

# INTERIM REPORT

30 SEPTEMBER 2019

## CEYBANK UNIT TRUST FUND

(Income & Growth)



Managed By



## Ceybank Unit Trust Fund

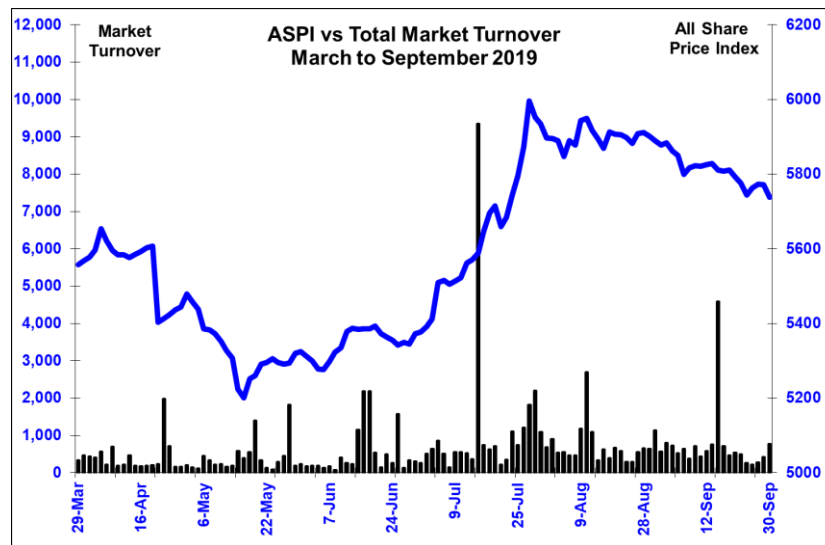
### Manager's half yearly report for the period ended 30<sup>th</sup> September 2019

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 2019.

The stock market dropped initially, before recovering to close higher, during the six-month period ending 30<sup>th</sup> September 2019. The Net Asset Value per unit of your Fund appreciated by 9.39% during the period under review. During the same period the S&P Index increased by 0.76% while the ASI increased 3.26%. The net asset value per unit amounted to Rs 19.60 as at 30<sup>th</sup> September 2019.

### Capital Market Performance

The Colombo Bourse remained volatile during the period under review.

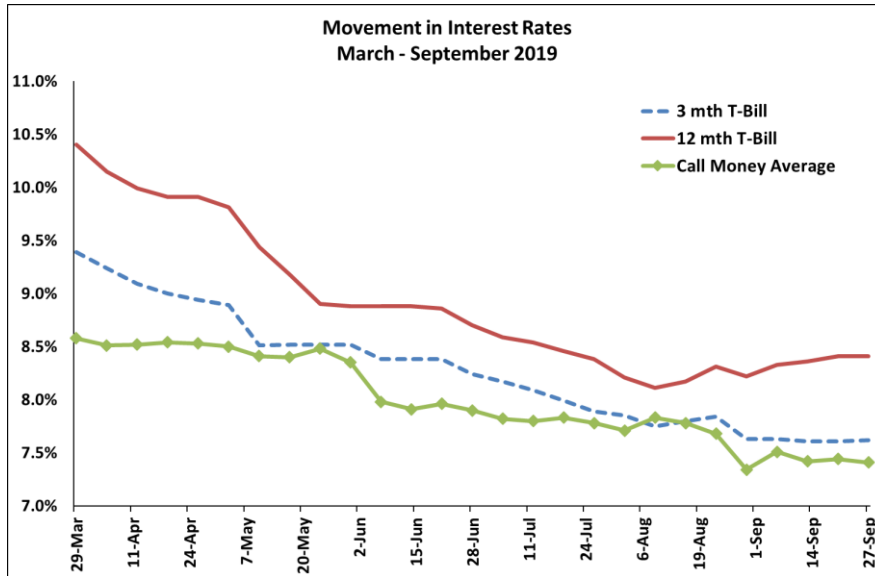


Foreign investors were net buyers with Net foreign inflows for the six months ending September 2019, being approximately Rs 3.53 billion.

The ASI closed at 5,738.24 up by 181 points while the S& P Index was at 2,759.72 up 21 points for the six-month period ended 30<sup>th</sup> September 2019.

The Sri Lankan economy recorded a GDP growth of 1.6% (YOY) for the second quarter of 2019. The Services sector contributed 1.6%, Agriculture 1.0% and Industry 1.4%.

The Country's foreign reserve position remained stable. Gross official reserves stood at US\$ 7.63 billion as at end September 2019. The Exchange rate (Rs/US\$) which was at Rs. 176.13 on 29<sup>th</sup> March 2019, depreciated by 3.29% and was quoted at Rs 181.92 as at 30<sup>th</sup> September 2019.



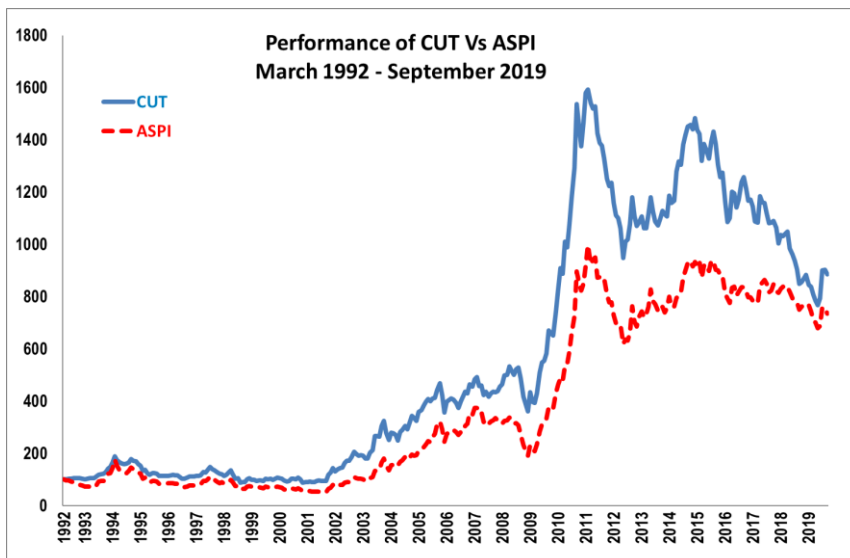
Average Annual Inflation measured by the CCPI declined from 4.1% in end March 2019 to 3.9% at the end of September 2019.

Market Interest rates moved down gradually. The 12-month Treasury bill yields moved down 199 basis points, from 10.40% p.a. at the end of March to 8.41% p.a. by end September 2019.

Overnight call money traded within a band of 7.10% and 8.65% p.a. Central Bank policy rates changed twice, in May and August during the period. The Standard Lending Facility was reduced by 1.0% to 8.00%. and the Standing Deposit Facility by 1% to 7.00%. The statutory reserve ratio (SRR) for Commercial Banks remained unchanged at 5.00%.

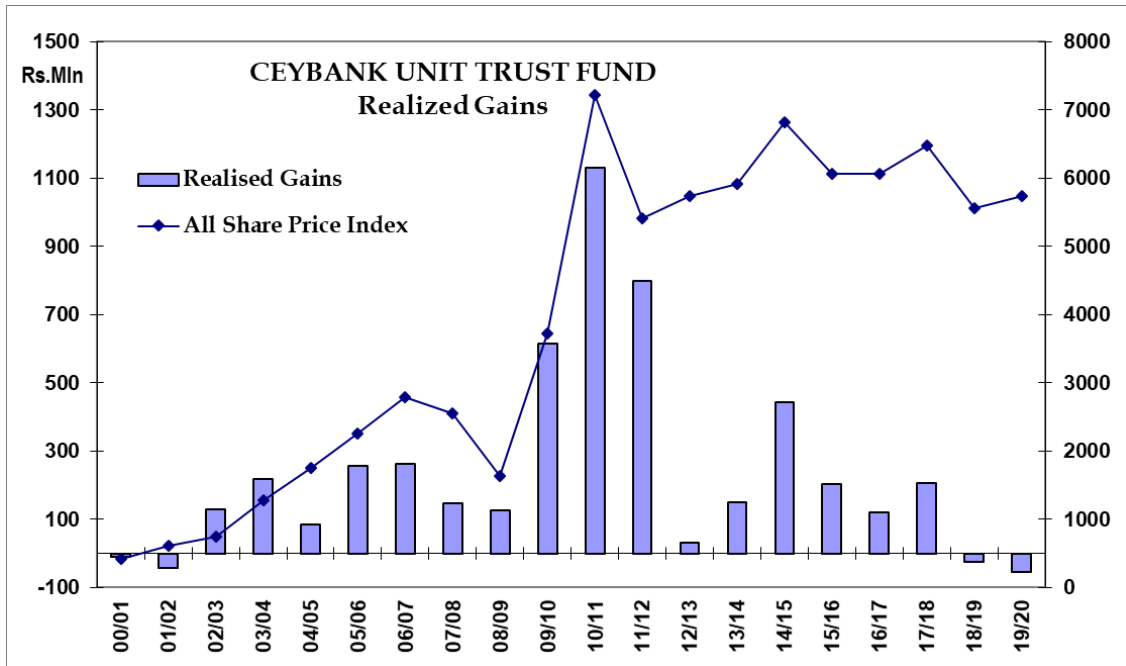
**Fund Performance**

The Net Asset Value per unit of your Fund increased by 9.39% during the half year period under review. The performance was a result of the increase in market prices of some key stock holdings. The chart below depicts the performance of the Fund on the medium to long term. The total net assets stood at Rs. 3,441 million as at 30<sup>th</sup> September 2019.



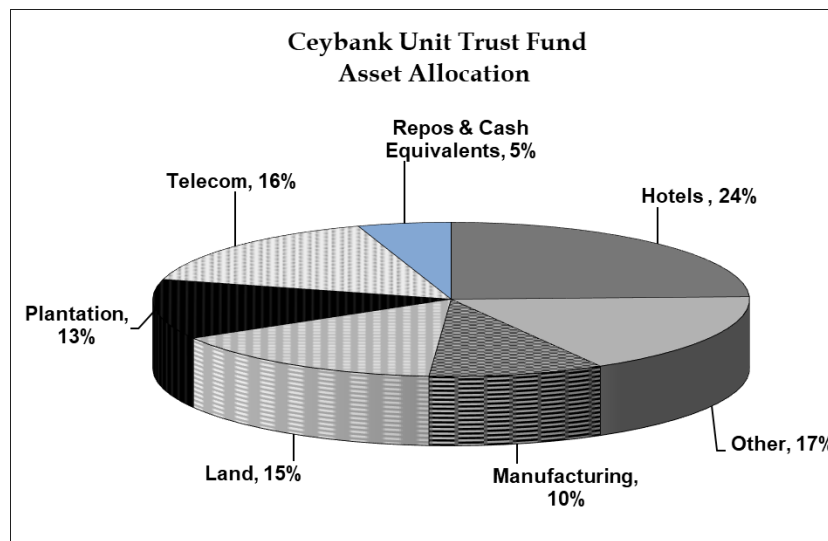
The Fund generated dividend income of Rs 24.02 million, down 53% from Rs 51.02 million in the corresponding period. Expenses decreased 16% from Rs 39.37 million to Rs 33.0 million. Interest Income decreased 29% to Rs 4.96 million up from 7.05 million.

The Fund recorded Rs 54.95 million as capital losses from sale of equity during the period, as opposed to the Rs 0.39 million recorded in the previous period.



The market value of the portfolio was Rs 3,441 million as at 30<sup>th</sup> September 2019 up from Rs 3,181 million in March 2019.

The Fund maintains a relatively high level of equity exposure as at 30<sup>th</sup> September 2019. We will continue to have a high equity exposure with a positive outlook in the medium term and 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, Telecommunication, Plantation, Land and Manufacturing 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 Easter bombings and ongoing political uncertainty has already taken its toll on growth prospects of the country. The future direction will be shaped based on the result of the Presidential poll set for November 2019.

In the absence of a National budget ahead of the elections, it is expected that part of the allocation of the interim vote on account will be focused on offerings to woo the voter. However, for sustenance the country will need to continue on development of infrastructure, tourism, retail and service sectors, with emphasis on the Small & Medium Enterprises and their increased contribution to the economy. We expect the economy to grow by around 3.0% for 2019. The Agriculture and Power sectors have performed reasonably well given the favorable weather patterns. Volatile crude oil prices continue to be a concern. The need for large foreign investments, continues to be a challenge. The pressure of large debt repayments appeared to have diminished with Central Bank managing the payments successfully in 2019.

Inflation could be expected to remain at current levels or nudging up towards the end of the year. Central Bank however, will have added challenges if government policies keep changing. Interest rates are currently managed by the Central Bank through the imposition of deposit and lending caps.

We expect the stock market to be volatile ahead of the Presidential and General elections as foreign investors remain on the sidelines awaiting clarity in policy direction. We will continue to monitor the ongoing developments and make changes accordingly.



Chitra Sathkumara  
Executive Director/ CEO

31<sup>st</sup> October 2019

## CEYBANK UNIT TRUST

### Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Notes	Six months ended 30 September	
		2019	2018
<b>Income</b>			
Dividend		24,029	51,025
Interest income from financial assets	1	4,965	7,058
Net realized gain on financial assets held at fair value through profit or loss		(54,957)	(399)
Net change in unrealized gain on financial assets held at fair value through profit or loss		354,103	(790,749)
<b>Total investment gain</b>		<b>328,140</b>	<b>(733,064)</b>
<b>Expenses</b>			
Management fee		(26,734)	(31,887)
Trustee fee & Custodian fee		(5,428)	(6,474)
Other expenses	2	(838)	(1,012)
		<b>(33,000)</b>	<b>(39,372)</b>
<b>Profit / (Loss) after deductions and before tax</b>		<b>295,140</b>	<b>(772,436)</b>
Income tax expense		-	-
<b>Increase / (Decrease) in net assets attributable to unitholders</b>		<b>295,140</b>	<b>(772,436)</b>

## CEYBANK UNIT TRUST

### Statement of financial position

(all amounts in Sri Lanka Rupees thousands)

	Notes	Six months ended 30 September	
		2019	2018
<b>Assets</b>			
Cash and cash equivalents		1,292	1,708
Dividend receivables		3	18
Financial assets held at fair value through profit or loss	3	3,295,762	3,233,699
Financial assets measured at amortised cost	4	153,081	122,333
Income tax receivable		20,786	20,786
<b>Total assets</b>		<b>3,470,924</b>	<b>3,378,542</b>
<b>Unit Holders' funds and Liabilities</b>			
<b>Liabilities</b>			
Payables	5	28,542	30,148
Amount payable on unit redemption		441	4
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>28,983</b>	<b>30,152</b>
<b>Net assets attributable to unitholders – liability</b>		<b>3,441,941</b>	<b>3,348,390</b>
<b>Total Unit Holders' Funds and Liabilities</b>		<b>3,470,924</b>	<b>3,378,542</b>

## CEYBANK UNIT TRUST

### Statement of changes in Unitholders' funds

(all amounts in Sri Lanka Rupees thousands)

	Six months ended 30 September	
	2019	2018
<b>Unit holders' funds at beginning of year</b>	3,181,898	4,209,607
Increase / (Decrease) in net assets attributable to unit holders	295,140	(772,436)
Received on unit creations	763	1,630
Paid on unit redemptions	(35,860)	(90,411)
<b>Unitholders' funds at end of year</b>	<b>3,441,941</b>	<b>3,348,390</b>

**Notes**

in Rs. '000

**1 Interest Income from Financial Assets**

Interest on Bank Deposits	1,269
Interest on Reverse Repo Agreements	2,530
Interest on Commercial Papers	<u>1,265</u>
	5,064
WHT on Interest Income	<u>(99)</u>
	<u><u>4,965</u></u>

**2 Other Expenses**

NBT/VAT Expense	776
Bank Charges	<u>62</u>
	<u><u>838</u></u>

**3 Financial Assets held at fair value through profit or loss**

Investments at Quoted Market Value	<u><u>3,295,762</u></u>
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Company	Share Qty	Market Value Rs.'000	Holdings as a % of NAV
<b>Banks Finance &amp; Insurance</b>			
COMMERCIAL BANK OF CEYLON PLC	120,679	11,839	0.34%
MERCHANT BANK OF SRI LANKA & FINANCE PLC	11,797,191	101,456	2.95%
NATIONS TRUST BANK PLC	4,192	324	0.01%
PAN ASIA BANKING CORPORATION PLC	124,284	1,541	0.04%
PEOPLES LEASING & FINANCE PLC	3,090	46	0.00%
SAMPATH BANK PLC	684	105	0.00%
SEYLAN BANK PLC - NON VOTING	24,619	729	0.02%
THE FINANCE COMPANY PLC	5,706,601	7,419	0.22%
THE FINANCE COMPANY PLC- NON VOTING	1,494,345	747	0.02%
UNION BANK OF COLOMBO PLC	25,226	341	0.01%
<b>Beverages Food &amp; Tobacco</b>			
LUCKY LANKA MILK PROCESSING COMPANY PLC	1,800,000	1,260	0.04%
<b>Construction &amp; Engineering</b>			
ACCESS ENGINEERING PLC	247,962	4,463	0.13%
<b>DIVERSIFIED HOLDINGS</b>			
ADAM INVESTMENTS PLC	3,859,024	772	0.02%
EXPOLANKA HOLDINGS PLC	373,335	1,941	0.06%
JOHN KEELLS HOLDINGS PLC	12,595	1,937	0.06%
SOFTLOGIC HOLDINGS PLC	116	2	0.00%
VALLIBEL ONE PLC	15,331,262	229,969	6.68%
<b>HEALTH CARE</b>			
THE LANKA HOSPITALS CORPORATION PLC	3,004,806	122,897	3.57%



Company	Share Qty	Market Value Rs.'000	Holdings as a % of NAV
<b>Hotels &amp; Travels</b>			
ASIAN HOTELS & PROPERTIES PLC	8,852,283	362,944	10.54%
AITKEN SPENCE HOTEL HOLDINGS PLC	195,848	4,896	0.14%
AMAYA LEISURE PLC	18,340	587	0.02%
THE KINGSBURY PLC	8,352,344	100,228	2.91%
TRANS ASIA HOTELS PLC	5,448,672	381,407	11.08%
<b>Land &amp; Property</b>			
COLOMBO LAND & DEVELOPMENT COMPANY PLC	17,808,963	407,825	11.85%
C T LAND DEVELOPMENT PLC	1,667	50	0.00%
EQUITY TWO LTD	2,278,745	125,331	3.64%
<b>Manufacturing</b>			
LANKA WALLTILES PLC	84,689	4,997	0.15%
ROYAL CERAMICS LANKA PLC	22,809	1,428	0.04%
TEEJAY LANKA PLC	35,600	1,264	0.04%
TOKYO CEMENT COMPANY (LANKA) PLC	3,105	106	0.00%
TOKYO CEMENT COMPANY - NON VOTING	14,400	408	0.01%
KELANI TYRES PLC	8,037,911	321,516	9.34%
<b>Plantations</b>			
KAHAWATTE PLANTATIONS PLC	6,830,507	257,510	7.48%
KELANI VALLEY PLANTATIONS PLC	2,217,629	179,628	5.22%
<b>Power and Energy</b>			
LAUGFS GAS PLC	122,600	1,937	0.06%
LAUGFS GAS PLC- NON VOTING	12,175	156	0.00%
LANKA IOC PLC	6,243,103	98,017	2.85%
LVL ENERGY FUND PLC	1,116,653	8,487	0.25%
<b>TELECOMMUNICATIONS</b>			
DIALOG AXIATA PLC	618,769	6,559	0.19%
SRI LANKA TELECOM PLC	18,713,663	542,696	15.77%
		<b>3,295,762</b>	

#### **4 Financial Assets measured at Amortised Cost**

Reverse Repo Agreements	54,388
Bank Deposits	50,546
Commercial Papers	48,147
	<b>153,081</b>

#### **5 Payables**

Unclaimed Redemptions	8
Payables to Management Company	11,148
Management Fees	14,414
Trustee Fees	2,155
Custodian Fees	817
	<b>28,542</b>



Managers of the Ceybank Unit Trust Fund's

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