market to grow in the medium to long term with selected sectors outpacing others. We intend positioning the Fund investment to take advantage in these selected areas of growth to add value to your investment.

K L Hewage  
Chairman

30<sup>th</sup> September 2013

# CEYBANK UNIT TRUST

## Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Year ended 30 September	
	2013	2012
<b>Income</b>		
Dividend	105,486	83,055
Interest income from financial assets not held at fair value through profit or loss	11,289	11,802
Net realized gain on financial assets held at fair value through profit or loss	63,613	20,399
Net change in unrealized loss on financial assets held at fair value through profit or loss	40,031	302,880
<b>Total investment loss</b>	<b>220,419</b>	<b>418,136</b>
<b>Expenses</b>		
Management fee	(40,862)	(37,986)
Trustee fee & Custodian fee	(8,296)	(7,712)
Other expenses	(1,159)	(5,548)
	<b>(50,317)</b>	<b>(51,246)</b>
<b>Net operating loss</b>	<b>170,102</b>	<b>366,890</b>
<b>Finance costs</b>		
Distributions to unitholders	-	-
<b>Loss after deductions and before tax</b>	<b>170,102</b>	<b>366,890</b>
Income tax expense	-	-
<b>Decrease in net assets attributable to unitholders</b>	<b>170,102</b>	<b>366,890</b>

# CEYBANK UNIT TRUST

## Statement of financial position

(all amounts in Sri Lanka Rupees thousands)

	30 September	
	2013	2012
<b>Assets</b>		
Cash and cash equivalents	(1,993)	942
Receivable on equity share sales	-	7,622
Dividend receivables	21,717	6,367
Financial assets held at fair value through profit or loss	4,724,818	5,142,820
Loans and receivables	214,539	170,076
Income tax receivable	17,235	14,999
<b>Total assets</b>	<b>4,976,316</b>	<b>5,342,826</b>
<b>Unit Holders' funds and Liabilities</b>		
<b>Liabilities</b>		
Payables	46,453	44,114
Amount payable on unit redemption	352	337
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>46,805</b>	<b>44,451</b>
<b>Net assets attributable to unitholders – liability</b>	<b>4,929,511</b>	<b>5,298,375</b>
<b>Total Unit Holders' Funds and Liabilities</b>	<b>4,976,316</b>	<b>5,342,826</b>

## Statement of changes in Unitholders' funds

(all amounts in Sri Lanka Rupees thousands)

	Year ended 30 September	
	2013	2012
<b>Unit holders' funds at beginning of year</b>	<b>4,666,384</b>	<b>4,567,924</b>
Decrease in net assets attributable to unit holders	170,102	366,890
Received on unit creations	117,267	379,553
Paid on unit redemptions	(24,242)	(15,992)
<b>Unitholders' funds at end of year</b>	<b>4,929,511</b>	<b>5,298,375</b>