

# INTERIM REPORT

30 SEPTEMBER 2016

## CEYBANK CENTURY GROWTH FUND

Managed By



## Ceybank Century Growth Fund

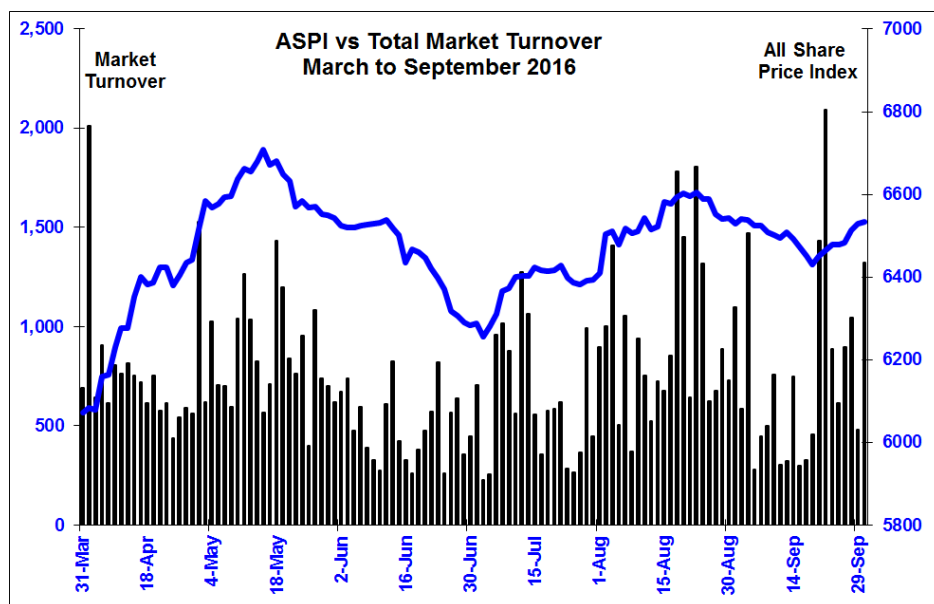
### Manager's half yearly report for the period ended 30<sup>th</sup> September 2016

We have great pleasure in presenting the half yearly report of Ceybank Century Growth Fund for the 6 months ended 30<sup>th</sup> September 2016.

The stock market remained volatile during the six month period ending 30<sup>th</sup> September 2016. The Net Asset Value per unit of your Fund appreciated by 15.31% 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 71.00 as at 30<sup>th</sup> September 2016.

### Capital Market Performance

The Colombo Bourse remained volatile during the period under review.

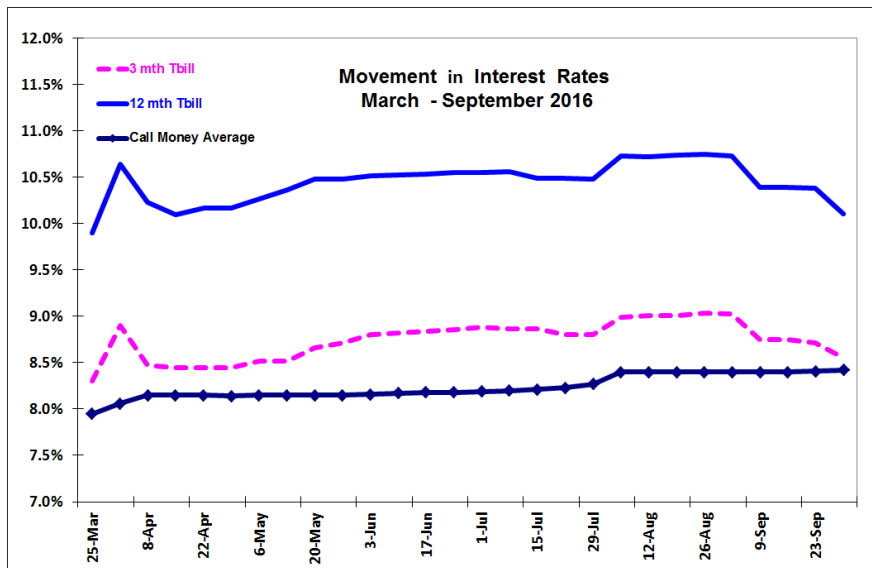


Foreign investors were net sellers with Net foreign outflows for the six months ending September 2016, being approximately Rs 963 million.

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 30<sup>th</sup> 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 1<sup>st</sup> April 2016, depreciated by 0.88% and was quoted at Rs 146.56 as at 30<sup>th</sup> September 2016.

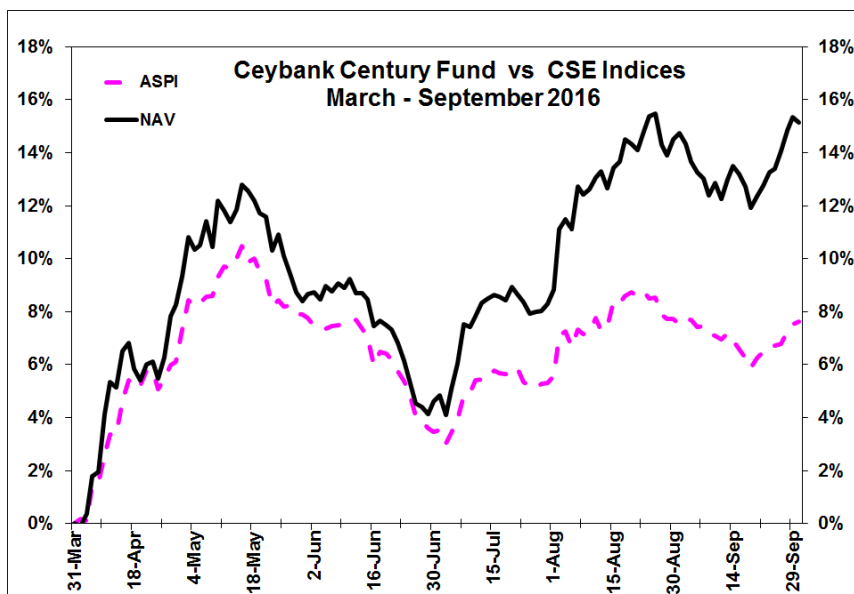


Average Annual Inflation measured by the CCPI increased from 2.0% in March 2016 to 3.9% in September 2016. Market Interest rates remained mostly unchanged despite being volatile within a narrow range as market liquidity levels changed sharply. The 12 month Treasury bill yields moved down from 10.64%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

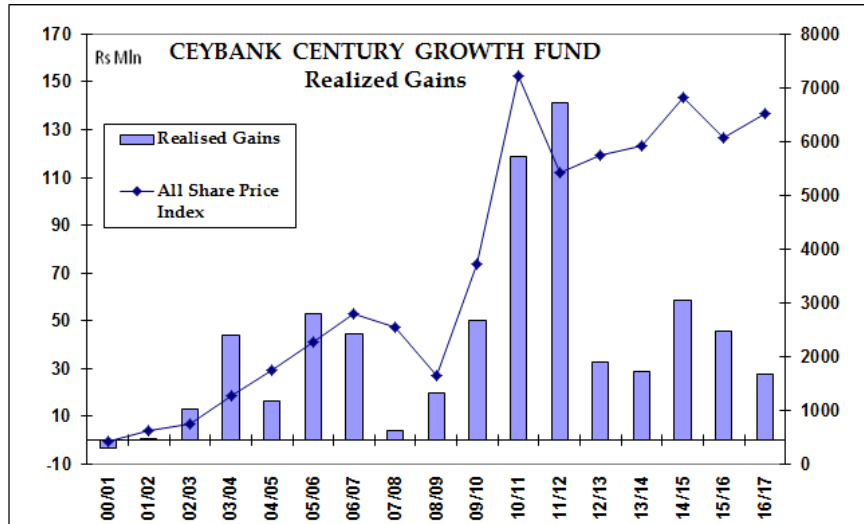
### Fund Performance

The Net Asset Value per unit of your Fund appreciated by 15.31% during the half year period under review. The total net assets stood at Rs. 1,203 million as at 30<sup>th</sup> September 2016.



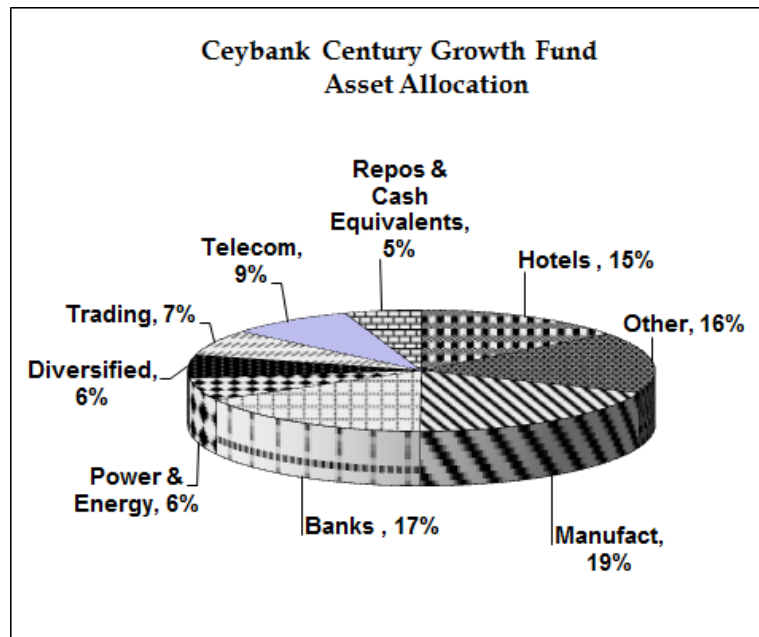
The Fund generated dividend income of Rs 28.46 million, up 20% from Rs 23.60 million in the previous year. Interest income was down 44% to Rs 1.98 million from Rs 3.54 million in the corresponding period. Expenses decreased 7% from Rs 12.64 million to Rs 11.78 million.

The Fund realized Rs 27.60 million as capital gains from sale of equity during the period, 33% up from the Rs 20.71 million recorded in the previous period.



The market value of the portfolio was Rs 1,203 million as at 30<sup>th</sup> September 2016 up from Rs 1,070 million in March 2016.

The Fund remains fully invested as at 30<sup>th</sup> September 2016, maintaining a relatively high level of equity exposure. We will continue to make changes in the Asset allocation in a manner that is compatible with our view and market expectations.



Your Fund investments are diversified across fundamentally strong companies with a medium to long term outlook, in Hotel, Manufacturing, Bank, Telecommunication and Power & Energy sectors as depicted in the chart. We expect these stocks to perform well in the medium term adding further value to your investment.

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 CENTURY GROWTH FUND

## Statement of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Six months ended 30 <sup>th</sup> September	
	2016	2015
<b>Income</b>		
Dividend	28,468	23,605
Interest income from financial assets not held at fair value through profit or loss	1,985	3,542
Net realized gain on financial assets held at fair value through profit or loss	27,609	20,719
Net change in unrealized Gain on financial assets held at fair value through profit or loss	115,619	39,052
<b>Total investment income</b>	<b>173,681</b>	<b>86,918</b>
<b>Expenses</b>		
Management fee	(9,595)	(10,338)
Trustee & custodian fee	(1,948)	(2,099)
Other expenses	(243)	(205)
	<b>(11,786)</b>	<b>(12,642)</b>
<b>Net operating profit</b>	<b>161,895</b>	<b>74,276</b>
<b>Finance costs</b>		
Distributions to unitholders	-	-
<b>Profit after deductions and before tax</b>	<b>161,895</b>	<b>74,276</b>
Income tax expense	-	-
<b>Increase in net assets attributable to unitholders</b>	<b>161,895</b>	<b>74,276</b>

# CEYBANK CENTURY GROWTH FUND

## Statement of financial position

(all amounts in Sri Lanka Rupees thousands)

	Six months ended 30 <sup>th</sup> September	
	2016	2015
<b>Assets</b>		
Cash and cash equivalents	5,812	2,369
Other receivable	3,905	2,470
Financial assets held at fair valued through profit or loss	1,154,328	1,210,601
Loans and receivables	49,729	56,145
Income tax receivable	7,866	7,592
<b>Total assets</b>	<b>1,221,640</b>	<b>1,279,177</b>
<b>Unit Holders' funds and Liabilities</b>		
<b>Liabilities</b>		
Payables	12,441	4,681
Amount Payable on Unit redemption	6,167	324
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>18,608</b>	<b>5,005</b>
<b>Net assets attributable to unitholders – liability</b>	<b>1,203,032</b>	<b>1,274,172</b>
<b>Total Unit Holders' funds and Liabilities</b>	<b>1,221,640</b>	<b>1,279,177</b>

## CEYBANK CENTURY GROWTH FUND

### Statement of changes in Unitholders' funds

(all amounts in Sri Lanka Rupees thousands)

	Six months ended 30 <sup>th</sup> September	
	2016	2015
Unit holders' funds at beginning of the year	1,070,556	1,165,453
Increase in net assets attributable to unit holders	161,895	74,276
Received on unit creations	11,391	67,710
Paid on unit redemptions	(40,810)	(33,267)
<b>Unitholders' funds at end of the year</b>	<b>1,203,032</b>	<b>1,274,172</b>

“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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