

**CEYBANK UNIT TRUST FUND**  
**(INCOME & GROWTH)**

**ANNUAL REPORT**

**31 MARCH 2021**

**Managed By**





### **Investment Objective**

- To achieve a superior rate of return in the medium to long term, which includes reasonable capital appreciation and high income to commensurate with the level of risk.
- To compensate in the long term, for the increase in the general price levels.
- To achieve a consistent growth in the up market with reasonable downward protection in a down market.





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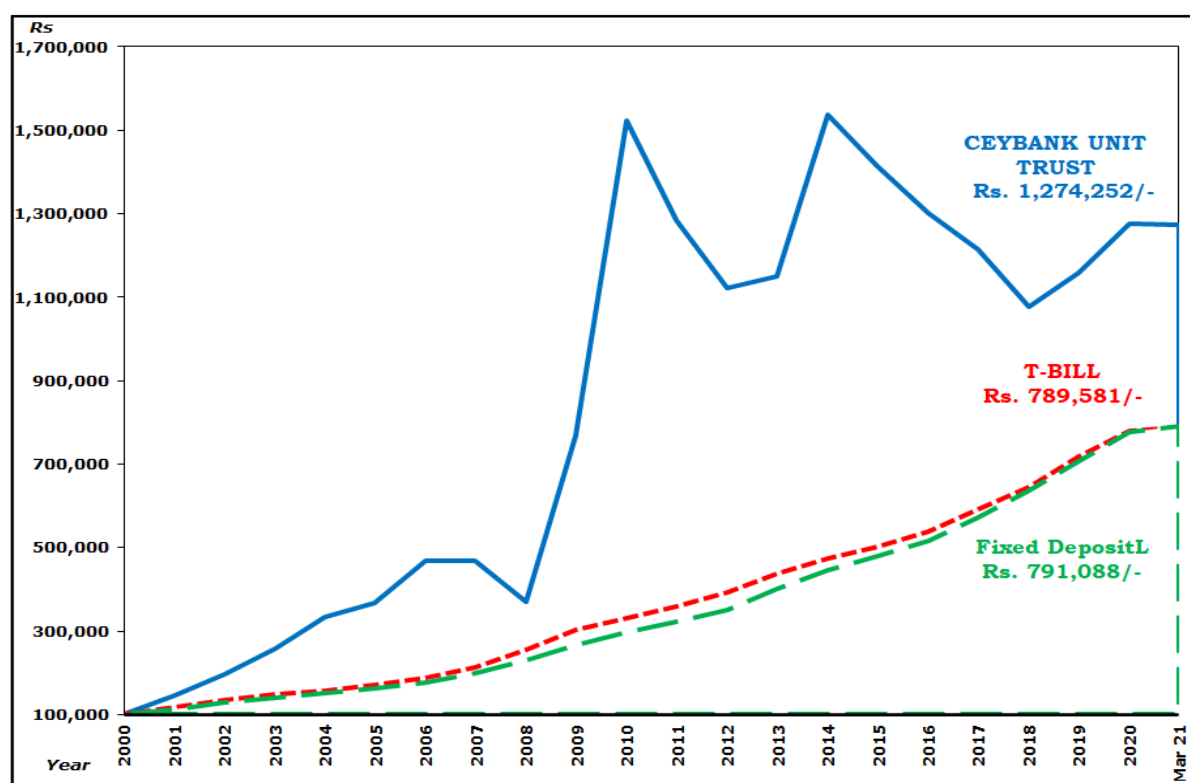
Management Team

Declaration by Trustee and Managing Company

“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.”

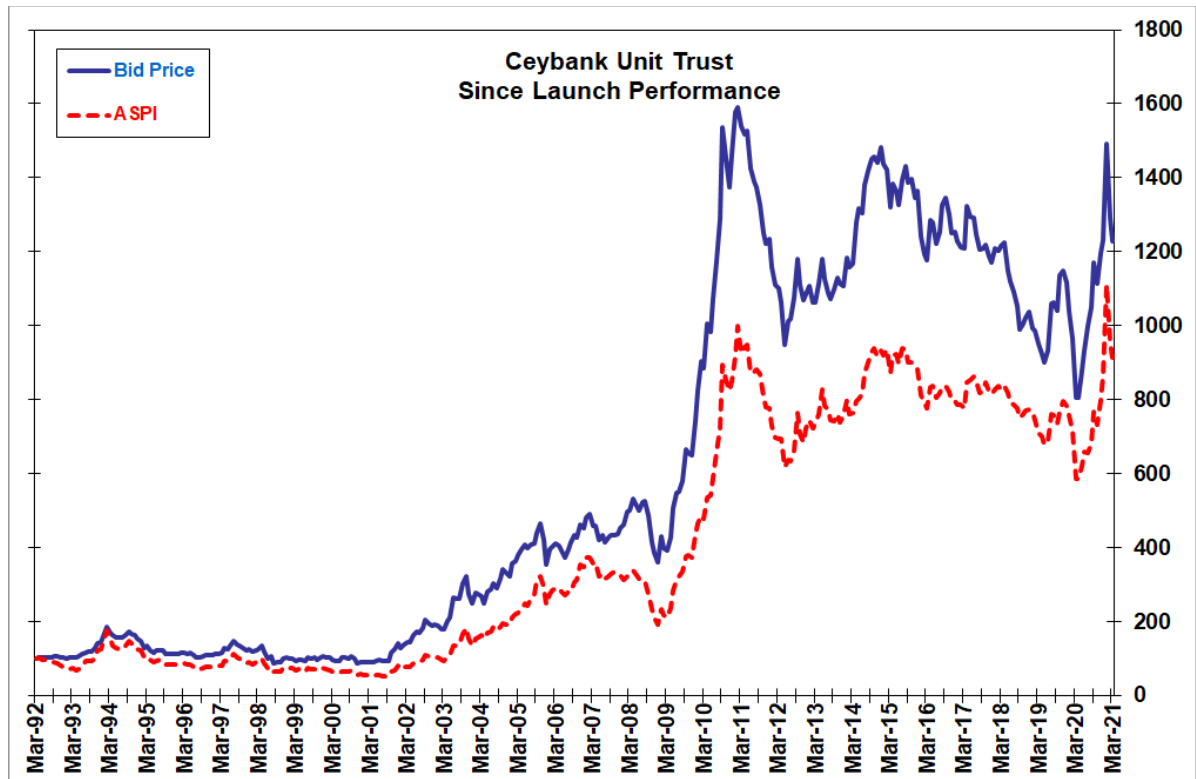


**The Growth in Value of Rs. 100,000/- invested in the Ceybank Unit Trust Fund  
(adjusted for dividends) Vs Treasury Bills & Fixed Deposits  
(For the period 29-12-2000 to 31-03-2021)**



\* Treasury Bill - 1 Year WAR  
Fixed Deposit - AWFDR

Y/E	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Dec																						Mar
CUT Value (Rs'000)	100	146	198	258	335	369	468	469	372	768	1,524	1,284	1,123	1,149	1,538	1,415	1,302	1,215	1,077	1,158	1,276	1,274



**CEYBANK UNIT TRUST FUND**  
**Annual Report & Accounts 2020/2021**  
**CORPORATE INFORMATION**  
(As at 31 March 2021)

**TRUSTEE**

National Savings Bank  
Savings House, 255, Galle Road  
Colombo 03

**FUND MANAGERS & REGISTRAR**

Ceybank Asset Management Ltd  
Reg. No PV 3326  
No 85, York Street, Colombo -1  
Tel : 011- 760 2000-2, Fax : 011- 2327203  
E.mail : info@ceybank.com  
Web: www.ceybank.com

**DIRECTORS OF THE  
MANAGEMENT COMPANY**

Mr. A.N. Fernando  
Chairman

Mr. I. Ferdinands  
CEO/Executive Director

Mr. G.A. Jayashantha  
(Nominee - Bank of Ceylon)

Mr. R. M. N. Jeewantha  
(Nominee - Bank of Ceylon)

Ms.V. Govindan  
(Nominee - Unit Trust of India)

Mr. A.D. Perera  
(Nominee - Sri Lanka Insurance)

**MEMBERS OF  
THE INVESTMENT ADVISORY PANEL**

Mr. Hari Selvanathan  
Deputy Chairman  
Carson Cumberbatch PLC

Mr. S N P Palihena  
Former General Manager  
Bank of Ceylon

**AUDITORS**  
SJMS Associates  
Chartered Accountants

**TAX CONSULTANTS**  
Ernst & Young  
Chartered Accountants

**BANKERS & CUSTODIAN**  
Bank of Ceylon

**LAWYERS**

F. J. & G. De Saram  
Attorneys –at-Law

Nithya Partners  
Attorneys –at-Law

# CEYBANK UNIT TRUST FUND

## Annual Report & Accounts 2020/2021

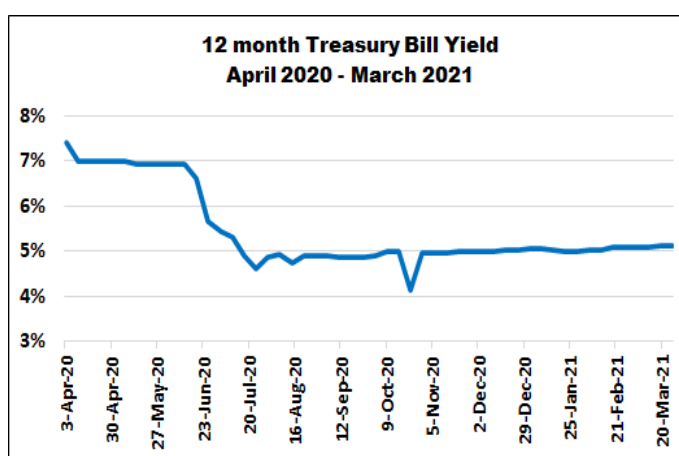
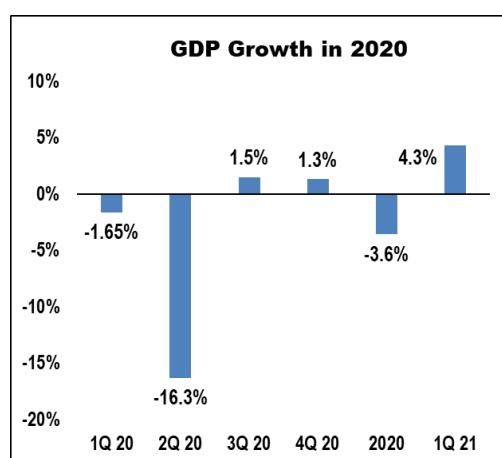
### REPORT OF THE MANAGER

We have great pleasure in presenting the Annual Report and Audited Accounts of Ceybank Unit Trust Fund for the year ended 31<sup>st</sup> March 2021.

The Stock market witnessed a bullish run during the period under review. The market indexes ended the year positively. The ASPI appreciated by 55.77% during the year and closed at 7,121.28 points on the 31<sup>st</sup> March 2021, an increase of 2549.65 points. The more liquid S&P SL 20 index improved by 46.35%, from 1,947.42 to 2,850.12 a growth of 902.70 points. During the same period, the Net Asset Value per unit of your Fund appreciated by 53.32% in line with the market. The net asset value per unit amounted to Rs 23.12 as at 31st March 2021.

### Economy

The Sri Lankan Economy contracted by 3.6% in 2020 as opposed to a growth of 2.3% in 2019 (base year=2010), amidst a global pandemic. Sector wise, Industry contracted 6.9%, Services by 1.5% and Agriculture by 2.4% in 2020. However, the economy witnessed a recovery in the first quarter of 2021 with a GDP growth of 4.3%. Annual Average Inflation measured by the CCPI (Base: 2013) which was at 4.8% in April 2020 hovered between 4.7%-4.8% till August 2020 and subsequently showed a decelerated trend by ending lower at 4% as at 31<sup>st</sup> March 2021.



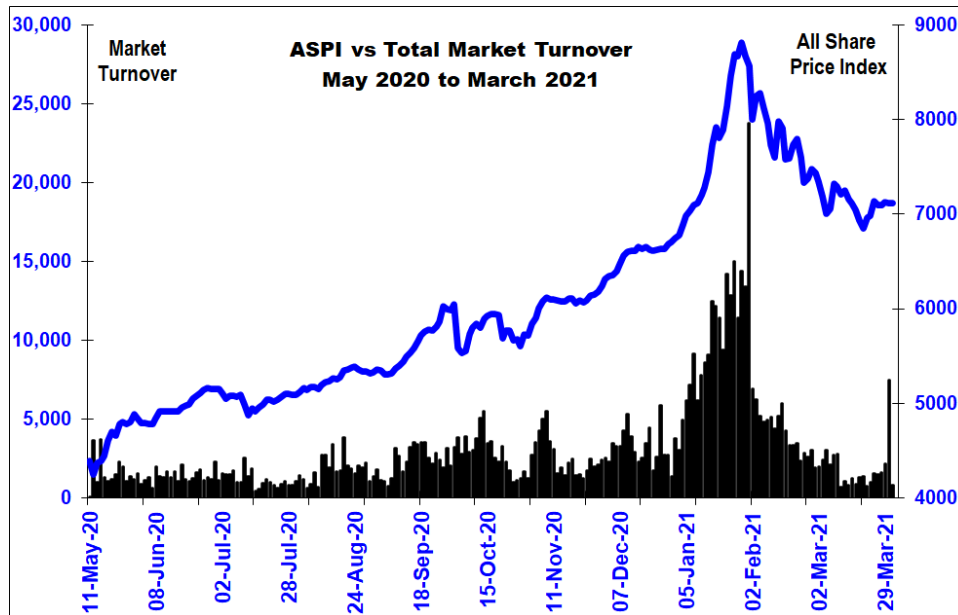
Interest rates decreased during the period. The benchmark 12month Treasury bill rate which was at 7.40% p.a. in April declined throughout the year to close 229 basis points lower at 5.11% p.a. by the end of March 2021. Yields on long term Treasury bonds also followed in tandem.

Overnight call money rates traded between 4.50% and 7.05% p.a. The exchange rate which was at 190.1563 (Rs/US\$) beginning April 2020, depreciated continuously to close weaker. The exchange rate was at 199.0377 (Rs/USD) as at 31<sup>st</sup> March 2021, down by 4.67% for the year.

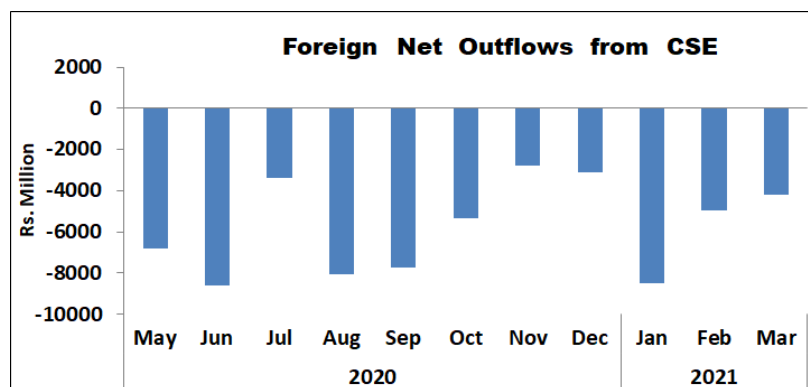
Central Bank key policy rates were changed three times during the year in April, May and July 2020. Effectively the Standing Deposit Facility Rate (SDFR) was reduced by 150bps (to 4.50%), Standing Lending Facility Rate (SLFR) was reduced by 150bps (to 5.50%) while the Statutory Reserve Requirement (SRR) for Commercial Banks was reduced by 200 bps (to 2.00%).

## Capital Market Performance

The Colombo Stock Market remained closed during the month of April 2020 owing to curfew imposed by the government to prevent the spread of COVID-19 pandemic and reopened on 20<sup>th</sup> May 2020. The ASPI plummeted after the market reopened in May 2020 and subsequently it witnessed a bullish run during the period, on the back of gradual easing of restrictions imposed during the COVID-19 crisis, surplus liquidity in the market coupled with low market interest rates. After recording the ASPI at its highest level of 8,812.01 points on 27<sup>th</sup> January 2021, the market recorded a bearish sentiment during the latter part of the period.



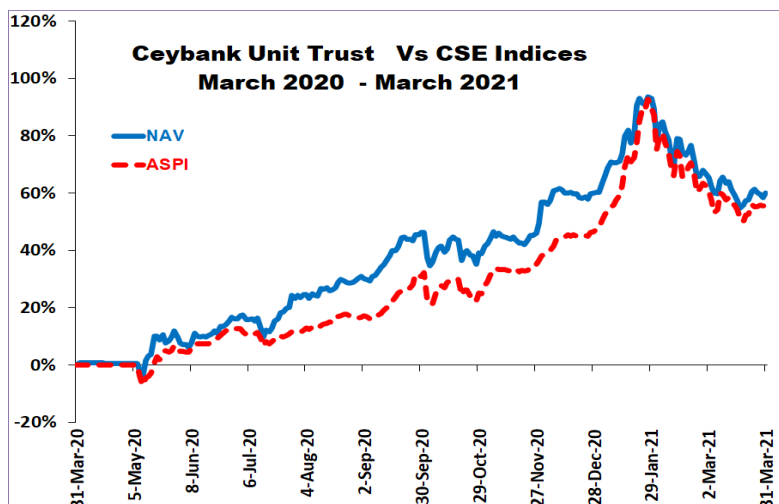
Despite the participation of local investors at a frenzied pace, foreign participation remained negative during the period by recording net foreign outflows due to spread of COVID-19 pandemic across the globe and the downgrading of Sri Lanka by rating agencies. The All Share Price Index closed at 7,121.28 as at 31<sup>st</sup> March 2021 recording an appreciation of 55.77% for the year under review.



Average daily turnover during the period was Rs 3,053.93 million.

## Fund Performance

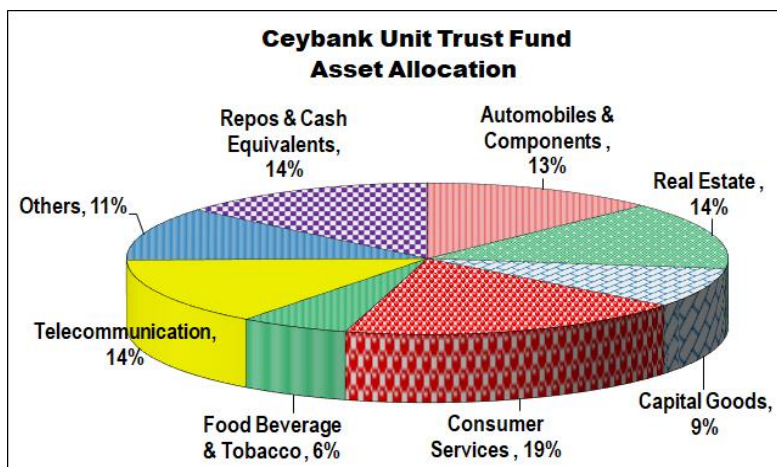
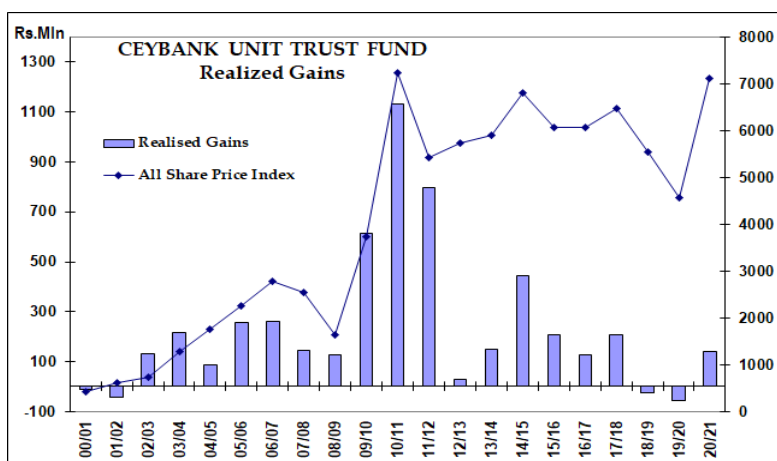
The ASPI appreciated by 55.77% and the S&P SL20 index by 46.35% during the period, while the Net Asset Value per unit of your Fund improved by 53.32%. The total net assets stood at Rs. 3,935 million as at 31<sup>st</sup> March 2021.



Interest income of the Fund increased from Rs 10.03 million to Rs 17.66 million growing by 76% during the period. Dividend income improved by 132% to Rs 88.77 million from Rs 38.33 million in the previous year.

The bullish market provided some opportunities for trading during the year. The Fund realized capital gains of Rs 148.01 million against the capital loss of Rs 57.14 million accounted the previous year from the sale of equity. The operating expenses dropped from Rs 90.70 million to Rs 79.61 million during the period.

The Net Asset Value of the portfolio grew to Rs 3,935 million as at 31<sup>st</sup> March 2021 from Rs 2,644 million in March 2020.



Your Fund investments are diversified widely across fundamentally strong stocks, with a medium to long term outlook, in Consumer services, Telecommunication, Real Estate, Automobiles & Components, Capital Goods and Food Beverage & Tobacco sectors as depicted in the chart.

## **Future Outlook**

The Covid 19 pandemic continues to spread widely across the globe bringing new challenges, affecting lives and livelihoods and ravaging economies. Sri Lanka's Annual GDP is expected to grow by around 2% in 2021 after contracting by 3.6% in 2020.

Sri Lanka has been challenged on many fronts, and has been trying different strategies to keep the economy on track. Government has increased the supply of money to the system in a bid to stimulate growth while moving into import substitution of some goods, to stem the flow of foreign exchange. Exports however have been affected considerably. The Apparel sector is still to see large orders. However, the continuation of GSP+ preferential taxes are on balance.

Efforts by the Tourism sector has not gained traction, despite new initiatives. The country's looming debt repayments for the next few years are concerns that need to be addressed. Increased export earnings and Foreign direct investments need to be actively encouraged to help manage the repayments and boost foreign reserves. The IT sector shows promise in this environment. The Port City could be the catalyst to attract FDIs.

The future outlook on growth will depend largely on how the external factors and Debt is managed and also how industries will transform to meet the new realities. Government stimulus to affected sectors will play an important role in the survival and recovery of these sectors.

The gradual increase in global crude oil prices is a concern for power generation. While there is growth in agriculture, the weather and transition to organic farming could have a greater impact on the sector and food production. Foreign debt repayments due in 2021 are expected to be met. However future repayments will remain a challenge.

Market interest rates could begin to edge up if inflationary pressure continues. The Government is likely to increase its borrowing program to repay earlier debt, and also spend on its proposed development programs of infrastructure and employment generation. Rates could rise slowly towards the second half of the year. The Managers will continue to monitor the changing environment to address any change required in the asset allocation in order to meet the Fund objective.

We expect selected sectors and Companies in the Equity market to recover slowly from the effects of the pandemic. We will continue to search for value in specific sectors and counters and make changes to the Fund portfolio based on the changing market environment.

## **Management**

We would like to thank our valued unit holders for the confidence placed in us. We are confident of providing a consistent return to the unit holders who remain in the Fund in the medium to long term. We also place on record our appreciation for the support and co-operation received from the Securities and Exchange Commission of Sri Lanka, Colombo Stock Exchange, the Trustee National Savings Bank and Custodian Bank of Ceylon.

Our sincere appreciation is also due to the stakeholders, the Chairman and Board of Directors and for their guidance. Our achievements would not have been possible without the skills and commitment of the Management Team. We thank them for their contribution and dedication throughout the year and look forward to their support in the future.

**SGD**

Kanchana Karannagoda

**Fund Manager**

27<sup>th</sup> July 2021



## **INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF CEYBANK UNIT TRUST FUND**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the financial statements of Ceybank Unit Trust Fund ("the Fund") which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in unit holders' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics), that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the manager's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Fund Management Company and the Trustee for the Financial Statements**

The Manager and the Trustee is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Manager and Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Manager and Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management and trustees either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and trustee.
- Conclude on the appropriateness of Manager's and Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of the Rule 27(3) of the Unit Trust Code of September 2011 issued by the Securities and Exchange Commission of Sri Lanka under the Act No. 36 of 1987 and the trust deed.

*SJMS Associates*

**SJMS ASSOCIATES**

Chartered Accountants

Colombo

27 July 2021





## Statement of comprehensive income

For the year ended 31 March 2021

(all amounts in Sri Lanka Rupees thousands)

	Note	2020/2021 Rs.	2019/2020 Rs.
<b>Investment income</b>			
Dividend income		88,773	38,336
Interest income	4	17,661	10,032
Net realized gain on financial assets held at fair value through profit or loss	5	148,018	(57,147)
Net change in unrealized gain / (loss) on financial assets held at fair value through profit or loss	8	1,233,874	(398,139)
Other income		-	-
<b>Total investment income / (expenses)</b>		<b>1,488,326</b>	<b>(406,917)</b>
<b>Expenses</b>			
Management fee		(58,579)	(55,298)
Trustee and custodian fee		(11,893)	(12,355)
Audit fee		(270)	(283)
Transaction cost		(8,253)	(1,931)
Impairment allowance for tax receivables		-	(20,786)
Other expenses		(616)	(55)
<b>Total operating expenses</b>		<b>(79,611)</b>	<b>(90,708)</b>
<b>Net operating profit / (loss) after deductions and before tax</b>		<b>1,408,714</b>	<b>(497,627)</b>
Income tax expense		-	-
<b>Profit / (loss) after tax</b>		<b>1,408,714</b>	<b>(497,627)</b>
Other comprehensive income / (loss)		-	-
<b>Total comprehensive income / (loss)</b>		<b>1,408,714</b>	<b>(497,627)</b>
<b>Increase / (decrease) in net assets attributable to unit holders</b>		<b>1,408,714</b>	<b>(497,627)</b>

The accounting policies and notes from 1 to 15 form an integral part of these financial statements.





## Statement of financial position

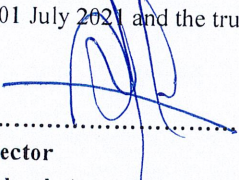
As at 31 March 2021

(all amounts in Sri Lanka Rupees thousands)

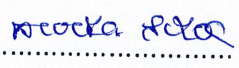
	Note	31.03.2021 Rs.	31.03.2020 Rs.
<b>Assets</b>			
Cash and cash equivalents	6	3,264	1,761
Other receivables	7	6,280	11,705
Financial assets - fair value through profit or loss	8	3,437,799	2,568,553
Financial assets measured at amortised cost	9	521,570	89,773
Tax receivable	10	-	-
<b>Total assets</b>		<b>3,968,913</b>	<b>2,671,792</b>
<b>Unit holders' funds and liabilities</b>			
<b>Liabilities</b>			
Payables			
Amount payable on unit redemption	11	33,788	27,304
		29	-
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<b>33,817</b>	<b>27,304</b>
<b>Unit holders' funds</b>			
<b>Net assets attributable to unit-holders</b>	12	<b>3,935,096</b>	<b>2,644,488</b>
<b>Total unit holders' funds and liabilities</b>		<b>3,968,913</b>	<b>2,671,792</b>

The fund management company and trustee are responsible for the preparation and presentation of these financial statements in accordance with the Sri Lanka Accounting Standards.

The financial statements comply with the requirements of the trust deed and were approved by the fund management company on 01 July 2021 and the trustees on 26 July 2021.

  
Director  
Ceybank Asset Management Ltd.

  
Director  
Ceybank Asset Management Ltd.

  
National Savings Bank - Trustee

Fund Management Company

Fund Management Company

The accounting policies and notes from 1 to 15 form an integral part of these financial statements.





**Statement of changes in unit-holders' funds**  
**For the year ended 31 March 2021**  
**(all amounts in Sri Lanka Rupees thousands)**

	Note	2020/2021 Rs.	2019/2020 Rs.
<b>Unit holders' funds at the beginning of year</b>		2,644,488	3,181,490
Increase in net assets attributable to unit holders		1,408,714	(497,627)
Received on unit creations	12	1,271	1,482
Distributions to unit-holders		-	-
Payments on unit redemptions	12	(119,377)	(40,858)
<b>Unit-holders' funds at the end of the year</b>		<b>3,935,096</b>	<b>2,644,488</b>

The accounting policies and notes from 1 to 15 form an integral part of these financial statements.





## Statement of cash flows

For the year ended 31 March 2021

(all amounts in Sri Lanka Rupees thousands)

	Note	2020/2021 Rs.	2019/2020 Rs.
<b><i>Cash flows from operating activities</i></b>			
Dividends received		95,798	64,564
Net interest received	4	15,060	9,799
Miscellaneous receipts		-	-
Management fees and trustee fees paid		(65,646)	(67,092)
Operating expenses paid		(8,263)	(2,444)
VAT and NBT paid		(616)	(1,128)
Investment in equity shares		(111,486)	(79,173)
Proceeds from sale of equity shares		625,624	93,810
Net investments in repurchase agreements	9	(200,155)	41,208
Net investments in commercial paper	9	(156,638)	(443)
Net investments in fixed deposits	9	(72,497)	(19,140)
Payment for share application		(1,600)	-
<b><i>Net cash inflows / (outflows) from operating activities</i></b>		<b>119,581</b>	<b>39,959</b>
<b><i>Cash flows from financing activities</i></b>			
Proceeds from issue of units	12	1,271	1,482
Payments on redemptions of units		(119,348)	(40,892)
Distribution paid		-	-
<b><i>Net cash inflows / (outflows) from financing activities</i></b>		<b>(118,077)</b>	<b>(39,410)</b>
<b><i>Net increase / (decrease) in cash and cash equivalents</i></b>		<b>1,504</b>	<b>549</b>
Cash and cash equivalents at the beginning of the year	6	1,761	1,212
Net increase / (decrease) in cash and cash equivalents		1,504	549
<b><i>Cash and cash equivalents at the end of the year</i></b>	6	<b>3,264</b>	<b>1,761</b>

The accounting policies and notes from 1 to 15 form an integral part of these financial statements.





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

**1. General information**

Ceybank Unit Trust Fund is an income and growth fund, which was launched in March 1992 by Ceybank Asset Management Ltd with the objective of providing capital growth in terms of appreciation of the unit price whilst striving to provide a regular stream of dividends to the investors possibly on an annual basis. The fund would be invested in a mix of equity and fixed income securities with a view to balancing the risk assumed by the unit holders by investing primarily in listed equity. The registered office of the Management company is located at 85, York Street, Colombo 1. The Trustee of the fund is National Savings Bank, No.255, Galle Road, Colombo 03.

**1.1 Date of authorization for issue**

The financial statements of the fund for the year ended 31 March 2021 were authorized for issue by the fund management company on 01 July 2021 and the trustee on 26 July 2021.

**2. Preparation of financial statements****2.1 Statement of compliance**

The financial statements of the fund, as at 31 March 2021 and for the year then ended, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS and LKAS), laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Unit Trust Code of the securities and exchange commission of Sri Lanka..

These financial statements include the following components:

- Statement Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Unit holders' Fund
- Statement of Cash Flows
- Notes to the financial statements comprising accounting policies and other explanatory information

**2.2 Basis of preparation**

The financial statements have been prepared on the historical cost basis except for the financial assets at fair value through profit or loss. Historical cost is generally the fair value of the consideration given in exchange of assets. The financial statements are presented in Sri Lankan rupees (LKR).

The statement of financial position is presented on a liquidity basis and assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

**2.3 Significant accounting judgments, estimates and assumptions**

The preparation of financial statements in conformity with SLFRSs requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the company's accounting policies, which are described below, the directors are required to make judgments and assumptions and use assumptions in measuring items reported in the financial statements. These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods as well, if the revision affects both current and future periods.





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

**2.3 Significant accounting judgments, estimates and assumptions - (Contd.)**

Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value.

Management uses its judgment in determining the appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Other financial instruments are valued using a discounted cash flow analysis based on the assumptions supported, where possible, by observable market prices or rates.

**Determination of fair value and fair value hierarchy**

The fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : Techniques which use inputs other than quoted prices included within level 1, that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 : Techniques which use inputs that are not based on observable market data.

**2.4 Summary of significant accounting policies**

Accounting policies set and below have been applied consistently to all periods presents in these statements.

**2.4.1 Financial instruments****(i) Recognition and initial measurement**

All financial assets are initially recognized on the date the fund becomes a party to the contractual provisions of the instrument. This includes purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

**(ii) Classification**

On initial recognition, a financial asset is classified as measured at: amortised cost or FVOCI. Financial assets are not reclassified subsequent to their initial recognition unless the fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

*A financial asset is measured at amortised cost if it meets both of the following conditions:*

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The fund's financial assets classified under amortised cost include Treasury bill under repurchase agreement and fixed deposits.

*A debt investment is measured at FVOCI if it meets both of the following conditions:*

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

## (iii) Subsequent measurement and gains and losses

<i>Financial assets at amortised cost</i>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
<i>Debt investments at FVOCI</i>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, and impairment are recognised in profit or loss. The changes in fair value of FVOCI debt instruments are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

## (iv) Impairment

**Credit impaired financial assets**

The fund recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The fund measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the fund is exposed to credit risk.

Credit - impaired financial assets at each reporting date, the fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data: –

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

As of the date of the statement of financial position the fund has not observed any of the above thus no impairment provision has been recognized in the financial statements.

**Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

**Write-offs**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

**2.4.2 Financial liabilities – Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss. Financial liabilities measured at amortised cost include accrued expenses and other payables.





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

**2.4.3 Derecognition****Financial assets**

The fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The fund enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

**Financial liabilities**

The fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any- cash assets transferred or liabilities or liabilities assumed) is recognised in profit or loss.

**2.4.4 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

**2.4.5 Cash and cash equivalents**

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in values.

**2.4.6 Payables and provisions**

Payables are initially recognized at fair value, which is the fair value of the consideration to be paid in the future for goods and service received, whether or not billed to the Trust, and subsequently at amortized cost.

Provisions are recognized when the fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

**2.4.7 Revenue recognition**

Revenue is recognized to the extent that it is probable that the future economic benefits will flow to the fund and the revenue can be reliably measured.

**Dividend income**

Income is recognized when the right to receive the dividend is established, normally being the ex-dividend date. Dividend income is recognized net of withholding tax, if any





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

**2.4.7 Revenue recognition (Contd...)**Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Interest income from treasury securities fixed income securities are recognized net of withholding tax or notional tax due to the changes in the new Inland Revenue Act. No.24 of 2017.

Unrealised gains / (losses) on financial assets held at fair value through profit or loss

Unrealised gains / (losses) on financial assets held at fair value through profit or loss includes all gains and losses arise from changes in fair value of financial assets held at fair value through profit or loss" as at the reporting date.

Realised gains / (losses) on financial assets held at fair value through profit or loss

Realised gains / (losses) on financial assets held at fair value through profit or loss includes results of buying and selling of quoted equity securities.

**2.4.8 Expenditure recognition**

All expenses including management fees and trustee fees are recognised in "profit or loss" on accrual basis.

The management participation fee of the fund is as follows:

Management fee -	1.65% p.a. of Net Asset Value of the Fund
Trustee fee -	0.25% p.a. of Net Asset Value of the Fund
Custodian fee -	0.085% p.a. of Net Asset Value of the Fund

**2.4.9 Taxation**

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of Inland Revenue Act.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The fund was liable to pay income tax at the rate of 10% in accordance with the Inland Revenue Act No.10 of 2006 for the period up to 31 March 2018 and thereafter, Unit Trusts that conduct eligible investment business are treated as pass through vehicles and tax will be payable by unitholders in accordance with the new Inland Revenue Act No. 24 of 2017. Hence the taxation has not been recognised for the current year and previous year.

**2.4.10 Unit holders' funds and net assets attributable to unit holders**

Unit holders funds has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unit holders, as at the reporting date.

Units can be issued and redeemed based on the fund's net asset value per unit, calculated by dividing the net assets of the fund calculated in accordance with the directives issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.

Dividend to unit holders is declared according to Explanatory Memorandum. Distribution to unit holders is recognized in the Statement of changes in unit-holders' funds. Income not distributed is included in net assets attributable to unit holders.





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

**3. Financial risk management****3.1 Financial risk management objectives, policies and processes**

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Fund is exposed to credit risk, market risk, and liquidity risk.

Financial instruments of the Fund comprise investments in repurchase agreements, commercial papers, fixed deposits and trading securities for the purpose of generating a return on the investment made by unit Holders, in addition to cash at bank, and other financial instruments such as other receivables and other payables, which arise directly from its operations.

The manager is responsible for identifying and controlling the risk that arise from these financial instruments. The Manager agrees policies for managing each of the risks identified below.

The risks are measured using a method that reflects the expected impact on the statement of profit or loss and other comprehensive income and Statement of Financial Position of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

The manager also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the Manager on a regular basis as deemed appropriate, including the Fund manager, other key management, Risk and Investment Committees, and ultimately the Trustees of the Fund.

Concentration of risk arises when a number of financial instruments or contracts are entered in to with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions.

**3.1.1 Market risk**

Market risk represents the risk that the value of the Fund's investments portfolios will fluctuate as a result of changes in market prices.

This risk is managed by ensuring that all investment activities are undertaken in accordance with established mandate limits and investments strategies. As such, unit holders can manage this risk through their choices of which investment portfolios to participate in.

The Fund uses a range of different Fund managers for investment assets. Where a Unit Holder is invested in more than one investment portfolio, this reduces the impact of a particular manager underperforming. Within the underlying investment portfolio, diversification is achieved at a number of levels. The diversified portfolios are invested across a range of investment sectors. Within each sector of the diversified portfolios, the Fund managers invest in a variety of securities.





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousand unless otherwise stated)

## 3.1.2 Price risk

Price risk is the risk that the fair value of the fund's investment in trading securities will fluctuate as a result of changes in the price of the fund's investments in trading securities. Price risk exposure arises from the fund's investment portfolios.

The table below shows the impact on the statement of comprehensive income and statement of financial position due to a reasonably possible change in the price of the fund's investment in trading securities in note 8, with all other variables held constant:

	31-Mar-21		31-Mar-20	
	Increases/ (decreases) on profit before tax	Increases/ (decreases) on amounts attributable to unit holders	Increases/ (decreases) on profit before tax	Increases/ (decreases) on amounts attributable to unit holders
	Rs.	Rs.	Rs.	Rs.
Change in price of the Fund's investment in trading securities existing as of reporting date:				
+ 10%	343,780	343,780	256,855	256,855
- 10%	(343,780)	(343,780)	(256,855)	(256,855)

## 3.1.3 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis. However, due to the short term nature of the instruments of repurchase agreements and trust certificates it is reasonably expected that the fluctuation in interest rate will not materially impact the net assets value of the Fund. The table below summarises the Fund's exposure to interest rate risks.

	Floating interest rate	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
<b>As at 31.03.2021</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	-	3,264	3,264
Financial assets measured at amortised cost	-	521,570	-	521,570
Financial assets - held at fair value through profit or loss	-	-	3,437,799	3,437,799
Other receivables	-	-	6,280	6,280
<b>Total exposure</b>	-	<b>521,570</b>	<b>3,447,343</b>	<b>3,968,913</b>
<b>As at 31.03.2020</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	-	1,761	1,761
Financial assets measured at amortised cost	-	89,773	-	89,773
Financial assets - held at fair value through profit or loss	-	-	2,568,553	2,568,553
Other receivables	-	-	11,705	11,705
<b>Total exposure</b>	-	<b>89,773</b>	<b>2,582,019</b>	<b>2,671,792</b>





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

**3.1.4 Credit risk**

Credit risk is the risk that the counterparty to the financial statement will fail to discharge an obligation and cause the Fund to incur a financial loss.

The Fund's exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as detailed below. It is the Fund's policy to enter into financial instruments with reputable counterparties.

The details are as follows:

**(i) Debt securities**

The fund invests in debt securities which have an investment grade categorization as rated by Fitch. An analysis of debt by rating is set out in the table below.

	31.03.2021	31.03.2020
	Rs.	Rs.
<b>Repurchase agreements</b>		
<b>Rating</b>		
Risk free	216,551	16,214
<b>Commercial papers</b>		
<b>Rating</b>		
BBB- (ICRA)	26,497	-
BBB+ (ICRA)	76,093	20,717
A (ICRA)	77,109	-
<b>Fixed Deposits</b>		
BBB- (ICRA)	100,282	-
AA-	25,038	21,077
A+	-	10,758
BBB	-	21,006
<b>Total</b>	<b>521,570</b>	<b>89,774</b>

**(ii) Cash and cash equivalents**

The exposure to credit risk for cash and cash equivalents is low as all counter-parties have a rating of AA+ as determined by the Fitch Rating agency.

In accordance with the fund's policy, the investment manager monitors the fund's credit position on a daily basis.

**3.1.5 Liquidity risk**

Liquidity risk is the risk that the fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The fund is exposed to daily cash redemptions of redeemable units. It therefore, primarily holds investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange.

Units are redeemed on demand at the unit holder's option. However, the Board of Directors do not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

**3.1.5 Liquidity risk - (Contd..)**

The table below analyses the fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month Rs.	1-6 months Rs.	6-12 months Rs.	Total Rs.
<b>As at 31.03.2021</b>				
Payables	22,239	270	11,279	33,788
Amount payable on unit redemption	29	-	-	29
<b>Contractual cash flows</b>	<b>22,268</b>	<b>270</b>	<b>11,279</b>	<b>33,817</b>
<b>As at 31.03.2020</b>				
Payables	16,025	283	10,996	27,304
Amount payable on unit redemption	-	-	-	-
<b>Contractual cash flows</b>	<b>16,025</b>	<b>283</b>	<b>10,996</b>	<b>27,304</b>

**3.1.6 Capital risk management**

The Fund considers its net assets attributable to Unit Holders as capital, notwithstanding net assets attributable to Unit Holders are classified as a liability. The amount of net assets attributable to Unit Holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of Unit Holders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company. Under the terms of the Unit Trust Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of unitholders.

Following being the disclosures of Unit Holders' Funds;

The movement in the Unit Holder's Funds as at 31 March 2021

**i In terms of value**

Unit Holders' Funds as at 01 April 2020	2,644,488
Decrease in net assets attributable to unit holders	1,408,714
Received on unit creations	1,271
Distributions to unit-holders	-
Payments on unit redemptions	(119,377)
<b>Unit-holders' funds at the end of the year</b>	<b>3,935,095</b>

**In terms of No of units**

<b>ii</b> Opening no of units as at 01 April 2020	175,377,256
Closing no of units as at 31 March 2021	170,174,326





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

**3.2 Fair value estimation**

The carrying amounts of the fund's assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value including any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are added to the value of the asset or liability. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognized in profit or loss.

**(i) Fair value in an active market**

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The fund values its investments in accordance with the accounting policies set out in note 2.4.1 For the majority of its investments, the fund relies on information provided by independent pricing services for the valuation of its investments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

**(ii) Fair value in an inactive or unquoted market**

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the fund for similar financial instruments.





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

## 3.3 Fair value hierarchy

## (i) Classification of financial assets and financial liabilities

The fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the responsible entity. The responsible entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The tables below set out the trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 March 2020.

As at 31 March 2021	Level 1	Level 2	Level 3	Total
<i>Financial assets fair value through profit or loss</i>				
- Equity shares	3,437,799	-	-	3,437,799
<b>Total</b>	<b>3,437,799</b>	<b>-</b>	<b>-</b>	<b>3,437,799</b>

As at 31 March 2020	Level 1	Level 2	Level 3	Total
<i>Financial assets fair value through profit or loss</i>				
- Equity shares	2,568,553	-	-	2,568,553
<b>Total</b>	<b>2,568,553</b>	<b>-</b>	<b>-</b>	<b>2,568,553</b>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, certain unlisted unit trusts, exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include corporate debt securities and certain unlisted investments. As observable prices are not available for these securities, the responsible entity has used valuation techniques to derive fair value.





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

	2021	2020
<b>4. Interest income</b>		
Interest on repurchase agreements	6,255	3,487
Interest Income on bank (call) deposits	2,054	3,670
Interest on commercial papers	9,351	3,074
WHT on interest income	-	(199)
	<b>17,661</b>	<b>10,032</b>
<b>5. Net realized gain on financial assets held at fair value through profit or loss</b>		
Proceeds on sale of investments	625,624	93,540
Average cost of investments sold	(477,606)	(150,686)
	<b>148,018</b>	<b>(57,147)</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
<b>6. Cash and cash equivalents</b>		
Cash at bank - Bank of Ceylon	3,264	1,761
	<b>3,264</b>	<b>1,761</b>
<b>6.1</b>	Bank of Ceylon is the custodian of Ceybank Unit Trust Fund.	
<b>7. Other receivables</b>		
Dividend receivables	4,680	11,705
Share application receivables	1,600	-
	<b>6,280</b>	<b>11,705</b>



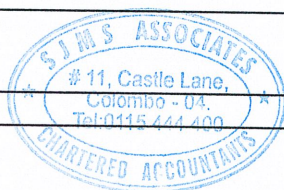


## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

	31.03.2021	31.03.2020
<b>8. Financial assets - fair value through profit or loss</b>		
<b>Held for trading</b>		
Investment in equity shares (note 8 (a))	3,437,799	2,568,553
	<b>3,437,799</b>	<b>2,568,553</b>
<b>a) Investment in equity shares</b>		
<b>31 March 2021</b>		<b>Percentage</b>
<b>Company</b>	<b>No. of shares</b>	<b>of total net assets</b>
<b>Banks</b>		
Pan Asia Banking Corporation Limited	126,284	1,768 0.04%
Commercial Bank of Ceylon PLC	407,444	34,836 0.89%
Union Bank Of Colombo PLC	25,226	262 0.01%
Seylan Bank Limited	250,935	10,840 0.28%
Sampath Bank Limited.	228,000	12,266 0.31%
Nations Trust Bank PLC	34,192	1,891 0.05%
Sanasa Development Bank	212,034	12,044 0.31%
	<b>73,908</b>	<b>1.88%</b>
<b>Food Beverages and Tobacco</b>		
Kahawatte Plantations Ltd	1,205,908	45,222 1.15%
Kelani Valley Plantations Limited	6,504,568	187,982 4.78%
Lucky Lanka Milk Processing Company PLC	1,800,000	1,440 0%
	<b>234,644</b>	<b>5.96%</b>
<b>Capital Goods</b>		
John Keells Holdings Limited	77,595	11,523 0.29%
Central Industries PLC	46,436	4,783 0.12%
Softlogic Holdings PLC	48,751	575 0.01%
Vallibel One PLC	6,204,322	292,224 7.43%
Lanka Walltiles PLC	84,689	15,964 0.41%
Access Engineering PLC	681,090	15,052 0.38%
	<b>340,121</b>	<b>8.64%</b>
<b>Diversified Holdings</b>		
Merchant Bank of Sri Lanka	11,798,960	82,593 2.10%
Peoples Leasing & Finance PLC	3,235	38 0.00%
Adam Investments PLC	3,859,024	772 0.02%
	<b>83,403</b>	<b>2.12%</b>
<b>Transportation</b>		
Expo Lanka Holdings PLC	373,335	16,688 0.42%
	<b>16,688</b>	<b>0.42%</b>
<b>Consumer Durables and Apparel</b>		
Tee jay Lanka PLC	45,600	1,824 0.05%
	<b>1,824</b>	<b>0.05%</b>
<b>Automobiles and Components</b>		
Kelani Tyres Ltd	6,473,917	504,966 12.83%
	<b>504,966</b>	<b>12.83%</b>





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

## a) Investment in equity shares (Continued)

As at 31.03.2021	No. of shares	Market value	Percentage of total net assets
<b>Health Care Equipment and Services</b>			
The Lanka Hospitals Corporation PLC	3,014,475	131,130	3.33%
		<b>131,130</b>	<b>3.33%</b>
<b>Consumer Services</b>			
The Kingsbury PLC	16,794,100	100,765	2.56%
Trans Asia Hotels Limited	5,457,879	305,095	7.75%
Asian Hotels & Properties PLC	8,978,984	335,814	8.53%
Amaya Leisure PLC	36,680	653	0.02%
Aitken Spence Hotel Holdings PLC	195,848	5,915	0.15%
Hotel Developers	667,900	-	
		<b>748,242</b>	<b>19.01%</b>
<b>Real Estate</b>			
C T Land Development PLC	1,667	45	0.00%
Equity Two Ltd	2,279,187	123,532	3.14%
Colombo Land & Development Company PLC	18,895,734	453,498	11.52%
		<b>577,075</b>	<b>14.66%</b>
<b>Materials</b>			
Tokyo Cement Co. (Lanka) Limited-Non Voting	142,400	8,629	0.22%
Tokyo Cement Co. (Lanka) Limited	65,105	4,343	0.11%
Alumex PLC	344,413	3,720	0.09%
Piramal Glass Ceylon PLC	391,523	4,346	0.11%
		<b>21,038</b>	<b>0.53%</b>
<b>Utilities</b>			
LVL Energy Fund Limited	1,116,653	10,832	0.28%
Laughs Power Ltd	122,600	1,079	0.03%
Laughs Power Ltd - Non voting	12,175	75	0.00%
		<b>11,986</b>	<b>0.30%</b>
<b>Energy</b>			
Laughs Gas PLC (Non voting)	12,175	189	0.00%
Laughs Gas PLC	122,600	2,660	0.07%
Lanka IOC PLC	6,025,833	114,491	2.91%
		<b>117,340</b>	<b>2.98%</b>
<b>Telecommunication Services</b>			
Dialog Axiata PLC	723,769	9,409	0.24%
Sri Lanka Telecom PLC	17,309,741	566,029	14.38%
		<b>575,438</b>	<b>14.62%</b>
<b>Total</b>		<b>3,437,799</b>	<b>87.36%</b>





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

## b) Investment in equity shares

As at 31.03.2020	No. of shares	Market value	Percentage of total net assets
<b>Banks</b>			
Pan Asia Banking Corporation Limited	126,284	1,023	0.04%
Commercial Bank of Ceylon PLC	120,679	7,253	0.27%
Union Bank Of Colombo PLC	25,226	204	0.01%
Seylan Bank Limited	32,825	725	0.03%
Sampath Bank Limited.	684	81	0.00%
Nations Trust Bank PLC	4,192	265	0.01%
		<b>9,552</b>	<b>0.36%</b>
<b>Food Beverages and Tobacco</b>			
Kahawatte Plantations Ltd	6,833,907	243,970	9.23%
Kelani Valley Plantations Limited	2,219,852	177,588	6.72%
Lucky Lanka Milk Processing Company PLC	1,800,000	1,440	0.05%
		<b>422,999</b>	<b>16.00%</b>
<b>Capital Goods</b>			
Softlogic Holdings PLC	48,751	600	0.02%
Vallibel One PLC	15,812,879	189,755	7.18%
John Keells Holdings Limited	12,595	1,453	0.05%
Lanka Walltiles PLC	84,689	3,481	0.13%
Royal Ceramics Lanka Ltd	22,809	1,275	0.05%
Access Engineering PLC	247,962	3,273	0.12%
		<b>199,836</b>	<b>7.56%</b>
<b>Diversified Holdings</b>			
Adam Investments Limited	3,859,024	772	0.03%
Peoples Leasing Company PLC	3,090	38	0.00%
Merchant Bank of Sri Lanka and finance PLC	11,798,960	66,074	2.50%
		<b>66,884</b>	<b>2.53%</b>
<b>Transportation</b>			
Expolanka Holdings PLC	373,335	747	0.03%
		<b>747</b>	<b>0.03%</b>
<b>Consumer Durables and Apparel</b>			
Teejay Lanka PLC	35,600	829	0.03%
		<b>829</b>	<b>0.03%</b>
<b>Automobiles and Components</b>			
Kelani Tyres Ltd	7,942,453	262,895	9.94%
		<b>262,895</b>	<b>9.94%</b>





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

## b) Investment in equity shares (Continued)

As at 31.03.2020	No. of shares	Market value	Percentage of total net assets
<b>Health Care Equipment and Services</b>			
The Lanka Hospitals Corporation PLC	3,009,379	82,758	3.13%
		<b>82,758</b>	<b>3.13%</b>
<b>Consumer Services</b>			
The Kingsbury PLC	8,397,050	73,054	2.76%
Trans Asia Hotels Limited	5,455,029	307,118	11.61%
Asian Hotels & Properties PLC	8,968,103	260,075	9.83%
Amaya Leisure PLC	18,340	459	0.02%
Aitken Spence Hotel Holdings PLC	195,848	2,957	0.11%
		<b>643,663</b>	<b>24.34%</b>
<b>Real Estate</b>			
C T Land Development PLC	1,667	34	0.00%
Equity Two Ltd	2,279,187	103,247	3.90%
Colombo Land & Development Company PLC	18,722,420	256,497	9.70%
		<b>359,778</b>	<b>13.60%</b>
<b>Materials</b>			
Tokyo Cement Co. (Lanka) Limited-Non Voting	14,400	288	0.01%
Tokyo Cement Co. (Lanka) Limited	3,105	70	0.00%
		<b>358</b>	<b>0.01%</b>
<b>Utilities</b>			
Lvl Energy Fund Limited	1,116,653	4,690	0.18%
Laughs Power Ltd- Non Voting	12,175	19	0.00%
Laughs Gas PLC	122,600	1,116	0.04%
		<b>5,825</b>	<b>0.22%</b>
<b>Energy</b>			
Laughs Gas PLC(non Voting)	12,175	78	0.00%
Lanka IOC PLC	6,038,103	95,402	3.61%
Laughs Power Ltd	122,600	294	0.01%
		<b>95,774</b>	<b>3.62%</b>
<b>Telecommunication Services</b>			
Dialog Axiata PLC	623,769	5,302	0.20%
Sri Lanka Telecom PLC	18,697,853	411,353	15.56%
		<b>416,655</b>	<b>15.76%</b>
<b>Total</b>		<b>2,568,553</b>	<b>97.13%</b>

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in note 3.





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

	31.03.2021	31.03.2020			
<b>b) Net change in unrealised gain/ (loss) on financial assets</b>					
Cost of investment in equity shares	4,141,641	4,477,554			
Market value of investment in equity shares	3,437,799	(2,568,828)			
Net change in unrealised gain/ (loss) on investment in equity shares - B/F	(1,937,820)	(1,510,599)			
Net change in unrealised gain/ (loss) on investment in equity shares	(1,233,978)	398,129			
Net change in unrealised gain/ (loss) on investment in commercial paper	104	10			
	<b>(1,233,874)</b>	<b>398,139</b>			
<b>9. Financial assets measured at amortised cost</b>					
Repurchase agreements (note 09 (a))	216,551	16,214			
Commercial papers (note 09 (b))	179,699	20,717			
Fixed deposits (note 09 (c))	125,320	52,842			
	<b>521,570</b>	<b>89,773</b>			
<b>a) Investments in repurchase agreements</b>					
<b>31.03.2021</b>	<b>Yield</b>	<b>Investment date</b>	<b>Maturity date</b>	<b>Cost</b>	<b>Carrying Value</b>
Wealth Trust Securities Ltd	4.65%	22-Mar-21	05-Apr-21	36,349	36,396
Union Bank Of Colombo	4.70%	24-Mar-21	07-Apr-21	107,475	107,585
Wealth Trust Securities Ltd	4.60%	26-Mar-21	05-Apr-21	19,500	19,515
Acuity Securities Ltd	4.75%	30-Mar-21	20-Apr-21	53,041	53,055
				<b>216,365</b>	<b>216,551</b>
<b>31.03.2020</b>	<b>Yield</b>	<b>Investment date</b>	<b>Maturity date</b>	<b>Cost</b>	<b>Carrying value</b>
First Capital Treasures	6.60%	31-Mar-20	09-Apr-20	8,282	8,283
Union Bank of Colombo	7.00%	31-Mar-20	09-Apr-20	7,929	7,930
				<b>16,211</b>	<b>16,214</b>
<b>b) Investment in commercial papers</b>					
<b>31.03.2021</b>	<b>Yield</b>	<b>Investment date</b>	<b>Maturity date</b>	<b>Cost</b>	<b>Carrying value</b>
Janashakthi Ltd	10.60%	08-Oct-20	08-Apr-21	25,226	26,497
Softlogic Holdings PLC	9.50%	01-Feb-21	03-May-21	25,388	25,761
Softlogic Holdings PLC	9.50%	05-Feb-21	06-May-21	24,719	25,056
Softlogic Holdings PLC	9.50%	15-Feb-21	17-May-21	25,000	25,275
LOLC	6.50%	18-Feb-21	17-May-21	25,938	26,118
LOLC	6.25%	08-Mar-21	08-Jun-21	50,810	50,991
				<b>177,081</b>	<b>179,699</b>
<b>31.03.2020</b>	<b>Yield</b>	<b>Investment date</b>	<b>Maturity date</b>	<b>Cost</b>	<b>Carrying value</b>
Softlogic Holdings PLC	14.50%	26-Feb-20	26-May-20	20,443	20,717
				<b>20,443</b>	<b>20,717</b>





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

## c) Investment in fixed deposits

As at 31.03.2021	Yield	Investment date	Maturity date	Cost	Carrying value
Sanasa Development Bank	5.15%	12-Mar-21	01-Apr-21	100,000	100,282
Richard Pieris Finance Ltd	5.51%	22-Mar-21	22-Sep-21	25,000	25,038
				<b>125,000</b>	<b>125,320</b>

As at 31.03.2020	Yield	Investment date	Maturity date	Cost	Carrying value
Seylan Bank	8.50%	24-Feb-20	24-May-20	10,666	10,758
Richard Pieris Finance (Ltd)	9.34%	29-Feb-20	29-May-20	20,906	21,077
Singer Finance (PLC)	8.84%	17-Mar-20	17-Apr-20	20,930	21,006
				<b>52,503</b>	<b>52,842</b>

Fair value of financial instruments carried at amortised cost are approximate to their carrying value due to short term maturity.

	31.03.2021	31.03.2020
<b>10. Tax receivable</b>		
Tax receivable	20,786	20,786
Impairment allowance for tax receivables	(20,786)	(20,786)
	-	-

	31.03.2021	31.03.2020
<b>11. Payables</b>		
Management fee, trust fee and custodian fee	20,851	16,025
Other payables	11,272	10,989
Audit fee payable	270	283
Unclaimed redemptions	8	8
Payable on equity share purchases	1,388	-
	<b>33,788</b>	<b>27,304</b>

**12. Net assets attributable to unit holders**

Movements in the number of units and net assets attributable to unit holders during the year were as follows:

	31.03.2021		31.03.2020	
	Units	LKR	Units	LKR
Opening capital balance	175,377,256	2,644,488	177,511,596	3,181,490
Applications	63,221	1,271	77,265	1,482
Redemptions	(5,266,151)	(119,377)	(2,211,605)	(40,858)
Distributions to unit-holders	-	-	-	-
Increase in net assets attributable to unit holders	-	1,408,714	-	(497,627)
<b>Closing balance</b>	<b>170,174,326</b>	<b>3,935,096</b>	<b>175,377,256</b>	<b>2,644,488</b>

	31.03.2021	31.03.2020
Net assets attributable to unit holders	3,935,096	2,644,488
	<b>3,935,096</b>	<b>2,644,488</b>





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

**Distributions to unit-holders**

Distributions during the year,

	2020/21		2019/20	
	No of Units	Rs '000	No of Units	Rs '000
Distributions	-	-	-	-

As stipulated within the trust-deed, each unit represents a right to an individual share in the trust and does not extend to a right to the underlying assets of the trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the trust.

The creation price was at LKR 24.46 per unit (31 March 2020- LKR 16.08) and the redemption price was at LKR 22.96 per unit (31 March 2020- LKR 15.07) as at 31 March 2021.

**12.1 Reconciliation between the net asset value as per financial statements and the published net asset value.**

	31.03.2021 LKR '000
Published net asset value	3,936,620
Being recording of audit fee adjustment entry for the year	(270)
Adjustment to divided income	(1,254)
Net asset value as per financial statements	<u>3,935,096</u>

**13. Related party transactions**

The following have been identified as related parties to Ceybank Unit Trust Fund in accordance with LKAS 24 - Related Party Disclosures.

**a) Management entity**

The management entity of Ceybank Unit Trust is Ceybank Asset Management Limited.

**b) Key management personnel****i) Directors**

Key management personnel includes persons who are directors of Ceybank Asset Management Limited at any time during the financial year.

- Mr. N.A. Fernando- Chairman
- Mr. Ruwan Kumara- Acting Chairman
- Mr. I.C.C. Ferdinands - Acting CEO
- Ms. Vasantha Govindan
- Mr. S. Paravithana
- Mr. G.A. Jayashantha
- Mr. R.M.N. Jeewantha
- Mr. A.D. Perera
- Mr. Chitra Sathkumara
- Mr. Palitha Pelpola
- Mr. K.A. Vimalenthirarajah





## Notes to the financial statements

For the year ended 31 March 2021

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

## ii) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial year.

## c) Key management personnel unit holdings

The key management personnel of Ceybank Asset Management Ltd held units in the fund as follows.

	No. of units held opening	No. of units held closing	Fair value of investment Rs.'000	Distribution paid by the fund Rs.'000
31 March 2021	9,522	922	21	-
31 March 2020	8,459	9,522	144	-

## d) Key management personnel compensation

Key management personnel are paid by Ceybank Asset Management Limited. Payments made from the fund to Ceybank Asset Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

## e) Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the trust during the financial year and there were no material contracts involving key management personnel's interest existing at year end.

## f) Related party unit holding

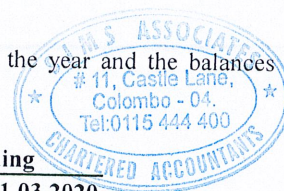
The management company of Ceybank Unit Trust held units in the fund as follows:

31 March 2021	No. of units held opening	No. of units held closing	Fair value of investment Rs.'000	Transaction value during the year Rs.'000	Distribution paid by the fund Rs.'000
Ceybank Asset Management Ltd	6,007,535	6,007,535	137,933	-	-

## g) Transactions with and amounts due to related parties

The fees charged by the management company and trustee for services provided during the year and the balances outstanding from such dues as at year end are as disclosed below:

	Charge for the year		Balance outstanding	
	2021	2020	31.03.2021	31.03.2020
Management fees	(58,579)	(55,298)	20,851	16,025
Trustee/custodian fees	(11,893)	(12,355)		
	<b>(70,473)</b>	<b>(67,653)</b>	<b>20,851</b>	<b>16,025</b>



## 14. Contingent assets and liabilities and commitments

There were no significant commitments and/or contingent liabilities existing as at the reporting date which require adjustments to or disclosures in the financial statements.

## 15. Events occurring after the reporting period

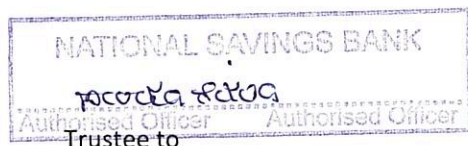
No significant events have occurred after the reporting period which require adjustments to or disclosures in the financial statements.

**DECLARATION BY  
TRUSTEES AND MANAGING COMPANY**

Declaration by Trustees and Management Company as per SEC circular No 02/2009 on Guidelines for Trustees and Management Companies of Unit Trust Funds.

National Savings Bank the Trustee and Ceybank Asset Management Ltd the Managers of Ceybank Unit Trust Funds hereby declare that;

1. The requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been complied with during the year.
2. The transactions were and will be carried out at arm's length basis and on terms which are best available for the Fund, as well as act, at all times, in the best interest of the fund's unit holders.



Ceybank Unit Trust Funds

A handwritten signature in black ink.

General Manager/Compliance Officer  
Ceybank Asset Management Ltd



CEYBANK UNIT TRUST FUND  
Annual Report & Accounts 2020/2021  
**MANAGEMENT TEAM**  
(As at 31 March 2021)

**CEYBANK ASSET MANAGEMENT LTD**

**MANAGEMENT TEAM**

**CEO / EXECUTIVE DIRECTOR**

Ian Ferdinands  
Chartered Marketer  
Certified e Marketer  
MBA(Finance)

**General Manager**

Ravindra Hettiarachchi  
Chartered Finalist (ICASL)  
B.Sc (Mgt) Sp. Hons  
MBA

**Accountant**

Vimukthi Thalpavila  
Chartered Finalist (ICASL)  
B.Sc. Accounting (Sp.)  
DISSCA (ICASL)

**Fund Manager**

Kanchana Karannagoda  
B.Sc. B. Admin. Sp. (Finance) Hons  
CIMA,CGMA

**Marketing Manager**

Kumudu Kekirideniya  
Dip.in Marketing (UK),  
MICM (UK)

**Registrar**

Pamudi Kariyawasam

**Manager - IT**

Sameera Fernando





Managers of the Ceybank Unit Trust Fund's

No 85, York Street, Colombo -1

Tel : 011- 760 2000-2, Fax : 011- 2327203 E.mail : [info@ceybank.com](mailto:info@ceybank.com) Web: [www.ceybank.com](http://www.ceybank.com)