



namal

NATIONAL ASSET MANAGEMENT LTD

2015 - 2016
NAMAL
Acuity Value Fund
ANNUAL REPORT

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About **nama**

About NAMAL

National Asset Management Limited (NAMAL) is the pioneer Unit Trust management company in Sri Lanka established in 1991. With over 20 years of experience and a successful track record of investing in equity and fixed income markets, NAMAL launched the first Unit Trust to be licensed in Sri Lanka (National Equity Fund) and the first listed Unit Trust (NAMAL Acuity Value Fund). We operate eight Unit Trusts and offer private portfolio management services as well. A subsidiary of Union Bank of Colombo PLC, our shareholders include DFCC Bank PLC and Ennid Capital (Pvt) Limited. We have a highly experienced and professional management team with widespread experience in domestic and international capital markets.

Our Investment Philosophy

Our philosophy is to identify and invest in “compounders” – high quality companies with dominant business models, intangible assets, pricing power and low capital intensity. The investment philosophy is clearly reflected in our Investment Management process.

Our primary objective is to provide enhanced long term growth while ensuring preservation of capital.

Our Unit Trusts

Unit Trusts enable individual investors to benefit from professional fund management, investment performance, portfolio diversification, additional investment alternatives and risk management for a low minimum investment. In addition, investors have the ability to redeem their investments on a daily basis in the event of an emergency. Investing in Unit Trusts allows you to plan and invest for your future financial wealth, significant life milestones and your prosperous retirement while enjoying peace of mind.

All NAMAL Unit Trusts are licensed and regulated by the Securities and Exchange Commission of Sri Lanka.

Chairman's Review



Dear Investors,

It is my pleasure to send this Report and accounts of the Funds to our investors for the year ended 31st March 2016.

The company operated in difficult local and global market conditions during FY16. Foreign Institutional Investors (FIIs) were net sellers amounting for USD 1.3Bn in debt and USD34Mn in equity markets in year 2015 putting significant selling pressure on capital markets and currency during the year. Domestic political and market environment amplified the volatile markets conditions with the electoral cycle and change of government resulting in a new policy direction. As a result, ASPI fell 10.9% while the Rupee depreciated 9.2% during the period under review.

All equity funds managed by NAMAL outperformed the broader markets with National Equity Fund (NEF) and NAMAL Growth Funds (NGF) recording negative growth of 7.2% and 9.1% respectively, during the period under review. Despite adverse market conditions, NEF has now delivered 13.8% compounded annualized return to investors in its 24 years of existence, which is a benchmark set by NAMAL for the unit trust industry. NAMAL fixed income funds too have provided attractive tax adjusted returns despite the challenging low interest rate environment during the year. NAMAL High Yield Fund reported a return of 10.03% while NAMAL Money Market Fund reported a return of 8.31% during the period under review.

The year ahead will continue to be challenging with slower global economic recovery and volatile external environment in addition to challenges stemming from domestic political and macro-economic issues. However, we are optimistic about the long term growth prospects of the Sri Lankan economy and its capital markets and remain committed to delivering long term capital appreciation and income to our investors by adopting conservative, fundamental based investment management.

I wish to thank our staff, the Securities and Exchange Commission of Sri Lanka, the Trustees and our market counterparties for their contribution. Most importantly I wish to extend my sincere appreciation to our loyal investors, many of whom have remained with NAMAL since inception, for the trust they have placed in us. I am confident NAMAL will repay your trust by continuing to deliver excellent performance in the future.



Alexis Lovell, MBE
 Chairman

Board of Directors

Board of Directors



Alexis Lovell
Chairman



Wijenanda Dambawinne



Indrajit Wickramasinghe



Palitha Gamage



Ms Khoo Siew Bee



Avancka Herat



Suren Madanayake



Malinda Samaratunga

Not in picture:
Tyrone De Silva

Profiles of the Board of Directors

Mr. Alexis Lovell, MBE – Chairman

Mr. Lovell is the Deputy Chairman of Union Bank of Colombo PLC. He counts over thirty years of experience in Finance and Investment Banking. Mr. Lovell is a Chartered Management Accountant, UK and holds a post graduate degree in Business Administration. He was awarded the MBE (Most Distinguished Order of the British Empire) by Her Majesty the Queen of England for services to Investment Banking.

Mr. Indrajit Wickramasinghe

Indrajit Wickramasinghe was appointed as Director/Chief Executive Officer on the 15th of November 2014. He counts for over 25 years of Management experience having worked in both the financial and consumer sectors in both local and multinational companies. He holds an MBA from the University of Sri Jayewardenepura, a Fellow of the Chartered Institute of Marketing UK, a Member of the Association of the Professional Bankers and a member of the Oxford Business Alumni, University of Oxford.

Prior to his appointment as Director/CEO of UB he served as the Chief Operating Officer of NDB Bank where he was responsible for all business areas including Retail Banking, Corporate Banking, SME Banking and Project Finance. Prior to that he held positions as a Vice President looking after functions such as HR, Marketing and seven years as Vice President heading Retail Banking.

Mr. Wickramasinghe was also a Non Executive Director of Eagle Insurance/Aviva NDB Insurance, NDB Capital Holdings PLC, NDB Securities (Pvt) Ltd, Development Holdings (Pvt) Ltd and the Credit Information Bureau of Sri Lanka. He currently serves as a Non Executive Director of the National Asset Management Ltd and UB Finance Company Ltd.

Mr. Malinda Samaratunga

Mr. Malinda Samaratunga is an Associate Member of the Chartered Institute of Management Accountants, UK and a Fellow Member of the Certified Management Accountants, Sri Lanka. He holds a Master of Business Administration (MBA) and a Bachelor of Science (B.Sc.) degree both from the University of Colombo.

Mr. Samaratunga counts over 15 years of extensive experience in the Banking & Financial services sectors. He currently functions in the bank in the capacity of the Chief Financial Officer. He also serves on the Boards of UB Finance Co. Ltd. and National Asset Management Limited as a Non Independent Non Executive Director.

Mr. Wijenanda Dambawinne

Mr. Dambawinne was appointed to the Union Bank of Colombo PLC as Head of Treasury on the 15th of October 2015 and possesses the ACI Dealing certificate from the ACI Financial Markets Association (which is an international qualification for Foreign Exchange Dealers). He has been involved in the Banking Environment for more than 31 years.

Mr. Dambawinne started his career with HSBC, Colombo from February 1984 to September 1987 and subsequently took an appointment with Sampath Bank PLC from October 1987 to October 2015. In his tenure at Sampath Bank PLC he served as Deputy General Manager Treasury and Global Business and also served as a Director of the Sampath Centre Board which is a fully owned subsidiary of Sampath Bank PLC from January 2014 to October 2015.

Ms. Khoo Siew Bee

Ms. Siew Bee has extensive experience in all aspects of corporate finance work in Asia, the US and Europe. Her previous positions include Director & Country Manager of Schroders Taiwan, Director of Schroders Hong Kong, Director of Schroders Singapore and Mergers & Acquisitions Director (Asia Pacific) of Monsanto Singapore Pte Ltd.

Ms. Siew Bee is a Director of BP De Silva Holdings Pte Ltd., and a number of its subsidiary and associate companies.

Mr. Suren Madanayake

Mr. Suren Madanayake had his education at Royal College, Colombo and qualified as a Mechanical Engineer from the University of Texas at Austin, USA. He was appointed to the Board of ACL Cables PLC in June 1991 and appointed as Managing Director in September 2005. When Kelani Cables PLC was acquired in October 1999, he was appointed as Managing Director of Kelani Cables PLC and Lanka Olex Cables (Private) Ltd which is the holding Company of Kelani Cables PLC. In 2003 he was appointed as Deputy Chairman of Kelani Cables PLC.

He also serves as the Chairman of Resus Energy PLC, Managing Director of ACL Cables PLC and ACL Plastics PLC and Director of ACL Electric (Pvt) Ltd., Ceylon Bulbs & Electricals Ltd., ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt.) Ltd., Ceylon Copper (Pvt.) Ltd., SM Lighting (Pvt) Ltd., Fab Foods (Pvt.) Ltd., Ceylon Tapioca Ltd., E-Commerce Technologies (Pvt) Ltd., Destination Ceylon (Pvt.) Ltd., Pan Asia Power PLC and National Asset Management (Pvt) Ltd. He also serves as Trustee of CCC Foundation of Sri Lanka, which is an approved charity. He also captained the Royal College 1st XV Rugby team in 1987.

Mr. Tyrone De Silva

Tyrone de Silva is the Executive Vice President responsible for Investments, International Relations and Strategic Planning for DFCC Bank. He also oversees the Investment Banking business of the Bank, which is carried out through Acuity Partners, an equally owned joint venture with Hatton National Bank. Tyrone joined DFCC in 1989 and has been involved in the Bank's Corporate Finance and Capital Markets businesses throughout his career. He has participated in DFCC's corporate structuring transactions including the set up or acquisition of subsidiaries and associates of the DFCC Group. Tyrone is responsible for transaction execution and overseeing the administration and monitoring of the Bank's quoted and unquoted share portfolio. He also has an oversight role in corporate communications and shareholder relations. In the latter part of his career, Tyrone took charge of Corporate Banking and subsequently was appointed as the Head of DFCC's Lending Business in the capacity of Executive Vice President. In October 2015, he took on his present responsibilities.

Tyrone is a member of DFCC's ALCO, Investment Committee and IT Steering Committee. He also participates in various Board Sub-Committees. Tyrone serves as Director on the Boards of DFCC Group companies and those in which the Bank has a significant interest.

Prior to his career at DFCC, Tyrone was employed as a foreign exchange and money broker for a period of seven years. Here he gained in-depth exposure to foreign exchange and fixed income trading, structuring of swap deals and other hybrid transactions.

Tyrone holds a Master of Business Administration degree from the University of Warwick (UK). He is also a Graduate Member of the Institute of Mechanical Engineers (UK). He has extensive international training in various aspects of management, banking and finance.

Mr. Palitha Gamage

Mr. Palitha Gamage is a career banker with over 25 years of experience at DFCC Bank. He has served in several senior managerial positions in Corporate Banking, SME Banking, Investment Banking, Planning and Operations within the bank. In addition, he also served as Head of Corporate Credit at DFCC Vardhana Bank. Presently, he holds the position Executive Vice President (Integrated Risk Management) / Chief Risk Officer of DFCC Bank. Prior to joining DFCC Bank, he worked as a Civil Engineer at State Engineering Corporation of Sri Lanka. He served as a member of the Governing Board of the National Institute of Business Management for three years from 2010 and currently serves as a Non Executive Director of the National Asset Management Ltd. During his career, Mr. Gamage has attended a multitude of local and foreign training programs and workshops covering various aspects of banking.

Mr. Gamage holds a B. Sc (Engineering) Hons degree from the University of Moratuwa, Sri Lanka and a MBA from the Asian Institute of Technology, Thailand. He is an Associate of the Chartered Institute of Management Accountants (CIMA), UK and a Corporate Member of the Institution of Engineers, Sri Lanka.

Mr. Avancka Herat

Mr. Herat is the Executive Director of NAMAL. (Please refer management team profile.)

NAMAL Risk Committee

Mr. Avancka Herat	– Chairman
Mr. Charana Jayasuriya	– Head - Sales & Structuring
Mrs. Pushpika Jeevaratne	– Head of Compliance & Risk
Mr. Suhen Vanigasooriya	– VP Risk Management (Union Bank)
Mr. Jayan Fernando	– Assistant Vice President (DFCC)
Mr. Wimal Karunarachchi	– Manager Portfolio Risk (Union Bank)

NAMAL Investment Committee

Mr. Alex Lovell	– Chairman
Mr. Malinda Samaratunga	– Director
Mr. Avancka Herat	– Director/CEO
Mr. Tyrone De Silva	– Director

NAMAL Remuneration Committee

Mr. Palitha Gamage	– Chairman
Mr. Indrajit Wickramasinghe	– Director
Mr. Avancka Herat	– Director/CEO
Mr. Suren Madanayake	– Director

Internal Audit Committee

Mr. Palitha Gamage	– Chairman
Mr. Tyrone De Silva	– Director
Mr. Avancka Herat	– Director/CEO
Mr. Malinda Samaratunga	– Director

Management Team

Profiles of the Management Team

Mr. Avancka Herat, Executive Director/Chief Investment Officer

Mr. Herat has over 20 years experience in the financial services sector in the areas of investment banking, investment management and corporate finance. He has extensive regional experience having worked for investment banks and MNC's including Jardine Fleming, JP Morgan and Caltex. He has worked in Singapore, Hong Kong and Thailand specializing in key sectors such as Petroleum, Telecoms, Power and Energy, Cement, MNC's and Small Caps. Prior to joining NAMAL, Mr. Herat was the Chief Investment Officer/Director of Aegis Fund Management (Pvt) Ltd, managing the funds of DCSL Group, including Sri Lanka Insurance Corporation Ltd.

Mr. Herat holds a BSc (Hons) in Business Management from University of Swansea, Wales and MSc in Business Finance from University of London, Uxbridge.

Mr. Charana Jayasuriya, Head – Sales & Structuring

Mr. Jayasuriya has over 15 years experience in the capital markets of Sri Lanka and United Kingdom in asset management, investment banking and financial regulation. Prior to joining NAMAL, Mr. Jayasuriya was Fund Manager for Aegis Fund Management (Pvt) Ltd managing the funds of DCSL Group, including Sri Lanka Insurance Corporation Ltd specialising in fixed income and foreign currency.

Mr. Jayasuriya holds a LLB (Hons) Law and LLM in Banking & Finance Law from University College London and completed the Advanced Asset Management Programme at INSEAD.

Mr. Daham Hettiarachchi, Assistant Fund Manager

Mr. Hettiarachchi has over 7 years of experience in the capital markets of Sri Lanka specializing in Equity research (both listed and unlisted) and fund management. Mr. Hettiarachchi was senior research analyst at JB Securities (Pvt) Limited, with expertise in sectors such as Banking/Finance, Cement, Construction and Energy. Prior to joining NAMAL he was Manager Investments at a private wealth management company focussing on listed equity and private equity/venture capital investments.

Mr. Hettiarachchi holds a BSc in Finance from The University of Sri Jayewardenepura and he is a CIMA passed Finalist

Mrs. Pushpika Jeevaratne, Head of Compliance

Mrs. Jeevaratne has over 11 years experience in the financial services sector including investment banking. She has worked for Vanik and DP Capital Management prior to joining NAMAL.

Mrs. Jeevaratne holds a BSc.(Eng) from the University of Moratuwa and is a member of the Chartered Institute of Management Accountants (UK)

Mr. Tharaka Mudalige, Head of Retail Sales

Mr. Mudalige has over 10 years experience in Financial Services Sales including Life Insurance and General Insurance specialising in Bancassurance. Prior to joining NAMAL, Mr. Mudalige was the Manager Sales – Bancassurance for AVIVA NDB Insurance PLC.

Mr. Mudalige is an Associate Member of the Chartered Institute of Management Accountants (UK)

Mrs. Menaka Fernando, Finance Manager

Mrs. Fernando has more than 7 years experience in Accounting, Auditing and Advisory Services at Kreston MNS & Co.

Mrs. Fernando is a member of the Institute of Chartered Accountants of Sri Lanka and the Association of Accounting Technicians of Sri Lanka.

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NAMAL Funds

Name of Fund	National Equity Fund	NAMAL Growth Fund	NAMAL IPO Fund
Fund Type	Balanced	Growth	Growth
Objective	Income and Long Term Growth	Long Term Capital Growth	Capital Growth
Invest In	Listed Equity & Fixed Income Securities	Listed Equity & Fixed Income Securities	Listed Equity & Fixed Income Securities
Time Frame of Investment	Medium to Long Term	Medium to Long Term	Medium to Long Term
Risk-Return	High to Moderate Risk/Return	High Risk - High Return	High to Moderate Risk/Return
Dividends	Annual	No Set Pattern	No Set Pattern
Minimum Investment	Rs.1,000	Rs.1,000	Rs.10,000
Front-End Fee	5.00%	5.00%	2.50%
Management Fee	1.50%	1.50%	1.25% (Additional 1.5% if Net Return exceeds 15%p.a in a Quarter)
Exit Fee	No	No	No
Registrar Fee	0.25%	0.25%	No
Trustee Fee	0.20%	0.25%	0.20%
Advantages	<p>Provides current income and long term capital growth</p> <p>Flexibility to invest upto 80% in the stock market</p> <p>Minimum investment is low</p>	<p>Invest in high quality handpicked stocks</p> <p>Flexibility to invest upto 90% in the stock market</p> <p>Ability to participate in a diversified portfolio of listed shares</p>	<p>Invest in Professionally Selected IPO Securities</p> <p>Daily Liquidity</p>

Name of Fund	NAMAL High Yield Fund	NAMAL Money Market Fund	NAMAL Income Fund	NAMAL Gilt Fund
Fund Type	Fixed Income	Money Market	Income	Gilt
Objective	Income	Cash Management	Income	Income
Invest In	Short Term Commercial Papers, Trust Certificates & Corporate Debt	Fixed Income Securities of less than 12 months	Fixed Income Securities	Government Securities and Government Guaranteed Securities
Time Frame of Investment	Short Term	Short Term	Medium to Long Term	Medium to Long Term
Risk-Return	Moderate to Low Risk - Returns	Low Risk / Return	Medium to Long Term	Low Risk / Return
Dividends	Regular	Quarterly	Semi Annual	-
Minimum Investment	Rs.10,000	Rs.10,000	Rs.10,000	Rs.10,000
Front-End Fee	No	No	No	No
Management Fee	0.50%	0.25%	0.60%	0.35%
Exit Fee	No	No	1.00% (If withdrawn prior to 1 year)	No
Registrar Fee	No	0.05%	0.15%	No
Trustee Fee	0.15%	0.15%	Rs.200,000 per annum	0.15%
Advantages	Obtains Significantly Higher Yields than Treasury Bills & Fixed Deposits Daily Liquidity	Provides current income at minimum risk Dividends paid quarterly	Invest in high quality income producing instruments Receive regular dividend income	Invests in Government securities

Highlights of NAMAL Funds

	National Equity Fund	NAMAL Growth Fund	NAMAL Acuity Fund	NAMAL IPO Fund
Fund Performance YoY Growth / (decline)	(7.18%)	(9.10%)	(8.09%)	0.29%
Fund Size Rs.	2.1 Bn	616.8 Mn	1.2 Bn	4.5 Mn
Dividend (Rs. Per Share)	1.00	No dividend paid in line with fund objectives	-	-
Return per unit holder (since inception)	13.76%* Rs. 100,000 invested at inception is worth Rs. 2.3 Mn today	15.16%* Rs. 100,000 invested at inception is worth Rs. 1.4 Mn today	15.40%*	1.66%*
*Assuming re-investment of dividends since inception. Returns are annualized				

	NAMAL Income Fund	NAMAL Money Market Fund	NAMAL Gilt Fund**	NAMAL High Yield Fund
Fund Performance YoY Growth / (decline)	3.53%	6.00%	6.08%	7.22%
Fund Size Rs.	154.2 Mn	846.1 Mn	1.7 Bn	6.0 Bn
Dividend (Rs. Per Share)	0.40	0.60	-	-
Tax Equivalent Yield	4.88%*	8.31%*	8.43%*	10.03%*
*For institutional investors who pay 28% corporate tax *Returns calculated assuming re-investment of Dividend *Returns Annualized				

Investment Manager's Report

Investment Manager’s Report

Sri Lanka Macro Economy

Economic Growth

The Sri Lankan economy experienced a turbulent year in 2015 with the Presidential and Parliamentary elections leading to a change of government. The new UNP led government is re-orienting the economy towards private investment and consumer driven growth model from infrastructure investment led growth. Business sentiment was adversely impacted by the policy uncertainty. The economy recorded growth of 4.8% in 2015 (rebased to 2010) helped by strong consumer spending which was driven by higher public sector wages, cuts in utility and fuel prices and lower interest rates.

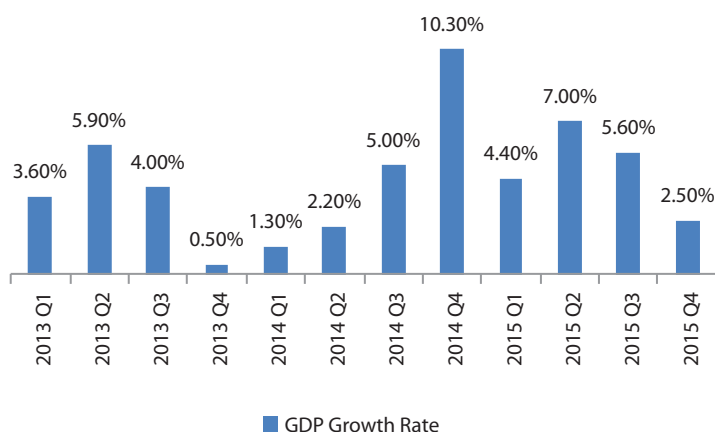
The service sector (56.3% of GDP) recorded growth of 5.3%. IT services and financial services were the largest contributors with growth rates of 21% and 15.8% respectively.

The agricultural sector (8.1% of GDP) recorded a strong performance in 2015, registering a growth rate of 5.5%. Rice and vegetable cultivation were the largest contributors recording growth rates of 24.9% and 23.3 % respectively.

The industrial sector (28.5% of GDP) recorded growth of 3.0% for 2015. Manufacturing sector and metal fabrications sector were the largest contributors recording growth rates of 17.2% and 17.0% respectively.

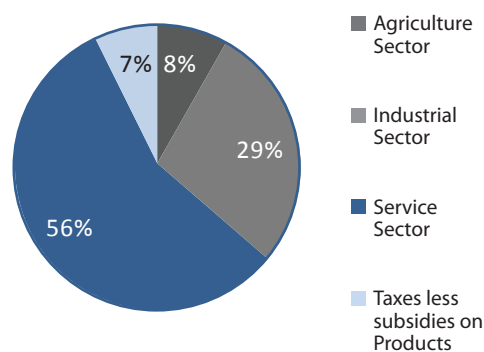
Department of Census and Statistics introduced a separate ‘Taxes less subsidies’ sector as a key component of aggregate GDP in 2015 and which contributed 7.1% to total GDP.

Figure 01: GDP Growth Rates



Source: Dept of Census and Statistics

Figure 02: Composition of GDP

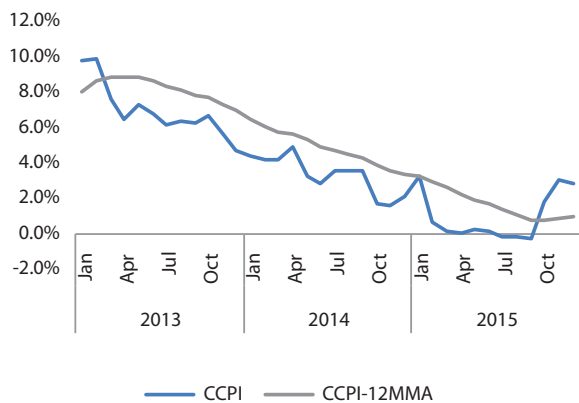


Source: Dept of Census and Statistics

Inflation

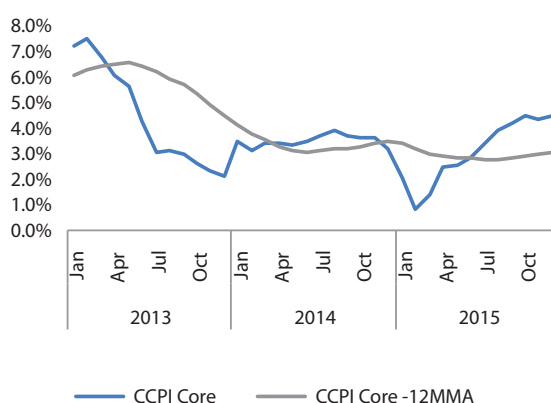
Inflation remained at low single digit levels throughout the year as a result of government mandated price cuts in essential food items, fuel and utilities. Increased consumer spending resulting from higher disposable incomes and low borrowing costs was observable in the continuous upward trend of core inflation. Headline inflation and core inflation were reported at 2.8% and 4.5%, respectively by year end 2015.

Figure 03: Movements of the CCPI



Source: Dept of Census and Statistics

Figure 04: Movements of the CCPI Core

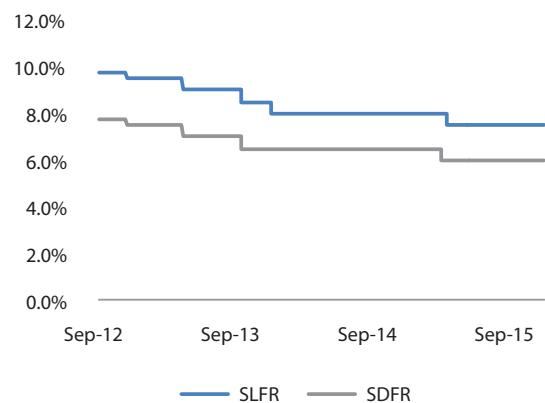


Source: Dept of Census and Statistics

Monetary Policy

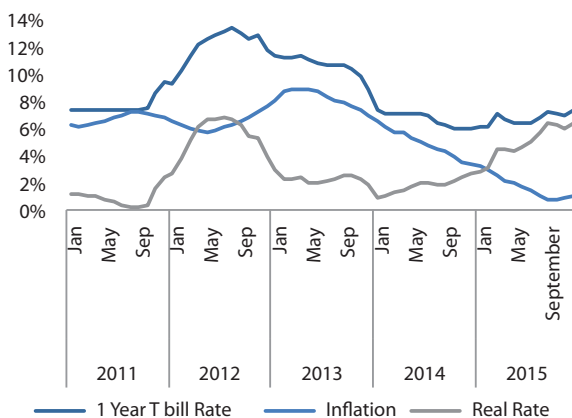
Central Bank of Sri Lanka adopted a relaxed monetary policy throughout the year. In April policy rates were cut by 50 bps to boost economic growth. The policy measures adopted by the Central Bank allowed for a steady increase in core inflation and boosted private sector credit growth, driving overall economic activity.

Figure 05: Movement in Policy Rates



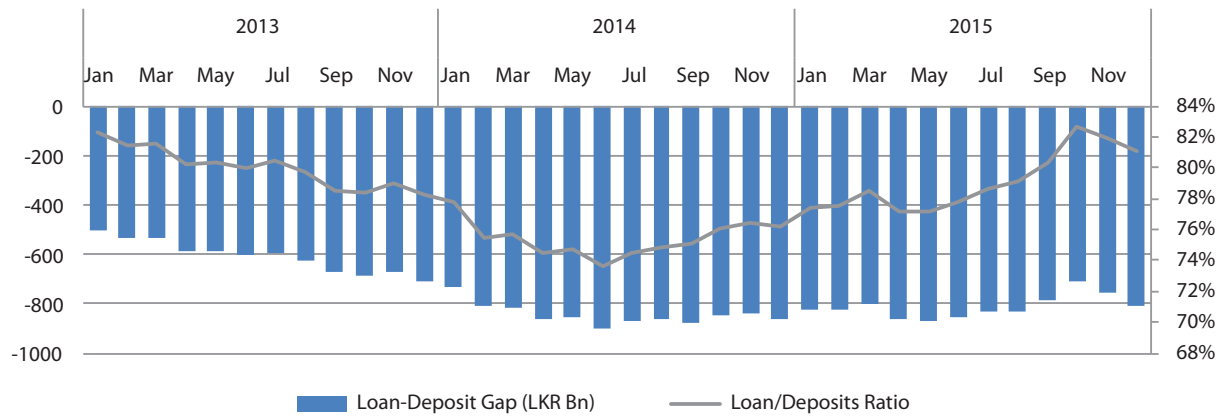
Source: Central Bank of Sri Lanka

Figure 06: Real Rates



Source: Central Bank of Sri Lanka, NAMAL Estimates

Figure 07: Loan -Deposit Gap



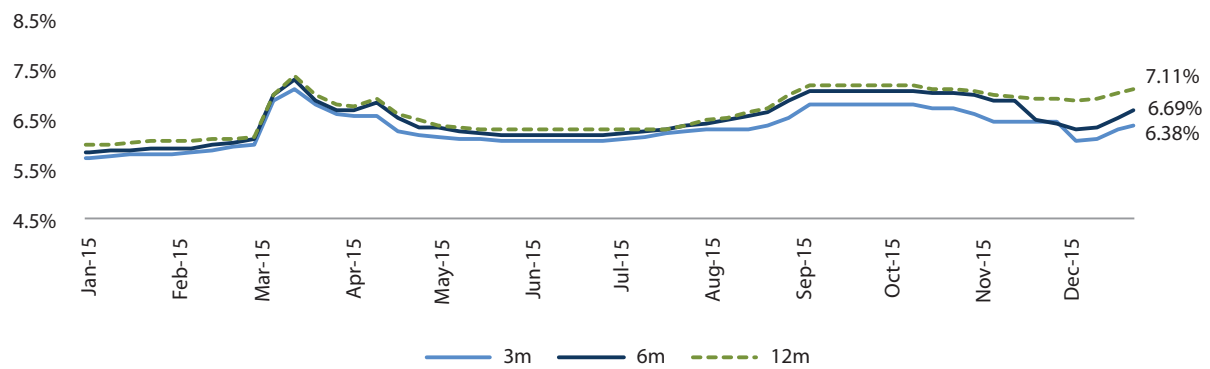
Source: Central Bank of Sri Lanka

Interest Rates

Treasury Bill rates steadily increased in 2015 as Central Bank continued to issue treasuries to refinance maturing government debt and cover increased public financing expenses. During the year, 1 Year Treasury Bill rate increased by 110 bps to 7.11%.

The financing of the government budget deficit will pose a significant on-going challenge due to the current low level of tax revenues and high public expenditure. Government financing requirements in 2016 will lead to a further upward adjustment in rates.

Figure 08: Treasury Bill Rates



Source: Central Bank of Sri Lanka

External Sector

The trade deficit widened marginally by 1.7% YoY to USD 8.4 bn in 2015. Earnings from exports declined 5.6% to USD 10.5 bn. The decline in exports was mainly due to weak export earnings from industrial exports which declined by 3.5% YoY to USD 7.9 bn. Industrial exports were affected by the decline in textile and garments exports and rubber products exports.

Import expenditure declined by 2.5% YoY to USD 18.9 bn largely due to the significant decline in crude oil prices. However, other categories of imports increased significantly during the year, contributing to the expansion in the trade deficit. Vehicle imports increased by a record 51.6% YoY to USD 1.34 bn.

The Current account deficit widened to USD 2.0 bn in 2015 (USD 1.9 bn in 2014). Strong tourism earnings (USD 2.98) and fairly stable worker remittances (USD 6.98 bn) contributed to control the widening of the current account deficit.

Overall the Balance of Payments position recorded a deficit of USD 2.1 bn in 2015 compared to a surplus of USD 1.99 bn in light of these developments.

Tourism Earnings and Worker Remittances

Tourism earnings and worker remittances both contributed to narrow the current account deficit.

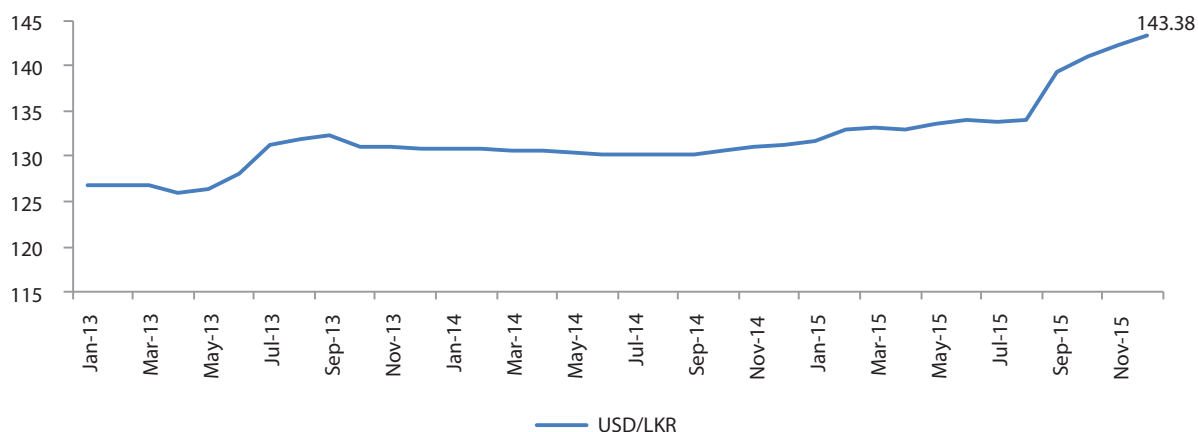
Tourist arrivals increased by a record 17.7% to 1.8 mn tourists and cumulative earnings from tourism rose by 23% to USD 2.9 bn, led by growth in arrivals from China and India. European markets accounted for 31% of total arrivals.

Worker remittances declined 0.5% YoY to USD 6.98 bn.

Exchange Rate Movements

Rising current account deficit and foreign fund outflows contributed to a sharp depreciation of the Rupee against the US Dollar in 2015. The Rupee depreciated by 9.2% over the year to end at 144.

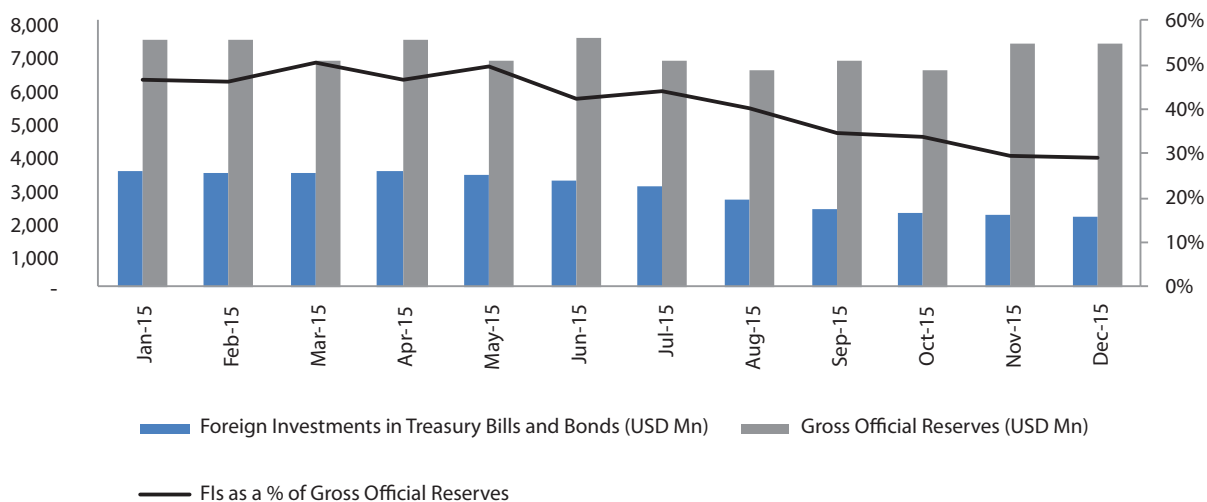
Figure 09: Exchange Rate Movements



Source: OANDA Corp

Foreign investors sold USD 1.3 bn of government securities in 2015 with foreign investments in government securities as a percentage of gross official reserves declining to 29.0% in 2015 from 46.8% in 2014. Movement in foreign holding of government securities contributed to the depreciation of the Rupee.

Figure 10: Foreign Investments in Treasury Bills and Bonds



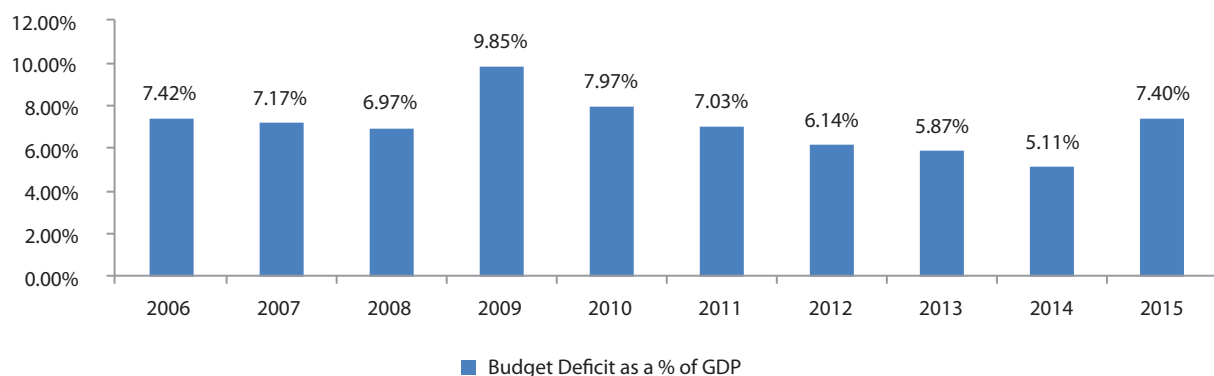
Source: Central Bank of Sri Lanka

Budget Deficit

The budget deficit increased to 7.4% of GDP in 2015, exceeding the government's official target of 5.2%. Escalation in the budget deficit was primarily due to populist policies introduced in the interim budget 2015.

The IMF and several credit rating agencies have already issued warnings to the government to take steps immediately to implement policies to boost public sector revenues to bring the budget deficit to a sustainable level.

Figure 11: Budget Deficit as a % of GDP



Future Outlook

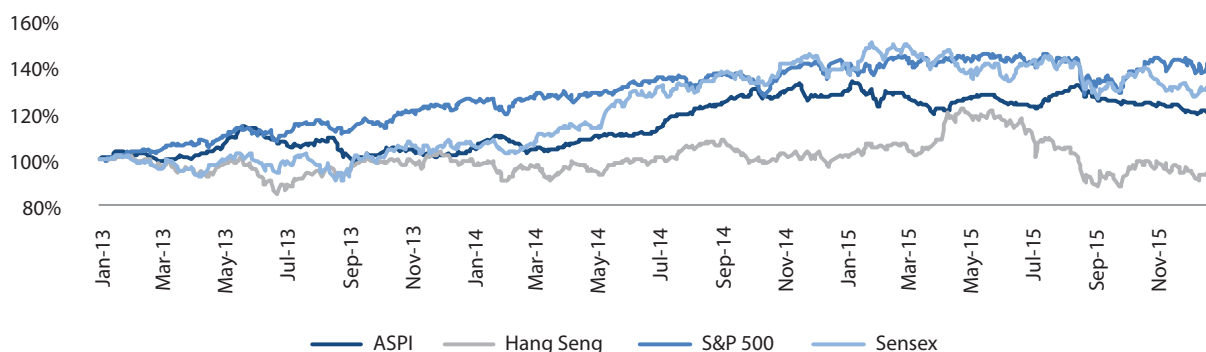
Sri Lanka economy is currently in a transitional phase to a new growth model. We believe the government will take necessary steps to address short terms risks in the economy with the assistance of international development agencies and relevant policy reforms. Structural and policy reforms introduced by the new government will gain traction during 2016 providing a strong platform for the economy to grow in future years.

Equity Market Review

World equity markets reported a tough year for 2015. Overall, markets were plagued by global uncertainty stemming from China slowdown, slump in commodity prices and expectations of a rate hike from the Fed. This resulted in volatile and weak equity market returns in 2015. In Sri Lanka, the down trend in equities was more accentuated, considering the uncertain environment prevailing in the country with the change in the government and reforms in policy measures.

During the year, the S&P 500 index declined -2.2% YoY while the Sensex index declined -4.7%. The ASPI index declined 5.5% YoY to close the year at 6,894.50 while the S&P SL 20 declined 11.3% YoY and closed the year at 3,625.69.

Figure 12: Three Year Equity Return - Regional Markets

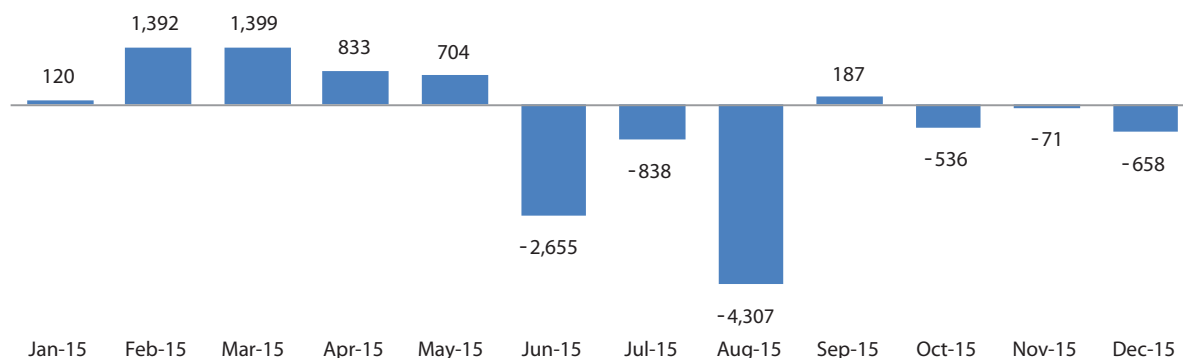


Source: Colombo Stock Exchange, Wall Street Journal Quotes

Net foreign investments in the CSE declined 119.9% YoY. The CSE reported net foreign fund outflows totaling LKR4,428 mn for 2015. The highest foreign outflow was reported in August, amounting to LKR 4,370 mn, triggered by expectations of a Fed rate hike in December.

Average daily turnover declined by 25.1% YoY to LKR 1,059 mn and trading activity in the CSE remained subdued through 2015.

Figure 13: Net Foreign Inflows/(Outflows) - LKR Mn



Source: Colombo Stock Exchange

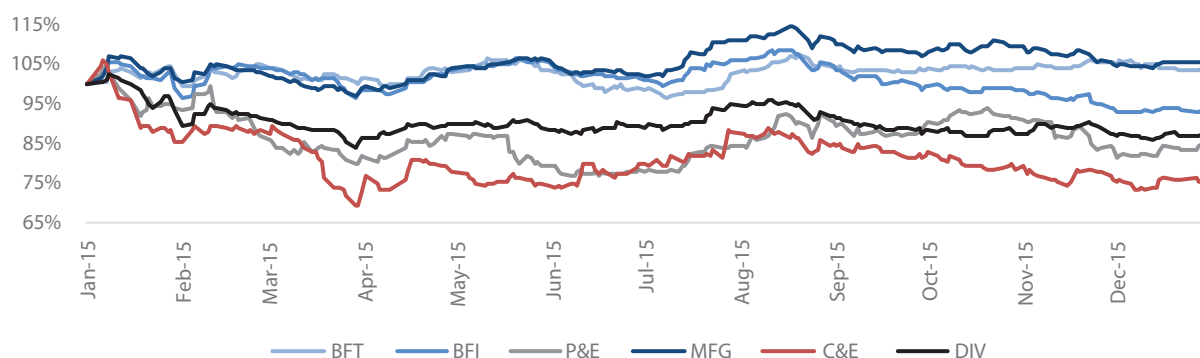
Table 01: Market Statistics

	CY 2014	CY 2015	% Change
ASPI	7,299	6,895	-5.54%
S&P SL20	4,089	3,626	-11.33%
Average Daily Turnover (LKR Mn)	1,414	1,059	-25.11%
Net FII (LKR Mn)	22,147	(4,428)	-119.99%

Source: Colombo Stock Exchange

The ASPI declined by 5.5% in 2015. Manufacturing sector posted the highest return of 6.0%, followed by the Food and Beverage sector which reported a return of 4.0%. Banking and Finance sector reported a negative return of 6.0%. Construction sector reported the worst performance with a negative return of 25.0%.

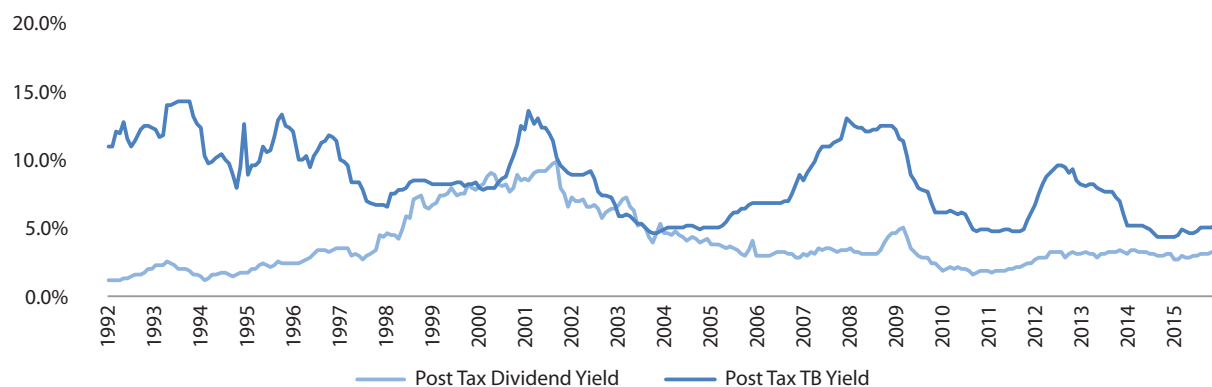
Figure 14 Returns of Key Sectors:



Source: Colombo Stock Exchange

Yield gap continued to widen in 2015 with the rise in treasury yields. This trend is expected to continue in 2016 with the expected increase in treasury yields.

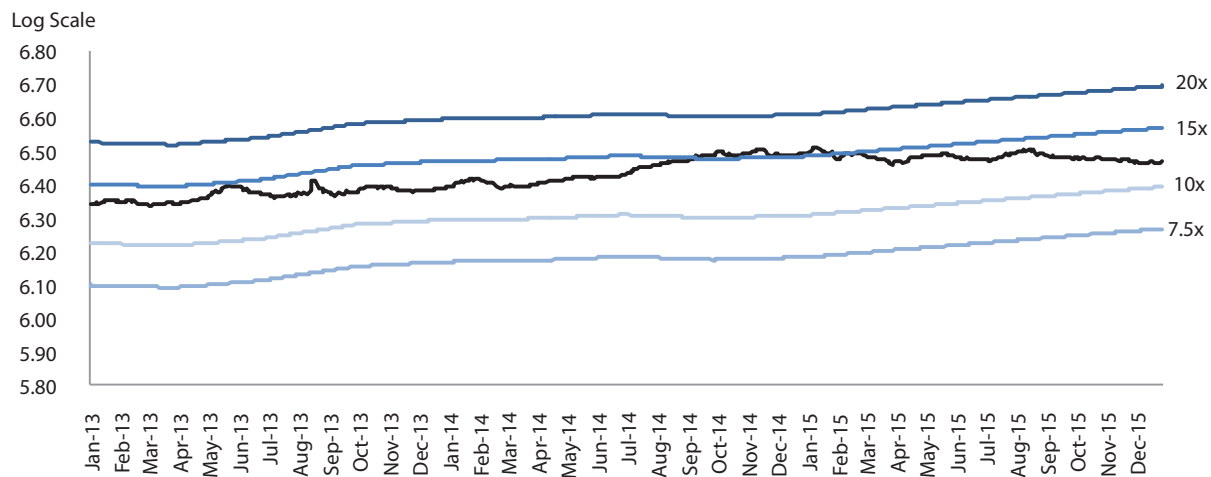
Figure 15: Yield Ratio



Source: Colombo Stock Exchange

The CSE was trading at 14.4x historical earnings by end 2015. Based on forward earnings and assuming a modest growth rate of 5% in corporate earnings for 2016, the market is currently trading between PE multiples of 11.0x-13.0x.


Figure 16: Forward PE Band Chart



Source: Colombo Stock Exchange

Future Market Outlook

The recent downtrend in the CSE has created new opportunities for long term investors. With a strong policy framework in place, we firmly believe that Sri Lanka's growth potential remains strong. The equity market would recover over the next 1-2 years, once near term uncertainties are addressed with relevant policy measures. Having rebalanced our portfolios, anticipating the downtrend in the market, our Funds are in a strong position to capitalize on the best investment opportunities available in the market. We will remain focused on identifying undervalued equities in the market and unlock best value for our investors.



namal
Acuity
Value Fund

Fund Performance Review

Investment Strategy

NAMAL Acuity Value Fund (NAVF) is a growth fund listed on Colombo Stock Exchange which aims to provide long term capital appreciation by investing in equity. The Fund can allocate a maximum of 100% to equity.

The investment strategy is market neutral and based on fundamental research to identify stocks trading below intrinsic value. The Fund has invested in fundamentally strong companies that are exposed to the key sectors of the economy. These investments will enable the Fund to perform strongly notwithstanding any short-term market volatility.

The Fund aims to deliver consistent capital appreciation to investors whilst ensuring preservation of capital.

Asset Allocation

The Fund invested 85.8% in Equities and 6.6% in Commercial Papers, with the balance invested in Debentures and Repos as at 31st March 2016. The main sector allocations in equity are Banks, Finance & Insurance (34.4%), Manufacturing (22.4%) and Diversified Holdings (16.1%).

Performance Review

The Fund generated a negative return of 8.1% while the All Share Price Index decreased by 11.0% for the year ending 31st March 2016. The Fund outperformed the ASPI by 8.5% and 24.6% on a 24 month and 32 month basis, respectively. The NAV of the Fund declined by 9.8% during FY2016.

The Fund value was Rs. 1,204.5 million as at 31st March 2016. The Fund reported a total investment loss of Rs. 80.1 million for the year, compared to an Investment Income of Rs. 252.5 million in the previous year.

Return to Investors

The Fund has provided an annualized return of 15.4% to investors since inception in 2009.

The Fund paid a dividend of Rs. 2.50 per unit for FY2016, bringing the cumulative dividends paid to Rs. 14.00 per unit since inception in 2009.

Investment Management Team,
National Asset Management Ltd

Fig 1: Fund Performance

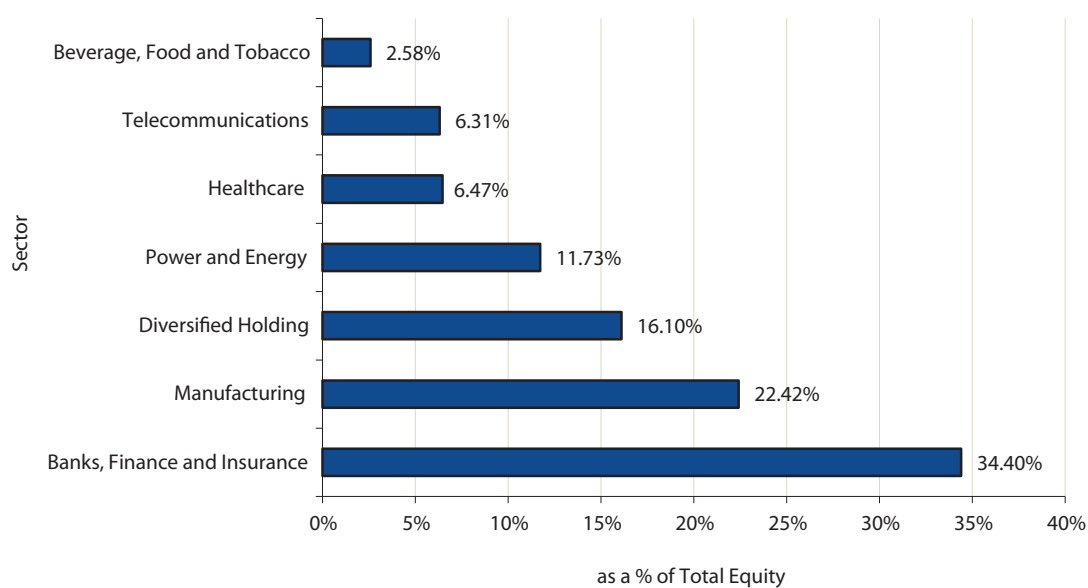
Fund Performance and Market Returns as at 31st March 2016			
	12 months	24 months	36 months
NAMAL Acuity Value Fund	-8.11%	10.19%	30.47%
ASPI	-10.97%	1.74%	5.86%
S & P SL20	-16.82%	-2.30%	-2.71%

***Note**

- 1) Performance up to 31st March 2016 as published by the Unit Trust Association of Sri Lanka
- 2) All returns are adjusted for dividends
- 3) Returns are not annualized
- 4) Past performance should not be taken as a guide to future performance

Fig 2: Top Five Equity Holdings

The Company	No of Shares	Value (Rs.)	% of NAV
Sampath Bank PLC	613,009	138,540,034	11.58%
Hemas Holdings PLC	1,310,000	105,586,000	8.82%
Lanka IOC PLC	3,100,000	100,750,000	8.42%
Nations Trust Bank PLC	1,200,000	89,040,000	7.44%
ALC Cables PLC	750,000	75,675,000	6.32%

Fig 3: Sector Allocation



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ADBT/CPEG/TIF

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF NAMAL ACUITY VALUE FUND

Report on the Financial Statements

We have audited the accompanying financial statements of NAMAL Acuity Value Fund ('the Fund'), which comprise the statement of financial position as at 31 March 2016, statement of profit or loss and other comprehensive income, statement of movement in Unit Holders' Funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Manager's and Trustee's Responsibility for the Financial Statements

The Manager, National Asset Management Limited and the Trustee, Deutsche Bank AG are responsible for the preparation of these 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation of the financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Manager and Trustee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of NAMAL Acuity Value Fund as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on other legal and regulatory requirements

The financial statements are prepared and presented in accordance with and comply with the requirements of the Unit Trust Deed and Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.



06 June 2016
 Colombo

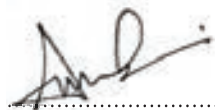
NAMAL Acuity Value Fund STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

ASSETS	Notes	2016 Rs.	2015 Rs.
Cash at bank		973,539	900,535
Financial assets - Held for trading	4	1,047,767,138	1,289,251,387
Financial assets - Loans and receivables	5	104,657,762	35,572,722
Other receivables	7	44,826,298	5,332,575
Income tax recoverable		7,658,851	6,784,451
Total assets		<u>1,205,883,588</u>	<u>1,337,841,670</u>
LIABILITIES			
Accrued expenses and other payables	8	1,426,916	2,509,798
Total liabilities		<u>1,426,916</u>	<u>2,509,798</u>
NET ASSETS		<u>1,204,456,672</u>	<u>1,335,331,872</u>
UNIT HOLDERS' FUNDS			
Net assets attributable to Unit Holders		<u>1,204,456,672</u>	<u>1,335,331,872</u>

The Manager and Trustee are responsible for the preparation and presentation of these Financial Statements and these Financial Statements were approved by the Manager and adopted by the Trustee.

Signed for and on behalf of the Manager and the Trustee by;



Director Management Company


Director
Management Company

DEUTSCHE BANK AG
Colombo Branch



Trustee

*The accounting policies and notes on pages 33 to 48 form an integral part of these Financial Statements.

6 June 2016
Colombo

NAMAL Acuity Value Fund
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2016

	Notes	2016 Rs.	2015 Rs.
INVESTMENT INCOME			
Dividend income	9.1	30,687,636	35,404,107
Interest income	9.2	16,033,603	14,254,383
Realised gains on financial assets held for trading	4.3	99,746,786	33,039,384
Unrealised gains/(losses) on financial assets held for trading	4.4	(226,538,579)	169,763,152
Total investment income		(80,070,553)	252,461,026
EXPENSES			
Management fees		(13,801,961)	(13,479,540)
Trustee fees		(3,002,755)	(2,951,975)
Custodian fees		(267,130)	(268,208)
Audit fee and expenses		(188,136)	(173,070)
Professional charges		(77,556)	(75,118)
Brokerage charges		(5,893,190)	(6,776,393)
Other expenses		(695,112)	(1,730,895)
Total operating expenses		(23,925,839)	(25,455,200)
Net operating profit/(loss)		(103,996,392)	227,005,827
FINANCE COST			
Interest expense		(808)	(14,689)
PROFIT/(LOSS) BEFORE TAX		(103,997,200)	226,991,137
Income tax expense	10	-	-
PROFIT AFTER TAX		(103,997,200)	226,991,137
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		(103,997,200)	226,991,137

*The accounting policies and notes on pages 33 to 48 form an integral part of these Financial Statements.

NAMAL Acuity Value Fund
STATEMENT OF CHANGES IN UNIT HOLDERS' FUNDS
 Year ended 31 March 2016

	Note	2016 Rs.	2015 Rs.
UNIT HOLDERS' FUNDS AT THE BEGINNING OF THE YEAR		1,335,331,872	1,135,218,735
Increase/(Decrease) in net assets attributable to Unit Holders		(103,997,200)	226,991,137
Income distribution to unit holders	11	(26,878,000)	(26,878,000)
UNIT HOLDERS' FUNDS AT THE END OF THE YEAR		<u>1,204,456,672</u>	<u>1,335,331,872</u>

*The accounting policies and notes on pages 33 to 48 form an integral part of these Financial Statements.

NAMAL Acuity Value Fund
STATEMENT OF CASH FLOWS
 Year ended 31 March 2016

	2016	2015
	Rs.	Rs.
Cash flows from operating activities		
Dividend received	35,824,913	37,811,179
Interest received	14,525,135	13,657,563
Net Investments in T-Bills/Bonds Repurchase Agreements	7,026,897	(6,498,208)
Net Investments in Debentures	20,000,000	(6,370,000)
Net Investments in Equity Securities	(334,374,192)	(370,120,190)
Net Investments in Commercial Papers	(74,802,031)	-
Net Investments in Fixed Deposits	-	22,359,939
Proceeds from sale of Equity Securities	383,882,038	360,371,544
Operating expenses paid	(25,008,722)	(24,235,136)
Income tax paid	(122,225)	-
Net cash generated from operating activities	<u>26,951,812</u>	<u>26,976,691</u>
Cash flows from financing activities		
Income distribution	(26,878,000)	(26,878,000)
Interest paid on borrowings	(808)	(14,689)
Proceeds from borrowings	5,000,000	50,500,000
Repayment of borrowings	(5,000,000)	(50,500,000)
Net cash used in financing activities	<u>(26,878,808)</u>	<u>(26,892,689)</u>
Net increase in cash and cash equivalents	73,004	84,002
Cash and cash equivalents at the beginning of the year	900,535	816,533
Cash and cash equivalents at the end of the year	<u>973,539</u>	<u>900,535</u>

*The accounting policies and notes on pages 33 to 48 form an integral part of these Financial Statements.

NAMAL Acuity Value Fund

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1. GENERAL INFORMATION

NAMAL Acuity Value Fund is a closed ended unit trust Fund approved by the Securities and Exchange Commission of Sri Lanka. The Fund was launched on 07 September 2009.

The Fund is managed by National Asset Management Limited, which is incorporated and domiciled in Sri Lanka. The registered office of the management company is located at 7th Floor, Union Bank Head Office, No. 64, Galle Road, Colombo 03. The Trustee of the Fund is Deutsche Bank AG having its place of business at No. 86, Galle Road, Colombo 03.

The investment objective of the Fund is to achieve long term capital appreciation for the Unit Holders by adopting a dynamic asset allocation strategy for investments in listed equities and listed and unlisted fixed income securities.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis unless otherwise indicated. The financial statements are presented in Sri Lankan rupees. The statement of financial position is presented on a liquidity basis.

2.1.1 Statement of Compliance

The financial statements which comprise the statement of financial position as at 31 March 2016, statement of profit or loss and other comprehensive income, statement of movement in Unit Holders' Funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards and the requirements of the Unit Trust Deed and Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.2.1 Financial instruments

All financial assets are initially recognized on the trade date, i.e the date that 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.

a) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management intention in acquiring them. Accordingly, Fund's financial assets have been classified as loans and receivables and financial assets at Fair Value through Profit or Loss..

NAMAL Acuity Value Fund
NOTES TO THE FINANCIAL STATEMENTS
 Year ended 31 March 2016

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted on an active market. Loan and receivables in the statement of financial position comprise of repurchase agreements and commercial papers.

After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest rate, less allowance for impairment. The amortization is included in the "interest income" in the statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income in "credit loss expense".

Financial assets at Fair Value through Profit or Loss

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Financial assets at Fair Value through Profit and Loss in the statement of financial position comprise of quoted equity securities and quoted debentures.

Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. Upon the initial recognition, transaction costs directly attributable to the acquisition are recognized in profit or loss as incurred.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Changes in fair value are recognised in the 'Unrealised gain / (loss) on financial assets held for trading' in the statement of profit or loss and other comprehensive income. Dividend income is recorded in "investment income" according to the terms of the contract.

a) Impairment

For financial assets carried at amortised cost, the Fund first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income.

b) Derecognition

A financial asset is derecognised when,

- a. The rights to receive cash flows from the asset have expired,
- b. The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either,
 - The Fund has transferred substantially all the risks and rewards of the asset or
 - The Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

NAMAL Acuity Value Fund
NOTES TO THE FINANCIAL STATEMENTS
 Year ended 31 March 2016

2.2.1.2 Financial liabilities

a) Initial recognition and measurement

The Fund determines the classification of its financial liabilities at initial recognition.

The Fund's financial liabilities comprise of accrued expenses and other payables in the Statement of Financial Position.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the profit or loss and other comprehensive income statement when the liabilities are derecognised as well as through the EIR amortisation process.

c) 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 assets and settle the liabilities simultaneously.

2.2.2 Recognition of income

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

Interest Income

For all financial instruments measured at amortised 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 bills/bonds repurchase agreements and commercial papers are recognised at gross of notional tax or withholding tax.

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.

2.2.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

2.2.4 Income tax

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the taxation authorities. 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 is liable to pay income tax at the rate 10% in accordance with the Inland Revenue Act No. 10 of 2006.

NAMAL Acuity Value Fund

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

2.2.5 Expenses

The management participation fees of the Fund is as follows:

Management Fee	-	1.0% of Net Asset Value of the Fund
Trustee Fee	-	0.2% of Net Asset Value of the Fund
Custody Fee	-	Flat Fee of Rs. 20,000 per month

2.2.6 Distributions

In accordance with the trust deed, the Fund distributes income, to Unit Holders by cash or reinvestment in units. The distributions are recorded in the statement of movement in Unit Holders' Funds.

2.2.7 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 as described in the Trust Deed and directives issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue. Income not distributed is included in net assets attributable to Unit Holders.

2. 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

2.3.1 Fair value of financial instruments

Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value. Following are the key sources of estimation uncertainty at the statement of financial position date that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

a) Fair value of securities not quoted in an active market and over the-counter derivative instruments

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.

2.3.2 Impairment losses on financial assets – loans and receivables

The Fund reviews its financial investments classified as loans and receivables at each reporting date to assess whether they are impaired. In particular management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

NAMAL Acuity Value Fund

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

2.4 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Financial Instruments

The Fund's principal financial assets comprise investments in repurchase agreements, commercial papers, trading securities and cash at bank. The main purpose of these financial instruments is to generate a return on the investment made by Unit Holders. The Fund's principal financial liabilities comprise amounts attributable to Unit Holders, which are the amounts owed to Unit Holders of the Fund. The Fund also has other financial instruments such as receivables and payables which arise directly from its operations.

In accordance with LKAS 39 Financial Instruments: Recognition and Measurement, the investments in repurchase agreements and commercial papers are classified as 'loans and receivables' and are valued at amortised cost. The investments in trading securities are classified as "held for trading" and valued at fair value. Amounts attributable to Unit Holders are classified as 'other financial liabilities' and are carried at the redemption amount being net asset value. Payables are designated as 'other financial liabilities' at amortised cost.

(b) 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 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.

NAMAL Acuity Value Fund NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

(c) 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.

Counter Party	Credit Rating	Rating Agency
Commercial Bank of Ceylon PLC	AA	Fitch Rating
Central Finance Company PLC	A+	Fitch Rating

Risk concentration of credit risk exposure

Concentration of credit risk is managed by counterparty and by market sector. The fund is also subject to credit risk on its bank balance and receivables. The credit risk exposure on these instruments is not deemed to be significant.

The fund's maximum exposure to credit risk can be analysed as follows:

	2016 Rs. 000	2015 Rs. 000
NAMAL Acuity Value Fund - Investments		
Conservative	28,564	35,572
Balanced	76,093	-
Growth	1,047,767	1,289,251

(d) 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.

NAMAL Acuity Value Fund NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

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 4, with all other variables held constant:

	31 March 2016		31 March 2015	
	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%	98,626	98,626	120,418	120,418
-10%	(98,626)	(98,626)	(120,418)	(120,418)

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 commercial papers, it is reasonably expected that the fluctuation in interest rate will not materially impact the net assets value of the Fund.

Furthermore, the Fund's exposure to interest rate risk primarily arises from changes in interest rates applicable to quoted debentures since they are valued at fair value.

The following table summarizes the sensitivity of the Funds operating profit and net assets attributable to Unit Holders to interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the Fund's investment with the relevant benchmark and market volatility. However, actual movements in the risk variables maybe greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in performances and correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Interest rate risk impact on		Interest rate risk impact on	
	31 March 2016	31 March 2016	31 March 2015	31 March 2015
	Operating Profit	Net Assets Attributable to Unit Holders	Operating Profit	Net Assets Attributable to Unit Holders
	Rs.	Rs.	Rs.	Rs.
Change in interest rate of Fund's investment in Trading debentures				
+1%	(414)	(414)	(461)	(461)
-1%	422	422	469	469

NAMAL Acuity Value Fund NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

(e) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising Funds to meet its obligation to pay Unit Holders.

Due to the nature of this unit trust (closed-ended), it is not created to meet demand from investors to redeem the units, instead the units can be sold only in the secondary market.

However to control liquidity risk, the Fund invests in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund invests within established limits to ensure there is no concentration of risk. The Manager ensures that a minimum liquidity level of 3% of the total NAV of the Fund is available in cash or near cash form at any given time as required by the Unit Trust Code, reducing the liquidity risk to its investors.

The table below analyses the Fund's non-derivative financial assets and 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:

31 March 2016	Less than 1 month Rs.	1-6 months Rs.	1-12 months Rs.	1-2 years Rs.	Total Rs.
Financial Assets	1,198,224,738	-	-	-	1,198,224,738
Financial Liabilities	1,426,916	-	-	-	1,426,916
31 March 2015	Less than 1 month Rs.	1-6 months Rs.	1-12 months Rs.	1-2 years Rs.	Total Rs.
Financial Assets	1,331,057,219	-	-	-	1,331,057,219
Financial Liabilities	2,509,798	-	-	-	2,509,798

(f) 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.

Management Company has the discretion to reject an application for units.

NAMAL Acuity Value Fund
NOTES TO THE FINANCIAL STATEMENTS
 Year ended 31 March 2016

Following being the disclosures of Unit Holders' Funds;

The movement in the Unit Holder's Funds as at 31 March 2016

I. In terms of Value

	Rs.
Unit Holders' Funds as at 01 April 2015	1,335,331,872
Decrease in net assets attributable to Unit Holders during the year	(103,997,200)
Distribution Made During the Year	(26,878,000)
Unit Holders' Funds as at 31 March 2016	1,204,456,672

II. In terms of No of units

Opening no of units as at 01 April 2015	10,751,200
Closing no of units as at 31 March 2016	10,751,200

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

3. EFFECTS OF SRI LANKA ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standard that is issued but not yet effective up to the date of issuance of the Fund's financial statements is disclosed below. The Fund intends to adopt this standard, when they become effective.

(i) SLFRS 9 -Financial Instruments: Classification and Measurement

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities. This standard is effective for the annual periods beginning on or after 01 January 2018.

NAMAL Acuity Value Fund NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

4. FINANCIAL ASSETS - HELD FOR TRADING

	2016	2015
	Rs.	Rs.
Quoted equity securities (4.1)	986,264,563	1,204,186,204
Debt securities - quoted debentures (4.2)	61,502,575	85,065,183
	<u>1,047,767,138</u>	<u>1,289,251,387</u>

4.1 Quoted equity securities

Cost as at 31 March	958,760,552	953,152,611
Appreciation of market value of quoted equity securities	27,504,011	251,033,593
Market value as at 31 March	<u>986,264,563</u>	<u>1,204,186,204</u>

4.1.1 Company	2016			2015		
	Number of Shares	Market Value Rs.	Holdings as a % of Net Asset Value	Number of Shares	Market Value Rs.	Holdings as a % of Net Asset Value
Banks, Finance and Insurance						
Central Finance Company PLC	186,921	39,253,410	3%	108,499	27,135,600	2%
Nations Trust Bank PLC	1,200,000	89,040,000	7%	1,200,000	120,120,000	9%
Union Bank of Colombo PLC	-	-	-	617,822	14,889,510	1%
Seylan Bank PLC - Non Voting	1,150,000	72,450,000	6%	1,150,000	72,910,000	5%
Sampath Bank PLC - Voting	613,009	138,540,034	12%	792,238	199,723,200	15%
		<u>339,283,444</u>	<u>28%</u>		<u>434,778,310</u>	<u>32%</u>
Beverages, Food and Tobacco						
Renuka Agri Foods PLC	8,220,240	25,482,744	2%	8,220,240	38,635,128	3%
		<u>25,482,744</u>	<u>2%</u>		<u>38,635,128</u>	<u>3%</u>
Diversified Holdings						
Softlogic Holdings PLC	3,996,497	53,153,410	4%	2,000,000	26,400,000	2%
Hemas Holdings PLC	1,310,000	105,586,000	9%	518,292	38,198,120	3%
		<u>158,739,410</u>	<u>13%</u>		<u>64,598,120</u>	<u>5%</u>
Health Care						
Ceylon Hospitals PLC (Durdans) - Non Voting	800,000	58,880,000	5%	800,000	60,080,000	4%
Ceylon Hospitals PLC (Durdans) - Voting	54,541	4,908,690	0.4%	54,541	6,212,220	0.5%
Asiri Hospitals PLC	-	-	-	10,665,149	215,436,010	16%
		<u>63,788,690</u>	<u>5.4%</u>		<u>281,728,230</u>	<u>21.5%</u>
Hotels and Travels						
The Kingsbury PLC	-	-	-	1,650,000	26,400,000	2%
		<u>-</u>	<u>-</u>		<u>26,400,000</u>	<u>2%</u>
Manufacturing						
ACL Cables PLC	750,000	75,675,000	6%	500,000	38,000,000	3%
Textured Jersey Lanka PLC	575,000	18,227,500	2%	-	-	-
Tokyo Cement Company Lank PLC - Voting	1,500,000	55,500,000	5%	1,500,000	82,350,000	6%
Tokyo Cement Company Lank PLC - Non Voting	2,218,863	71,669,275	6%	2,218,863	82,985,476	6%
		<u>221,071,775</u>	<u>19%</u>		<u>203,335,476</u>	<u>15%</u>

NAMAL Acuity Value Fund
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

4. FINANCIAL ASSETS - HELD FOR TRADING (contd..)

4.1.1 Company	2016			2015		
	Number of Shares	Market Value Rs.	Holdings as a % of Net Asset Value	Number of Shares	Market Value Rs.	Holdings as a % of Net Asset Value
Telecommunication						
Dialog Axiata PLC	6,100,000	62,220,000	5%	2,142,100	22,277,840	2%
		<u>62,220,000</u>	<u>5%</u>		<u>22,277,840</u>	<u>2%</u>
Power & Energy						
Lanka IOC PLC	3,100,000	100,750,000	8%	3,100,000	124,930,000	9%
Laugfs Gas PLC - Voting	409,000	14,928,500	1%	209,000	7,503,100	1%
		<u>115,678,500</u>	<u>9%</u>		<u>132,433,100</u>	<u>10%</u>
Total value of quoted equity securities (At market value)		<u>986,264,563</u>	<u>81.4%</u>		<u>1,204,186,204</u>	<u>90.5%</u>

4.2 Quoted debentures	2016			2015		
	Cost Rs.	Market Value Rs.	Holding as a % of Net Asset Value	Cost Rs.	Market Value Rs.	Holding as a % of Net Asset Value
Lanka Orix Leasing Company PLC	-	-	-	20,000,000	20,635,466	1.5%
Hatton National Bank PLC	3,167,100	3,480,514	0.3%	3,167,100	3,750,361	0.3%
Central Finance PLC	4,600,000	4,781,897	0.4%	4,600,000	4,956,350	0.4%
Lion Brewery PLC	10,000,000	10,306,790	0.9%	10,000,000	10,960,816	0.8%
Softlogic Holdings PLC	25,000,000	26,132,696	2.2%	25,000,000	27,167,971	2.0%
Hayleys PLC	10,000,000	10,401,065	0.9%	10,000,000	10,794,267	0.8%
Richard Pieris & Company PLC	3,110,000	3,189,588	0.3%	3,110,000	3,299,120	0.2%
Hemas Holdings PLC	3,260,000	3,210,024	0.3%	3,260,000	3,500,832	0.3%
	<u>59,137,100</u>	<u>61,502,575</u>	<u>5.1%</u>	<u>79,137,100</u>	<u>85,065,183</u>	<u>6.4%</u>

4.3 Realised in gains on financial assets held for trading	2016	2015
	Rs.	Rs.
Equity securities		
Proceeds on sale of equity shares	428,513,038	360,371,544
Average cost of equity shares sold	(328,766,252)	(327,332,160)
	<u>99,746,786</u>	<u>33,039,384</u>

4.4 Unrealised gains/(losses) on financial assets held for trading	2016	2015
	Rs.	Rs.
Equity securities	(223,529,582)	170,656,657
Debt securities - quoted debentures	(3,008,997)	(893,505)
	<u>(226,538,579)</u>	<u>169,763,152</u>

5. FINANCIAL ASSETS - LOANS AND RECEIVABLES

	2016		2015	
	Carrying Value Rs.	Holding as a % of Net Asset Value	Carrying Value Rs.	Holding as a % of Net Asset Value
5.1 Repurchase agreements				
Commercial Bank of Ceylon PLC	28,564,628	2%	-	-
DFCC Bank PLC	-	-	35,572,722	3%
	<u>28,564,628</u>	<u>2%</u>	<u>35,572,722</u>	<u>3%</u>
5.2 Commercial Papers				
Softlogic Holdings PLC	76,093,134	6%	-	-
	<u>76,093,134</u>	<u>6%</u>	<u>-</u>	<u>-</u>
	<u>104,657,762</u>	<u>8%</u>	<u>35,572,722</u>	<u>3%</u>

NAMAL Acuity Value Fund
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 – An investment in a fund is classified in Level 1 of the hierarchy when that investment is quoted in an active market and measured at the unadjusted quoted price at the reporting date.

Level 3 – An investment in a fund is classified in Level 3 of the hierarchy when the investment is measured using unobservable inputs at the reporting date.

The following assumptions are used to value the level 2 securities where there is no active trading price is available:

a. Quoted Securities

All quoted securities are valued at the last trading price. However, if there is no trades for the last 90 calendar days for a particular quoted security (ies), those quoted securities are valued on mark to market basis using the daily yield curve released by the Central Bank of Sri Lanka (CBSL) until the next trading day, including any risk premium attached to the instrument.

b. Risk Premium

The risk premium for valuation of quoted and unquoted debt securities shall continue to be calculated as the difference between the yield on the corporate debt and the yield on the government security of a similar maturity at the time of investing.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31 March 2016	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial assets - held for trading				
Quoted equity securities	986,264,563	-	-	986,264,563
Quoted debentures	-	61,502,575	-	61,502,575
As at 31 March 2015				
Financial assets - held for trading				
Quoted equity securities	1,204,186,204	-	-	1,204,186,204
Quoted debentures	-	85,065,183	-	85,065,183
7. OTHER RECEIVABLES			2016 Rs.	2015 Rs.
Dividend receivable			195,298	5,332,575
Receivable on share disposal			44,631,000	-
			<u>44,826,298</u>	<u>5,332,575</u>
8. ACCRUED EXPENSES AND OTHER PAYABLES			2016 Rs.	2015 Rs.
Fund management fee payable			1,026,210	1,182,983
Trustee and Custodian fee payable			245,888	279,996
Audit fee payable			154,818	117,040
VAT on management fees payable			-	929,779
			<u>1,426,916</u>	<u>2,509,798</u>

NAMAL Acuity Value Fund NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

9. INVESTMENT INCOME	2016 Rs.	2015 Rs.
9.1 Dividend income	30,687,636	35,404,107
9.2 Interest income		
Interest on Treasury bill/bond repurchase agreements (9.2.1)	4,120,154	2,854,489
Interest on Fixed deposits	1,309,979	505,836
Interest on Commercial papers	1,291,104	-
Interest on Debentures	9,132,181	10,803,092
Interest on Savings	180,186	90,967
	<u>16,033,603</u>	<u>14,254,383</u>

9.2.1 Interest income on Treasury bill/bond repurchase agreements have been recognised gross of notional tax.

10. INCOME TAX	2016 Rs.	2015 Rs.
10.1 Tax expense for the year	-	-
	<u>-</u>	<u>-</u>

10.2 A reconciliation between the tax expense and the product of taxable profit/(loss) multiplied by the statutory tax rate is as follows:

Operating profit/(loss) before tax	(103,996,392)	227,005,827
Aggregate disallowable expenses/ net gains	132,684,983	(195,096,363)
Exempted income	(39,242,831)	(43,867,199)
Total statutory income/(loss)	<u>(10,554,241)</u>	<u>(11,972,425)</u>

Income tax at the rate of 10% (2015-10%)

Income tax expense reported in the Statement of Profit or Loss and Other Comprehensive Income

Carried forward unutilized tax losses	13,693,679	1,721,254
Adjustments on finalizing the income tax return	(135,346)	-
Tax losses incurred during the year	10,554,241	11,972,425
Less: Tax losses claimed	-	-
Brought forward unutilized tax losses	<u>24,112,574</u>	<u>13,693,679</u>

The Fund has not recognized deferred tax asset as at 31 March 2016 due to the Fund being unable to assess with reasonable certainty that taxable profits would be available to recover the asset in the foreseeable future, against which the tax losses amounting to Rs. 13,693,679 (2015 - Rs. 24,112,574/-) can be utilized.

11. DISTRIBUTION

The fund announced and paid the following dividends during the year.

Dividend per Unit Rs.	Date of declaration	No. of units in issue	Total Dividend Rs.
2.50	28 September 2015	10,751,200	26,878,000

NAMAL Acuity Value Fund
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

12. CONTINGENCIES

There are no material contingencies existing as at the reporting date that require adjustments to or disclosures in the Financial Statements.

13. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosure on the Financial Statements.

14. CAPITAL COMMITMENTS

The Fund does not have significant capital commitments at the reporting date.

15. UNITS IN ISSUE AND UNIT PRICE

Units in issue and deemed to be issue as at 31 March 2016 is 10,751,200.0 (2015 - 10,751,200.0) and the creation price was Rs. 111.32 (2015 - Rs.123.57).

16. RELATED PARTY DISCLOSURE

16.1 Management Company and Trustee

The Management Company is National Asset Management Limited.
The Trustee is Deutsche Bank AG.

16.2 Key management personnel

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

i) Directors

Mr. Alexis Lovell MBE - Chairman
Mr. Ajith Wijeysekara (Resigned w.e.f. October 2015)
Mr. Avancka Herat - Executive Director / Chief Investment Officer
Mr. Indrajit Wickramasinghe
Mr. Malinda Samaratinga
Mr. Suren Madanayake
Ms. Khoo Siew Bee
Mr. Tyrone De Silva
Mr. Palitha Gamage
Mr. Wijenanda Dambawinne

ii) Other key management personnel

Other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

NAMAL Acuity Value Fund
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

16.3 Key management personnel compensation

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

16.4 Other transactions within the Fund

Apart from those details disclosed in note 16.5 and 16.6, key management personnel have not entered in to any other transactions involving the Fund during the financial year.

16.5 Related party unit holding and other transactions

The following are the related party holdings of Namal Acuity Value Fund.

As at 31 March 2016	Relationship	No. of Units	Value of units held Rs.	Total interest held
DFCC Bank PLC	Shareholder of the Management Company	2,112,810	235,198,009	19.65%
Mr. Suren Madanayake	Director of the Management Company	2,700	300,564	0.03%
As at 31 March 2015				
DFCC Bank PLC	Shareholder of the Management Company	2,112,810	261,079,932	19.65%
Mr. Suren Madanayake	Director of the Management Company	2,700	333,639.0	0.03%

16.6 Other transactions with and amounts due to related parties

The fees were 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 ended 31 March		Payable as at 31 March	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Fund management fee	13,801,961	13,479,540	1,026,210	1,026,210
Trustee and Custodian fees	3,269,885	3,220,183	245,888	279,996
The Bank balance held at Deutsche Bank AG as at 31 March			973,539	900,535

NAMAL Acuity Value Fund
NOTES TO THE FINANCIAL STATEMENTS
 Year ended 31 March 2016

Other transactions with related parties

Investments in Treasury bill/bond repurchase agreements and fixed deposits have been made in the ordinary course of operations with following related parties. The resulting investment income and outstanding investment balances are given below.

	Investment income during the year		Balance as at 31 March	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Investments in Treasury bill repurchase agreements with DFCC Bank PLC - (Shareholder of the Management Company)	614,444	1,041,076	-	35,572,722
Investments in Fixed Deposits with Union Bank of Colombo The parent company of the Management Company	-	505,835	-	-

17. RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE

	2016 Rs.	2015 Rs.
Net Asset Value as per Financial Statements	1,204,456,672	1,335,331,872
Income Tax Receivable	(7,658,851)	(6,784,451)
Published Net Asset Value	<u>1,196,797,821</u>	<u>1,328,547,422</u>
Number of units outstanding	10,751,200	10,751,200
Published Net Asset Value per Unit	111.32	123.57

UNIT INFORMATION

Analysis of Unitholders according to the Number of Units as at 31st March 2016

Units Range	No. of Unitholders	No. of Units	Holding %
1-200	249	22,755	0.21
201-1,000	171	109,095	1.01
1,001-2,000	51	88,737	0.83
2,001-4,000	25	78,630	0.73
4,001-6,000	30	158,315	1.47
6,001-8,000	4	27,684	0.26
8,001-10,000	17	166,130	1.55
10,001-20,000	16	221,386	2.06
20,001-40,000	10	268,629	2.50
40,001- & Above	13	9,609,839	89.38
	586	10,751,200	100.00

Categories of Unit Holders	No. of Unitholders	No. of Units	Holding %
Individuals	532	1,564,872	14.56
Company	54	9,186,328	85.44
	586	10,751,200	100.00

Share Price Movement

The market prices during the year	Rs.
Highest Price	111.10
Lowest Price	78.00
Last Traded Price	78.00
Net Asset Value of a unit as at 31st March, 2016	111.32

List of 20 Major Unit Holders based on their unitholdings as at 31st March, 2016

Name	No. of Units	Holding %
Hatton National Bank PLC A/C No 1	3,000,000	27.90%
Central Finance Company PLC	2,744,900	25.53%
DFCC Bank PLC A/C No 1	2,112,810	19.65%
Mellon Bank N.A-The Frontier Emerging Markets Fund	746,983	6.95%
Mr.A.S. Ratnayake	349,725	3.25%
Mr.V.Sharda	142,000	1.32%
Mr. V.H.D.S.S Siriwardena	120,000	1.12%
Bartleet Religare Securities (Pvt) Ltd.	100,000	0.93%
HNB AssurancePLC A/C No 2 (Life Insurance Fund)	80,000	0.74%
East West Properties PLC	73,200	0.68%
Mr.W.K. G.N. Perera	50,000	0.47%
Mr. R. Amarasinghe	45,221	0.42%
Mrs. G. Muralidaran	45,000	0.42%
HNB AssurancePLC A/C No 1 (General Insurance Fund)	34,400	0.32%
Miss E.K.N. Selvadurai	31,302	0.29%
Mr.H.A.Van Starrex	30,490	0.28%
Mr.K.S.M.De Silva	29,472	0.27%
Mr.A.N. Dias	25,000	0.23%
Perera and Sons Caterers (Pvt) Ltd	25,000	0.23%
Perera and Sons Distributors (Pvt) Ltd	25,000	0.23%
Senkadagala Finance Company PLC	25,000	0.23%

Corporate Information

NATIONAL ASSET MANAGEMENT LIMITED

DIRECTORS

Mr. Alexis Lovell, MBE – Chairman

Mr. Wijenanda Dabawinne

Mr. Indrajit Wickramasinghe

Mr. Malinda Samaratunga

Mr. Suren Madanayake

Ms. Khoo Siew Bee

Mr. Tyrone De Silva

Mr. Palitha Gamage

Mr. Avancka Herat

UNIT TRUST INFORMATION MANAGEMENT COMPANY

National Asset Management Ltd
7th Floor, Union Bank Head Office
64, Galle Road, Colombo 3.

TRUSTEE & CUSTODIAN

Deutsche Bank AG
86 Galle Road, Colombo 3.

AUDITORS

Ernst and Young
Chartered Accountants
201, De Saram Place
Colombo 10.

BANKERS

Union Bank Of Colombo PLC
64, Galle Road, Colombo 3.

Deutsche Bank AG
86, Galle Road, Colombo 3.

LAWYERS

F J & G de Saram
Attorneys-at-Law & Notaries Public
216, De Saram Place, Colombo 10.

Declaration By Trustees And Managing Company

DECLARATION 1

Declaration by Trustee and Management Company as per SEC Circular No: 02/2009 on Guidelines for Trustees and Managing Companies of Unit Trusts Funds.

Deutsche Bank AG, the Trustee and National Asset Management Ltd, the Managers of the **NAMAL Acuity Value Fund** 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 (SEC), the Trust Deed, the SEC Act, the Explanatory Memorandum, directives issued by the SEC from time to time have been complied with during the period.
2. the transactions were and will be carried out at an 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.

DECLARATION 2

As per the section 4.3 c (iv) of the Listing Rule of the Colombo Stock Exchange.


Deutsche Bank AG, the Trustee and National Asset Management Ltd, the Managers of the **NAMAL Acuity Value Fund** hereby declare that the requirements of the Trust Deed, the Securities and Exchange Commission of Sri Lanka Act No 36 of 1987, the Explanatory Memorandum, directives issued by the Securities and Exchange Commission from time to time have been complied with and is in compliance.



.....
Director
Management Company



.....
Director
Management Company



.....
Authorised Signatories
Trustee
NAMAL Acuity Value Fund

"The SEC in approving this Annual Report has taken reasonable care to ensure the accuracy of the information included herein. However, National Asset Management Limited is at all times responsible for the information included in this Annual Report"

