

INTERIM REPORT

30 SEPTEMBER 2016

CEYBANK UNIT TRUST FUND

(Income & Growth)

Managed By



Ceybank Unit Trust Fund

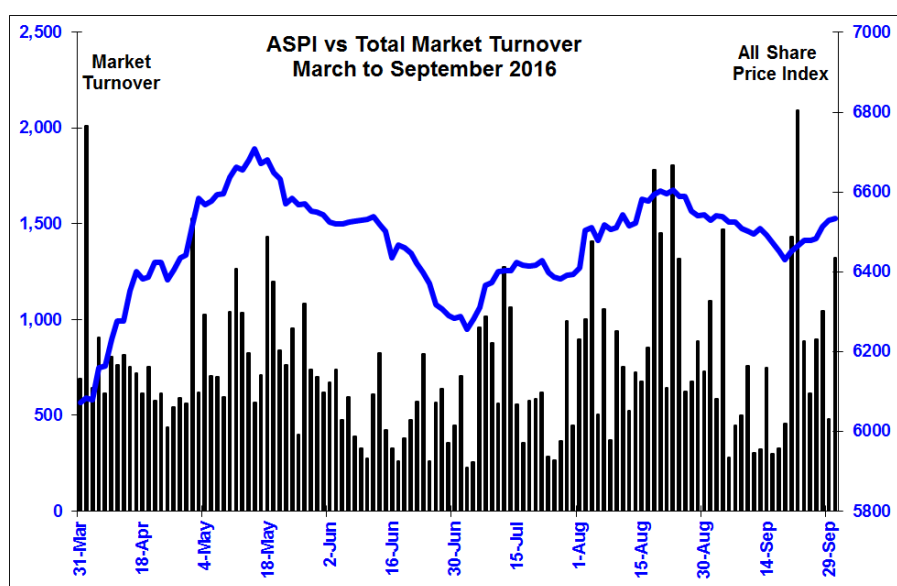
Manager's half yearly report for the period ended 30th September 2016

We have great pleasure in presenting the half yearly report of Ceybank Unit Trust Fund for the 6 months ended 30th September 2016.

The stock market remained volatile during the six month period ending 30th September 2016. The Net Asset Value per unit of your Fund appreciated by 14.47% during the period under review, outperforming both indexes. During the same period the S&P Index increased by 12.88% while the ASI appreciated 7.62%. The net asset value per unit amounted to Rs 27.62 as at 30th September 2016.

Capital Market Performance

The Colombo Bourse remained volatile during the period under review.

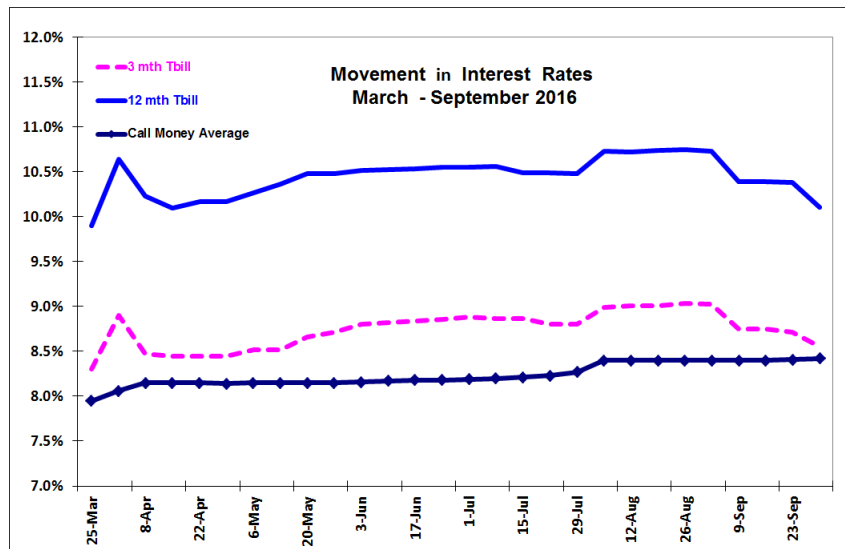


Foreign investors were net sellers with Net foreign outflows for the six months ending September 2016, being approximately Rs 963 million.

The ASI closed at 6,534.77 up by 463 points while the S&P Index was at 3,617.32 up 413 points for the six month period ended 30th September 2016.

The Sri Lankan economy recorded a GDP growth of 2.6% (YOY) for the second quarter of 2016. The services sector contributed 4.9% and Industry 2.2%. However contributions from the Agriculture sector was a negative 5.6%.

The Country's foreign reserve position declined. Gross official reserves stood at US\$ 6.46 billion as at end September 2016. The Exchange rate (Rs/US\$) which was at Rs. 145.28 on 1st April 2016, depreciated by 0.88% and was quoted at Rs 146.56 as at 30th September 2016.

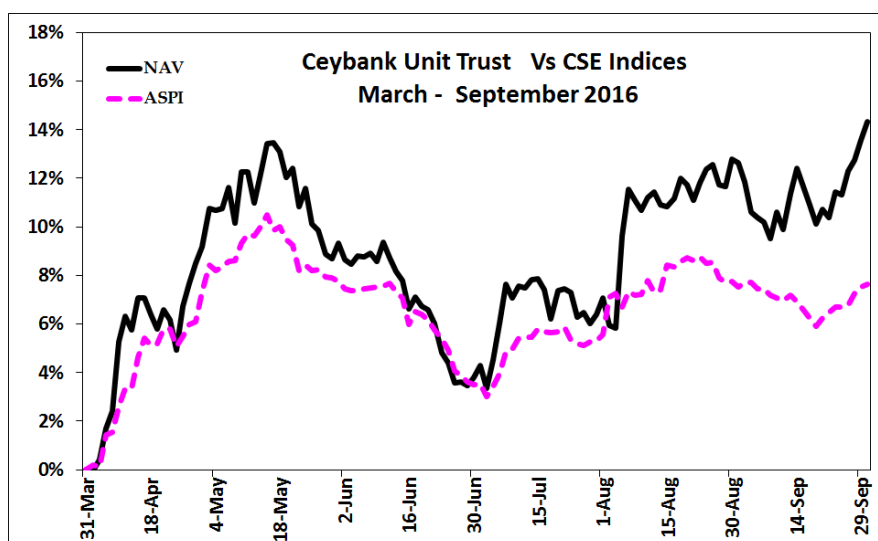


Average Annual Inflation measured by the CCPI increased from 2.0% in March 2016 to 3.9% in September 2016. Market Interest rates remained mostly unchanged despite being volatile within a narrow range as market liquidity levels changed sharply. The 12 month Treasury bill yields moved down from 10.64% in end March to 10.11% by end September 2016.

Overnight call money traded within a band of 7.95% and 8.42% p.a. The Central Bank increased policy rates by 0.5% in July 2016, resulting in an increase of the Standing deposit facility to 7.0% and the Standard lending facility to 8.50% Commercial Banks statutory reserve ratio (SRR) remained unchanged at 7.50%.

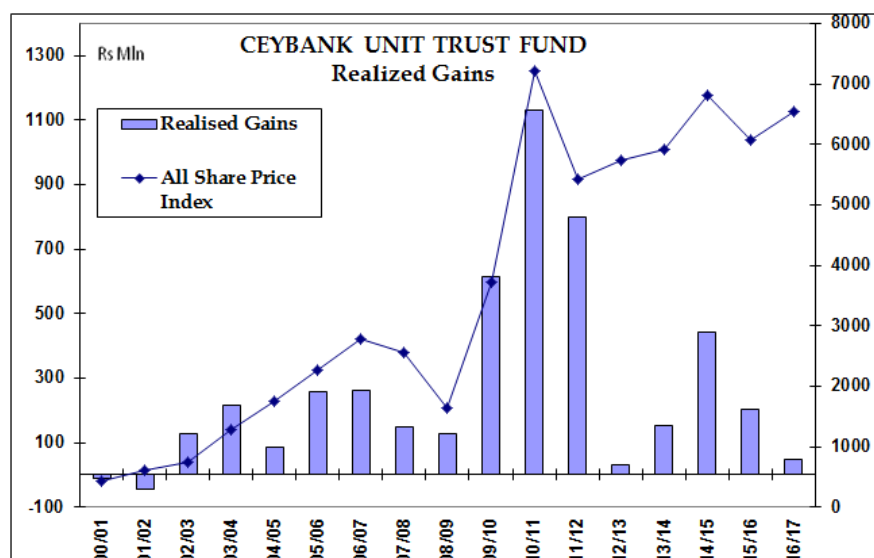
Fund Performance

The Net Asset Value per unit of your Fund appreciated by 14.47% during the half year under review. The total net assets stood at Rs. 5,467 million as at 30th September 2016.



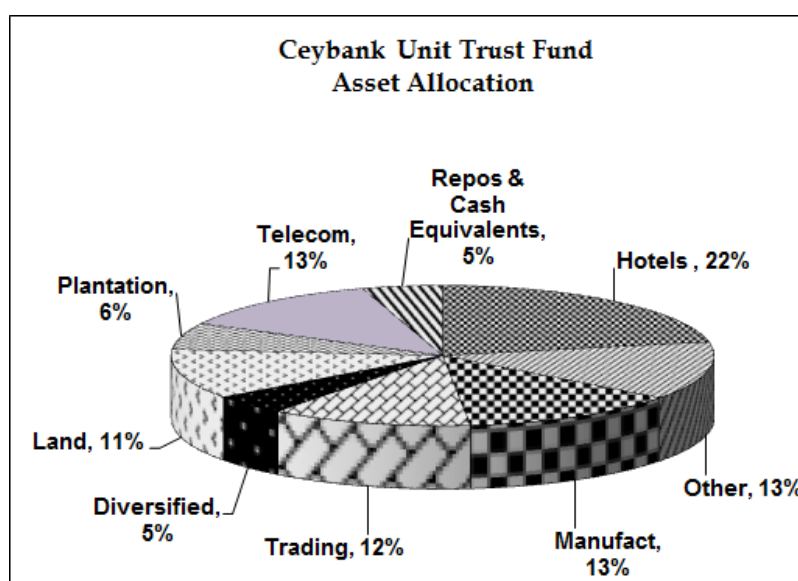
The Fund generated dividend income of Rs 112.14 million, up 19% from Rs 94.02 million in the previous year. Interest income was up 18% to Rs 10.26 million from Rs 8.65 million in the corresponding period. Expenses decreased by (7%) from Rs 56.66 million to Rs 53.15 million, due to a decrease in the Net Asset Value of the Fund.

The Fund realized Rs 48.59 million as capital gains from sale of equity during the period, 37% down from the Rs 77.16 million recorded in the previous period.



The market value of the portfolio was Rs 5,467 million as at 30th September 2016 up from Rs 4,798 million in March 2016.

The Fund remains fully invested as at 30th September 2016, maintaining a relatively high level of equity exposure. 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, Manufacturing, Trading, Land, Plantations, Telecommunication and Diversified sectors as depicted in the chart. We expect these stocks to perform well in the medium term adding further value to your investment.

Future Outlook

Most market participants appear to be awaiting direction on National Policy through the upcoming Budget. Focus continues to be on development of infrastructure, tourism, and retail sectors. We expect the economy to grow by around 4.5% for 2016 as extreme weather patterns continue to affect the agriculture sector. The need for large foreign investments, which is solely needed to kick start the large projects continues to be a challenge. While measures taken to contain the trade gap appear to be effective, external factors such as the increasing crude oil prices is a matter of concern.

Inflation could be expected to remain at the current levels. Increased demand for credit has put pressure on short term interest rates and could increase if there is a substantial demand for credit to the private sector. We expect stock market growth to come once investors begin to see proper policy direction of the national government and as policy implementation begins. We will monitor the ongoing changes in order to identify growth counters, to invest in and add value to your investment.



Chitra Sathkumara
Executive Director/ CEO

31st October 2016

CEYBANK UNIT TRUST

Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Year ended 30 September	
	2016	2015
Income		
Dividend	112,140	94,028
Interest income from financial assets not held at fair value through profit or loss	10,264	8,650
Net realized gain on financial assets held at fair value through profit or loss	48,590	77,168
Net change in unrealized gain on financial assets held at fair value through profit or loss	574,952	140,836
Total investment gain	745,946	320,682
Expenses		
Management fee	(43,182)	(46,670)
Trustee fee & Custodian fee	(8,767)	(9,475)
Other expenses	(1,206)	(515)
	(53,155)	(56,660)
Net operating profit	692,791	264,022
Finance costs		
Distributions to unitholders	-	-
Profit after deductions and before tax	692,791	264,022
Income tax expense	-	-
Increase in net assets attributable to unitholders	692,791	264,022

CEYBANK UNIT TRUST

Statement of financial position

(all amounts in Sri Lanka Rupees thousands)

	30 September	
	2016	2015
Assets		
Cash and cash equivalents	1,541	2,395
Dividend receivables	8,383	9,341
Financial assets held at fair value through profit or loss	5,266,490	5,435,481
Loans and receivables	236,026	318,296
Income tax receivable	16,201	20,366
Total assets	5,528,641	5,785,879
Unit Holders' funds and Liabilities		
Liabilities		
Payables	61,074	41,008
Amount payable on unit redemption	285	997
Total liabilities (excluding net assets attributable to unitholders)	61,359	42,005
Net assets attributable to unitholders – liability	5,467,282	5,743,874
Total Unit Holders' Funds and Liabilities	5,528,641	5,785,879

CEYBANK UNIT TRUST

Statement of changes in Unitholders' funds

(all amounts in Sri Lanka Rupees thousands)

	Year ended 30 September	
	2016	2015
Unit holders' funds at beginning of year	4,798,549	5,369,991
Increase in net assets attributable to unit holders	692,791	264,022
Received on unit creations	6,409	121,115
Paid on unit redemptions	(30,465)	(11,254)
Unitholders' funds at end of year	5,467,282	5,743,874

“The SEC in granting approval does not extend to either endorsing or ratifying the accuracy of the specific details set out therein, and that the management company remains at all times responsible for the specific details set out in the Annual Report.”



Managers of the Ceybank Unit Trust Fund's

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