

NAMAL BANK FUND

Interim Report

For the Six months ended 30th September 2021

National Asset Management Limited

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Interim Report 2021

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Dear Investor,

We take pleasure in presenting the interim report of the Namal Bank Fund (NBF) for the six months period ended 30th September 2021.

Performance Review

The NBF saw an increase of 0.61% for the six-month period ended September 2021 while the All Share Price Index (ASPI) and the Banking Index increased by 32.84% and 1.37% respectively.

During 1H FY22, the fund reported a total investment income of LKR 0.7 Mn compared to LKR 7.2 Mn last year. The decrease in total investment income was due to the reduction in unrealized gains on financial assets held at fair value through profit or loss by LKR 5.7 Mn during 1HFY22 compared to last year. The fund reported a net loss of LKR 0.13 Mn during the six-month period compared to net profit of LKR 6.43 Mn last year.

Market Review

The ASPI index recorded gains of 30.91% and the S&P SL20 index gained 24.02% during the six-month period ending September, despite the impact of the third wave of Covid-19 and resultant island-wide lockdowns. Active participation from local HNIs, institutions and retail investors drove market sentiment while five IPOs were launched during the period. Foreign participation continued on the selling side recording a net outflow of LKR 27.2 Bn for the six-month period. (Source: CSE)

The Banking Sector was again adversely impacted during the period under review due to third wave of COVID-19 along with the government mandated lockdowns. Further CBSL directed private banks to extend the certain debt moratoriums through to September 2021. Furthermore, the CBSL adopted a loose monetary policy stance to help the economy, however with the rising inflation CBSL has tightened its monetary policy towards the latter part of the period under review. The SDFR & SLFR were increased by 50 bps compared to rates as at March 2021. Private sector credit growth have shown gradual growth of 6.38% over the 6-month period under review with recovering economy. (Source: CBSL Policy Rates, CBSL Weekly Indicators)

The Sri Lankan economy recorded a GDP growth rate of 12.3% YoY for 2Q 2021, supported by the low base. All sectors grew in 2Q 2021 on a YoY basis while the Industries sector recorded the highest growth of 22.1% YoY aided by the low base. The Services sector which accounts for ~60% of GDP grew the least by 7.5% YoY supported by sub activities such as IT programming consultancy and related activities (24.2%), Transportation of goods and passenger including ware housing (20.4%) and Telecommunication (19.6%). The Agriculture sector recorded a growth of 8.1% as the activities in the sector continued during the lockdown period. The sector growth was steered by Marine fishing (24.7%), Animal production (18.0%) and Growing of rubber (15.7%). On the external sector, the trade deficit widened by 71.3% YoY to USD 586 Mn in August 2021. The increase in trade deficit was mainly attributed to the increase in fuel, textiles & textiles articles and machinery & equipment import expenditure, despite the continuation of certain import restrictions imposed by the government. Earnings from tourism in August was recorded at ~USD 7Mn compared to no earnings a year earlier as global travel is affected by the pandemic induced restrictions. Workers' remittances decreased 32.8% YoY to USD 447 Mn in August. The overall BoP position upto August 2021 posted a deficit of USD 2,423 Mn.

(Source: Department of Census and Statistics, CBSL and External Sector Performance August 2021)

Portfolio Composition

The Fund has a 79.63% allocation to equity and 20.32% allocation to commercial papers and the remainder held in cash & cash equivalents.

Sincerely,

The Fund Management Team
1st November 2020

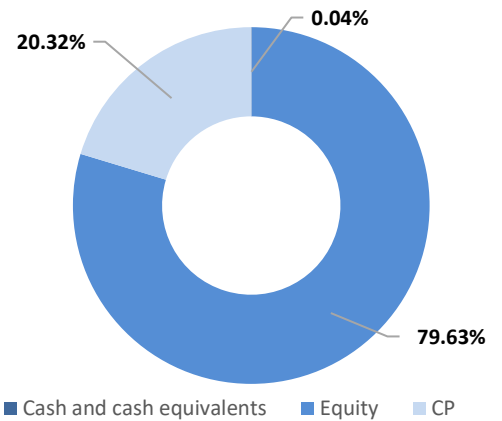
Performance Comparison

	6M* (%)	12M* (%)
ASPI	32.84	58.07
Banking Index	1.37	6.84
NBF	0.61	4.34

(Non-annualized returns)

*Six month period ending 30th September 2021

Asset Allocation



*Disclaimer:

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STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 30 September 2021

	Notes	2021 Rs.	2020 Rs.
INVESTMENT INCOME			
Dividend income	9.1	117,000	994,907
Interest income	9.2	387,469	592,769
Realised (losses)/gains on financial assets held at fair value through profit or loss	6.2	(1,523,195)	(1,850,182)
Unrealised (losses)/gains on financial assets held at fair value through profit or loss	6.3	1,717,013	7,435,836
Total investment income		698,287	7,173,331
EXPENSES			
Management fees		321,068	245,039
Trustee and custodian fees		216,642	196,114
Brokerage Expenses		286,839	101,858
Bank Charges		616	-
Total operating expenses		825,165	543,012
Net operating profit/(loss)		(126,878)	6,630,318
PROFIT/(LOSS) AFTER DEDUCTIONS AND BEFORE TAX		(126,878)	6,630,318
PROFIT/(LOSS) AFTER DISTRIBUTIONS AND TAX		(126,878)	6,630,318
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		(126,878)	6,630,318

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**STATEMENT OF FINANCIAL POSITION
As at 30 September 2021**

ASSETS	Notes	2021 Rs	2020 Rs
Cash and cash equivalents		25,000	9,153,584
Financial assets - Fair value through profit or loss	6	45,518,214	38,452,931
Financial assets - Debt instruments at amortised cost	7	11,617,923	5,503,478
CDS receivables		742,075	-
Total assets		<u>57,903,212</u>	<u>53,109,993</u>
 UNIT HOLDERS' FUNDS & LIABILITIES			
LIABILITIES			
Accrued expenses and other payables	8	218,142	529,593
Total Liabilities (Excluding net assets attributable to Unit Holders)		<u>218,142</u>	<u>529,593</u>
 UNIT HOLDERS' FUNDS			
Net assets attributable to Unit Holders		57,685,070	52,580,400
		<u>57,903,212</u>	<u>53,109,993</u>

Signed on behalf of the Management Company.



 Director



 Director

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**STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS
For the six month period ended 30 September 2021**

	2021	2020
	Rs.	Rs.
UNIT HOLDERS' FUNDS AT THE BEGINNING OF THE PERIOD	55,525,142	45,998,622
Increase/ (decrease) in net assets attributable to Unit Holders	(126,878)	6,630,318
Unit creations during the period	23,642,408	505940.49
Unit redemptions during the Period	(21,355,603)	(554,480)
UNIT HOLDERS' FUNDS AT THE END OF THE PERIOD	<u>57,685,070</u>	<u>52,580,400</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 30 September 2021

- 1** All figures are provisional and unaudited. Where necessary comparative figures have been adjusted to confirm with the changes in presentation in the current period.
- 2** Income is recognised on accrual basis
- 3** There are no material Contingent Liabilities or contingent Assets which require disclosure in the financial statements.
- 4** No circumstances have arisen since the Balance Sheet date, which would require adjustments or disclosure in the Financial Statements.

2021

5 Net Assets Value per Unit	9.10
No. of units as at 30th September	6,336,242.10

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NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 30 September 2021

**FINANCIAL ASSETS - FAIR VALUE THROUGH
6 PROFIT OR LOSS**

	2021	2020
	Rs.	Rs.
Quoted equity securities (6.1)	45,518,214	38,452,931
	<u>45,518,214</u>	<u>38,452,931</u>

6.1 Quoted equity securities

Cost as at 30 September	50,965,421	45,909,976
of market value quoted		
equity securities	(5,447,207)	(7,457,046)
Market Value as at 30 September	<u>45,518,214</u>	<u>38,452,931</u>

6.1.1 Company	2021		2020	
	Number of Shares	Market Value Rs.	Number of Shares	Market Value Rs.
Banks				
PLC	97,870	8,270,015	97,073	7,756,133
DFCC Bank PLC	20,000	1,200,000	-	-
Hatton National Bank PLC	64,761	9,131,301	59,837	7,599,299
National Development Bank PLC	108,623	8,298,797	96,491	8,587,699
Nations Trust Bank PLC	145,354	8,314,249	113,760	7,053,120
Sanasa Development Bank PLC	43,160	2,196,844	-	-
Sampath Bank plc	155,904	8,107,008	56,490	7,456,680
	<u>635,672</u>	<u>45,518,214</u>	<u>423,651</u>	<u>38,452,931</u>

**Total value of quoted equity securities
(At Market Value)**

635,672	45,518,214	423,651	38,452,931
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NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 30 September 2021

6 FINANCIAL ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS (contd..)

6.2 Realised (losses)/gains on financial assets at fair value through profit or loss	2021	2020
	Rs.	Rs.
Equity securities		
Proceeds on sale of equity shares	14,047,747	3,407,500
Average cost of equity shares sold	(15,570,942)	(5,257,682)
	<u>(1,523,195)</u>	<u>(1,850,182)</u>

6.3 Unrealised losses on financial assets held at fair value through profit or loss

Equity securities	1,717,013	7,435,836
	<u>1,717,013</u>	<u>7,435,836</u>

7 FINANCIAL ASSETS - DEBT INSTRUMENTS AT AMORTISED COST

	2021	2020
	Market Value	Market Value
	Rs.	Rs.
7.1 Investments in commercial papers		
LOLC Holdings PLC	5,839,606.67	-
Softlogic Holdings PLC	5,521,200.07	-
Lanka Orix Leasing Finance	-	5,503,478
	<u>11,360,807</u>	<u>5,503,478</u>
7.2 Investment in Money Market Savings		
Money Market Savings - HNB	257,117	
	<u>257,117</u>	
	<u>11,617,923</u>	

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NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 30 September 2021

8 ACCRUED EXPENSES AND OTHER PAYABLES

	2021	2020
	Rs.	Rs.
Fund management fee payable	108,082	332,773
Trustee fee and custodian fees payable	110,061	33,005
CDS Payable	-	163,814
	<u>218,142</u>	<u>529,593</u>

9 INVESTMENT INCOME

	2021	2020
	Rs.	Rs.
9.1 Dividend income	<u>117,000</u>	<u>994,907</u>
9.2 Interest income		
Interest on commercial papers	344,639	284,842
Interest income on MM Saving	42,830	307,928
	<u>387,469</u>	<u>592,769</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 30 September 2021

**10 RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENT
AND THE PUBLISHED NET ASSET VALUE**

	2021
	Rs.
Net Asset Value as per Financial Statement	57,685,070
Adjustment	-
Published Net Asset Value	<u>57,685,070</u>
No of Units Outstanding	6,336,242.1
Published net asset value per unit	9.10

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CORPORATE INFORMATION

Trustee & Custodian	Hatton National Bank PLC No-479,T B Jaya Mawatha (Darley road) Colombo 10
Auditors	BDO Partners Chartered Accountants "Charter House" 65/2,Sir Chittampalam Gardiner Mawatha, Colombo 2.
Bankers	Hatton National Bank PLC No-479,T B Jaya Mawatha (Darley road) Colombo 10
Lawyers	F J & G De Saram Attorneys-at-Law & Notries Public 216, De Saram Place Colombo 10
Managers & Registrars	National Asset Management Limited (NAMAL) No.07, Glen Aber Place, Colombo 03

National Asset Management Limited

Board of Directors (As of 30th September 2021)

Mr. Alexis Lovell	Chairman
Mr. Indrajit Wickramasinghe	Director
Mr. Wijenanada Dambawinne	Director
Mr. Suren Madhanayake	Director
Ms. Khoo Siew Bee	Director
Mr.Kapila Nanayakkara	Director
Mr.Ravi Dasanayake	Director
Mr.Rusiru Abeyasinghe	Director

Management Team

Mr.Rusiru Abeyasinghe	Chief Executive Officer
Mr.Charana Jayasuriya	Chief Operating Officer
Mr.Shashi Jayawardena	Head of Wealth Management
Ms. Subashini Jeganathan	Finance Manager
Ms. Jennita Fernando	Head of Research
Ms.Kajalaksi Pavalanathan	Manager Compliance
Mr. Kevin Gosset	Manager Operation