

# INTERIM REPORT

30 SEPTEMBER 2021

## CEYBANK UNIT TRUST FUND

(Income & Growth)



Managed By



## Ceybank Unit Trust Fund

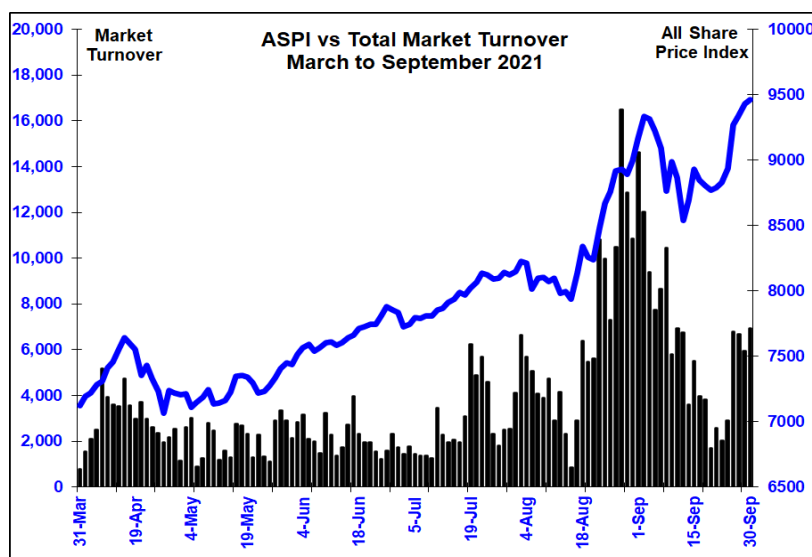
### Manager's half yearly report for the period ended 30<sup>th</sup> September 2021

We have great pleasure in presenting the half yearly report of Ceybank Unit Trust Fund for the six months ended 30<sup>th</sup> September 2021.

Despite the Covid-19 pandemic, the performance in the stock market displayed a positive sentiment during the six-month period ending 30<sup>th</sup> September 2021. The Net Asset Value per unit of your Fund appreciated by 19.87% during the period under review. During the same period the ASPI increased 32.84% and the S&P Index increased by 24.02%. The net asset value per unit amounted to Rs 27.71 as at 30<sup>th</sup> September 2021.

### Capital Market Performance

The Colombo Bourse witnessed a bullish market sentiment with the active local investors backed by low market interest rates, imposition of import restrictions and attractive valuations of some counters during the period under review. This was amidst the imbalanced macro-economic fundamentals due to Covid-19 pandemic.



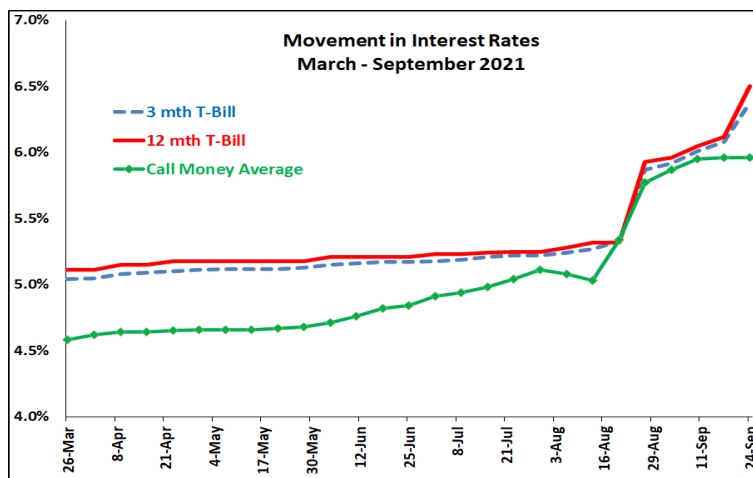
Foreign investors were net sellers with Net foreign outflows for the six months ending September 2021, being approximately Rs 27.18 billion.

The ASPI closed at 9,459.94 up by 2,339 points while the S&P Index was at 3,534.82 up 685 points for the six-month period ended 30<sup>th</sup> September 2021.

The Sri Lankan economy witnessed a recovery of 4.3% (YoY) in the first quarter 2021 and 12.3% (YoY) in the second quarter 2021 from the contraction of 3.6% (YoY) accounted in year 2020,

The Country's foreign reserve position showed a decline from US\$ 4.06 billion at the end of March to US\$ 2.70 billion by end September 2021 owing to lack of US\$ net inflow to Sri Lanka. The Exchange rate (Rs/US\$) which was at Rs. 199.2153 on 1<sup>st</sup> April 2021, depreciated by 0.39% and was quoted at Rs 199.9857 as at 30<sup>th</sup> September 2021.

Average Annual Inflation measured by the CCPI which was at 4% in end March 2021, recorded a downturn in April and May, and subsequently accelerated to 4.5% at the end of September 2021.

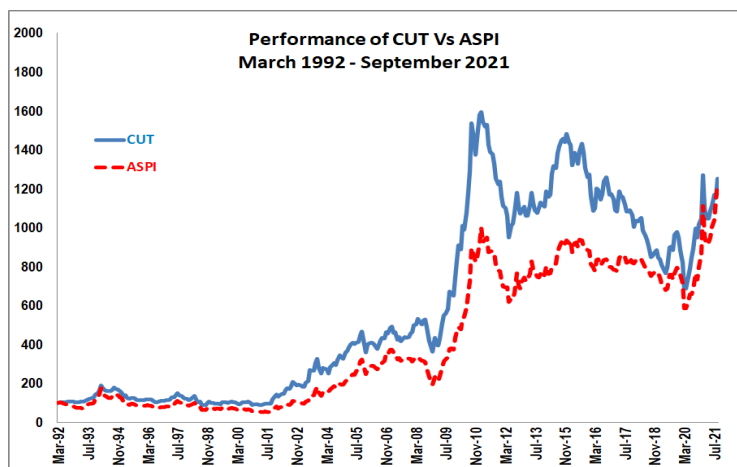


Market Interest rates surged up during the period. The 12-month Treasury bill yields moved up by 139 basis points, from 5.11% p.a. at the end of March to 6.50% p.a. by end September 2021.

Overnight call money traded within a band of 4.60% and 6% p.a. Central Bank policy rates were increased by 50 basis points in August 2021. Thus, the Standard Lending Facility Rate and the Standing Deposit Facility Rate settled at 5% and 6% respectively. The statutory reserve ratio (SRR) for Commercial Banks was increased by 2% and was at 4% as at end September 2021.

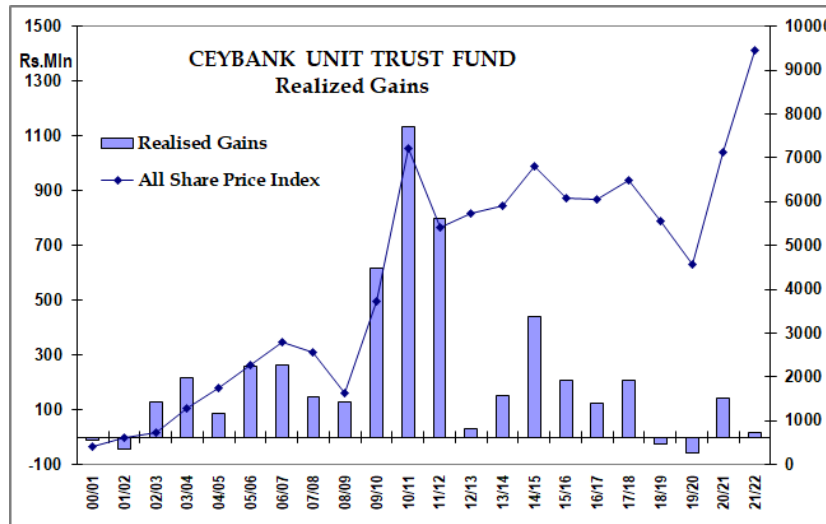
### Fund Performance

The Net Asset Value per unit of your Fund increased by 19.87% 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. 4,693.54 million as at 30<sup>th</sup> September 2021.



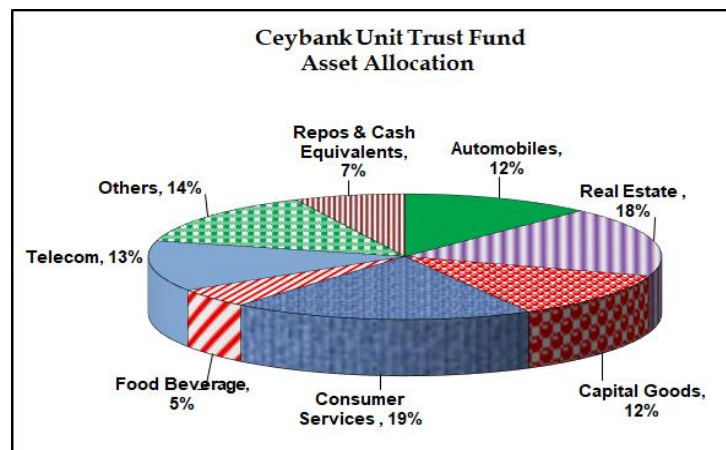
The Fund generated dividend income of Rs 71.34 million, up from Rs 22.73 million in the corresponding period. Expenses increased from Rs 30.93 million to Rs 42.29 million. Interest Income improved to Rs 15.35 million up from 5.08 million.

The Fund recorded Rs 19.15 million as capital gains from sale of equity during the period, as opposed to the Rs 17.73 million capital losses recorded in the previous corresponding period.



The market value of the portfolio was Rs 4,693.54 million as at 30<sup>th</sup> September 2021 up from Rs 3,935.09 million in March 2021.

The Fund maintains a relatively high level of equity exposure as at 30<sup>th</sup> September 2021. 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 Consumer Services, Real Estate, Telecommunication and Automobile 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 global coverage of successful vaccination programme against the Covid 19 pandemic delivered gratifying results with the regaining of economies despite the emergence of new variants in some countries. The Sri Lankan economy too witnessed a recovery during the first half of 2021 amidst the pandemic related challenges. As per our expectation, the growth momentum in Services and Industry sectors would sustain during the second half of the year 2021. The Agriculture sector which plays a crucial role in GDP, would slow down owing to fertilizer issues albeit the favorable weather conditions prevail.

In order to ease off the pressure on rupee depreciation, we expect import substitution and local manufacturing will be given priority, amidst the increase in import bill due to the rise in global crude oil prices. Anticipated global economic recovery with the vaccination drive would benefit not only the country's export industry, but Workers' Remittances, Tourism, Foreign Direct Investments (FDIs) in the midst of flattering Government policy direction.

The country's looming debt repayments for the next few years are concerns that need to be addressed. The Port City could be the catalyst to attract FDIs. However, downgrading of the country to Caa2 from Caa1 by Moody's would create a challenging environment to attract foreign investors to Sri Lanka. We expect policy makers to take proactive measures to increase export earnings and net dollar inflows to the country which are paramount factors to manage the repayments and boost foreign reserves.

The development-oriented Budget for 2022 would be anticipated in order to address the disparity in macro fundamentals while narrowing the budget deficit. Market interest rates could surge up gradually towards the end of the year against the accelerated ongoing inflationary pressure.

We expect the stock market to be volatile after reaching the highest level of ASPI at 9,459.94 in September 2021 which was backed by the excellent performance reported by the listed companies amidst the pandemic. Foreign investors will no doubt assess risks based on global developments. 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.

Kanchana Karannagoda  
**Fund Manager**

October 2021

## CEYBANK UNIT TRUST

### Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Notes	Six months ended 30 September	
		2021	2020
<b>Income</b>			
Dividend		71,343	22,727
Interest income from financial assets	1	15,348	5,080
Net realized gain on financial assets held at fair value through profit or loss		19,149	(17,737)
Net change in unrealized gain on financial assets held at fair value through profit or loss		715,366	1,221,729
<b>Total investment gain</b>		<b>821,206</b>	<b>1,231,799</b>
<b>Expenses</b>			
Management fee		(34,971)	(25,458)
Trustee fee & Custodian fee		(7,100)	(5,169)
Other expenses	2	(220)	(299)
		<b>(42,291)</b>	<b>(30,926)</b>
<b>Profit / (Loss) after deductions and before tax</b>		<b>778,915</b>	<b>1,200,873</b>
Income tax expense		-	-
<b>Increase / (Decrease) in net assets attributable to unitholders</b>		<b>778,915</b>	<b>1,200,873</b>

## CEYBANK UNIT TRUST

### Statement of financial position

(all amounts in Sri Lanka Rupees thousands)

	Notes	Six months ended 30 September	
		2021	2020
<b>Assets</b>			
Cash and cash equivalents		3,967	(326)
Dividend receivables		443	1,970
Financial assets held at fair value through profit or loss	3	4,419,897	3,609,998
Financial assets measured at amortised cost	4	303,596	252,036
Receivable for sale of equity shares		3,837	3,452
Income tax receivable		-	20,786
<b>Total assets</b>		<b>4,731,740</b>	<b>3,887,916</b>
<b>Unit Holders' funds and Liabilities</b>			
<b>Liabilities</b>			
Payables	5	33,915	28,138
Amount payable on unit redemption		270	283
Payables for purchase of equity shares		4,010	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>38,195</b>	<b>28,421</b>
<b>Net assets attributable to unitholders – liability</b>		<b>4,693,545</b>	<b>3,859,495</b>
<b>Total Unit Holders' Funds and Liabilities</b>		<b>4,731,740</b>	<b>3,887,916</b>

## CEYBANK UNIT TRUST

### Statement of changes in Unitholders' funds

(all amounts in Sri Lanka Rupees thousands)

	Six months ended 30 September	
	2021	2020
<b>Unit holders' funds at beginning of year</b>	3,935,366	2,665,196
Increase / (Decrease) in net assets attributable to unit holders	778,915	1,200,873
Received on unit creations	438	810
Paid on unit redemptions	(21,174)	(7,384)
<b>Unitholders' funds at end of year</b>	<b>4,693,545</b>	<b>3,859,495</b>

	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2,020</b>
<b>Notes</b>	in Rs. '000	in Rs. '000
<b>1 Interest Income from Financial Assets</b>		
Interest on Bank Deposits	2,337	1,507
Interest on Reverse Repo Agreements	3,144	1,290
Interest on Commercial Papers	9,867	2,283
	<b>15,348</b>	<b>5,080</b>
<b>2 Other Expenses</b>		
NBT/VAT Expense	142	101
Miscellaneous Expenses	41	167
Bank Charges	37	31
	<b>220</b>	<b>299</b>
<b>3 Financial Assets held at fair value through profit or loss</b>		
Investments at Quoted Market Value	<b>4,419,897</b>	<b>3,609,998</b>

**As at 30th September 2021**

Company	Share Qty	Market Value Rs.'000	Holdings as a % of NAV
<b><u>AUTOMOBILES &amp; COMPONENTS</u></b>			
KELANI TYRES PLC	6,473,917	550,283	11.72%
<b><u>BANKS</u></b>			
NATIONS TRUST BANK PLC	34,192	1,956	0.04%
SEYLAN BANK PLC - NON VOTING	250,935	9,285	0.20%
PAN ASIA BANKING CORPORATION PLC	126,284	1,945	0.04%
COMMERCIAL BANK OF CEYLON PLC	836,636	70,696	1.51%
SAMPATH BANK PLC	238,000	12,376	0.26%
UNION BANK OF COLOMBO PLC	25,226	280	0.01%
SANASA DEVELOPMENT BANK	1,539,241	78,347	1.67%
<b><u>CAPITAL GOODS</u></b>			
ROYAL CERAMICS LANKA PLC	500,000	23,000	0.49%
HAYLEYS PLC	365,000	39,238	0.84%
JOHN KEELLS HOLDINGS PLC	354,636	53,107	1.13%
CENTRAL INDUSTRIES PLC	73,315	7,324	0.16%
LANKA WALLTILES PLC	423,445	31,631	0.67%
HEMAS HOLDINGS PLC	330,908	23,395	0.50%
VALLIBEL ONE PLC	5,846,232	363,051	7.74%
SOFTLOGIC HOLDINGS PLC	48,751	605	0.01%
ACCESS ENGINEERING PLC	681,090	15,665	0.33%
<b><u>CONSUMER DURABLES &amp; APPAREL</u></b>			
TEEJAY LANKA PLC	137,362	6,044	0.13%
<b><u>CONSUMER SERVICES</u></b>			
AITKEN SPENCE HOTEL HOLDINGS PLC	195,848	8,500	0.18%
TRANS ASIA HOTELS PLC	5,457,879	324,744	6.92%
THE KINGSBURY PLC	16,224,100	167,108	3.56%
HAYLEYS LEISURE PLC	36,680	928	0.02%
ASIAN HOTELS & PROPERTIES PLC	8,978,984	391,484	8.34%



Company	Share Qty	Market Value	Holdings as a % of NAV
		Rs.'000	
<b><u>DIVERSIFIED FINANCIALS</u></b>			
MERCHANT BANK OF SRI LANKA & FINANCE PLC	11,798,960	75,513	1.61%
PEOPLES LEASING & FINANCE PLC	3,235	35	0.00%
ADAM INVESTMENTS PLC	3,859,024	772	0.02%
<b><u>ENERGY</u></b>			
LANKA IOC PLC	6,025,833	124,132	2.64%
LAUGFS GAS PLC	122,600	2,746	0.06%
LAUGFS GAS PLC- NON VOTING	12,175	170	0.00%
<b><u>FOOD BEVERAGE &amp; TOBACCO</u></b>			
KELANI VALLEY PLANTATIONS PLC	1,205,908	51,975	1.11%
KAHAWATTE PLANTATIONS PLC	6,481,518	172,408	3.67%
LUCKY LANKA MILK PROCESSING COMPANY PLC	1,800,000	1,440	0.03%
<b><u>HEALTH CARE EQUIPMENT &amp; SEVICES</u></b>			
THE LANKA HOSPITALS CORPORATION PLC	3,014,475	160,672	3.42%
<b><u>MATERIALS</u></b>			
TOKYO CEMENT COMPANY (LANKA) PLC - NON VOTING	142,400	6,009	0.13%
TOKYO CEMENT COMPANY (LANKA) PLC	65,105	3,288	0.07%
ALUMEX PLC	344,413	4,167	0.09%
JAT HOLDINGS LTD	1,000,000	22,000	0.47%
<b><u>REAL ESTATE</u></b>			
C T LAND DEVELOPMENT PLC	1,667	49	0.00%
EQUITY TWO LTD	2,279,187	109,857	2.34%
COLOMBO LAND & DEVELOPMENT COMPANY PLC	18,895,734	736,934	15.70%
PRIME LANDS RESIDENCIES LTD	1,000,000	9,800	0.21%
<b><u>TELECOMMUNICATION SERVICES</u></b>			
SRI LANKA TELECOM PLC	17,309,741	640,460	13.65%
DIALOG AXIATA PLC	723,769	7,817	0.17%
<b><u>TRANSPOTATION</u></b>			
EXPOLANKA HOLDINGS PLC	373,335	74,387	1.58%
CHRISSWORLD LTD	775,000	19,220	0.41%
<b><u>UTILITIES</u></b>			
LVL ENERGY FUND PLC	1,116,653	11,948	0.25%
LAUGFS POWER LIMITED	122,600	1,140	0.02%
LAUGFS POWER LIMITED -NON VOTING	12,175	97	0.00%
WINDFORCE LTD	100,000	1,870	0.04%
		<b>4,419,897</b>	

**As at 30th September 2020**

Company	Share Qty	Market Value	Holdings as a % of NAV
		Rs.'000	
<b><u>AUTOMOBILES &amp; COMPONENTS</u></b>			
KELANI TYRES PLC	6,473,917	515,324	13.35%
<b><u>BANKS</u></b>			
NATIONS TRUST BANK PLC	4,192	260	0.01%
SEYLAN BANK PLC - NON VOTING	33,887	1,118	0.03%
PAN ASIA BANKING CORPORATION PLC	126,284	1,755	0.05%
COMMERCIAL BANK OF CEYLON PLC	238,360	19,045	0.49%
SAMPATH BANK PLC	35,684	4,710	0.12%
UNION BANK OF COLOMBO PLC	25,226	277	0.01%
<b><u>CAPITAL GOODS</u></b>			
ROYAL CERAMICS LANKA PLC	27,809	3,209	0.08%
JOHN KEELLS HOLDINGS PLC	22,595	3,041	0.08%
LANKA WALLTILES PLC	84,689	6,944	0.18%
VALLIBEL ONE PLC	15,812,879	336,814	8.73%
SOFTLOGIC HOLDINGS PLC	48,751	561	0.01%
ACCESS ENGINEERING PLC	247,962	5,852	0.15%
<b><u>CONSUMER DURABLES &amp; APPAREL</u></b>			
TEEJAY LANKA PLC	35,600	1,242	0.03%
<b><u>CONSUMER SERVICES</u></b>			
AITKEN SPENCE HOTEL HOLDINGS PLC	195,848	4,426	0.11%
TRANS ASIA HOTELS PLC	5,456,879	335,598	8.70%
THE KINGSBURY PLC	8,397,050	85,650	2.22%
AMAYA LEISURE PLC	18,340	545	0.01%
ASIAN HOTELS & PROPERTIES PLC	8,978,984	317,856	8.24%

Company	Share Qty	Market Value	Holdings as a % of NAV
		Rs.'000	
<b><u>DIVERSIFIED FINANCIALS</u></b>			
MERCHANT BANK OF SRI LANKA & FINANCE PLC	11,798,960	94,392	2.45%
PEOPLES LEASING & FINANCE PLC	3,090	40	0.00%
ADAM INVESTMENTS PLC	3,859,024	772	0.02%
<b><u>ENERGY</u></b>			
LANKA IOC PLC	6,025,833	156,672	4.06%
LAUGFS GAS PLC	122,600	2,096	0.05%
LAUGFS GAS PLC- NON VOTING	12,175	159	0.00%
<b><u>FOOD BEVERAGE &amp; TOBACCO</u></b>			
KELANI VALLEY PLANTATIONS PLC	1,402,207	99,557	2.58%
KAHAWATTE PLANTATIONS PLC	6,831,407	232,268	6.02%
LUCKY LANKA MILK PROCESSING COMPANY PLC	1,800,000	1,440	0.04%
<b><u>HEALTH CARE EQUIPMENT &amp; SERVICES</u></b>			
THE LANKA HOSPITALS CORPORATION PLC	3,014,475	132,637	3.44%
<b><u>MATERIALS</u></b>			
TOKYO CEMENT COMPANY (LANKA) PLC - NON VOTING	59,400	2,614	0.07%
TOKYO CEMENT COMPANY (LANKA) PLC	33,105	1,741	0.05%
<b><u>REAL ESTATE</u></b>			
C T LAND DEVELOPMENT PLC	1,667	54	0.00%
EQUITY TWO LTD	2,279,187	147,691	3.83%
COLOMBO LAND & DEVELOPMENT COMPANY PLC	18,725,832	501,852	13.00%
<b><u>TELECOMMUNICATION SERVICES</u></b>			
SRI LANKA TELECOM PLC	17,389,741	568,645	14.73%
DIALOG AXIATA PLC	673,769	7,546	0.20%
<b><u>TRANSPOTATION</u></b>			
EXPOLANKA HOLDINGS PLC	373,335	4,293	0.11%
<b><u>UTILITIES</u></b>			
LVL ENERGY FUND PLC	1,116,653	10,385	0.27%
LAUGFS POWER LIMITED	122,600	846	0.02%
LAUGFS POWER LIMITED -NON VOTING	12,175	68	0.00%
		<b>3,609,998</b>	

	2021	2,020
	in Rs. '000	in Rs. '000
<b>4 Financial Assets measured at Amortised Cost</b>		
Reverse Repo Agreements	81,744	115,586
Bank Deposits	-	10,201
Commercial Papers	221,852	126,249
	<b>303,596</b>	<b>252,036</b>
<b>5 Payables</b>		
Unclaimed Redemptions	8	8
Payables to Management Company	10,989	11,269
Management Fees	18,235	13,984
Trustee Fees	2,763	2,119
Custodian Fees	1,920	758
	<b>33,915</b>	<b>28,138</b>



Managers of the Ceybank Unit Trust Fund's

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