

NAMAL GROWTH FUND

Interim Report

For the six months ended 30th September 2019

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Dear Investor,

We take pleasure in presenting the interim report of the Namal Growth Fund (NGF) for the 6 months ended 30th September 2019.

Performance Review

The NGF gained 5.52% for the six month period ended September 2019, while All Share Price Index (ASPI) and the S&P Sri Lanka 20 Index (S&P SL20) increased by 3.26% and 0.76% respectively.

During 1HFY20, the Fund's total investment income stood at LKR 28.90 Mn compared to a loss of LKR 95.15 Mn last year. The significant increase in total investment income is due to the LKR 62.46 Mn unrealized gain on financial assets held at fair value through profit and loss compared to an unrealized loss of LKR 72.84 Mn last year. The Fund posted a net profit of LKR 22.56 Mn compared to a net loss of LKR 104.50 Mn a year ago.

Market Review

The ASPI gained 3.26% and the S&P SL 20 gained 0.76% during the period under review. Foreigners became net purchasers during the period. The low interest rate regime that prevailed in many foreign markets had led investors to focus on foreign markets. For the 6 month period, CSE recorded a net inflow of LKR 3,534 Mn. Participation from foreigners stood at 38.1%, while average daily turnover for the period was LKR 665.7 Mn. (Source: CSE, JB Portal)

The benchmark 12 month Treasury Yields declined during the 1H FY19 and stood at 8.41%. The decrease was led by CBSL reducing Standing Lending Facility Rate by 100bps to 8% at the end of the period under review. Private sector credit growth followed a downward trend during the period mainly due to the political uncertainty that was hanging over the market. (Source: CBSL)

The Sri Lankan economy reported a GDP growth of 2.6% for 1H CY19. Growth was mainly led by the strong performance of the agricultural sector which grew by 3.2% YoY. Industries sector saw a modest growth of 2.3% while the services sector grew by 2.8%. Within the industries sector, the construction subsector recorded a healthy growth rate of 4.7%. Within the services sector, telecommunications, IT and financial services all saw significant growth for the period under review (10.9%, 11.9% and 8.8% respectively). On the external sector, as of August 2019, the trade deficit declined by 36.5% YoY and stood at USD 540 Mn. Significant growth in textile and garments exports as well as reduction personal vehicle imports helped to narrow the trade deficit. Tourism earnings declined by 28.3% to USD 270 Mn, while worker remittances declined by 3% to USD 518 Mn. The overall BoP position to August 2019 posted a surplus of USD 1,451 Mn. (Source: Department of Census and Statistics, CBSL and External Sector Performance August 2019)

Portfolio Composition

The Fund has 72% allocation to equity and 19% allocation commercial papers and the remainder in debentures and repos.

NGF's highest equity concentrations are in Banks, Manufacturing and Telecommunication Services.

Sincerely,
The Fund Management Team
18th November 2019

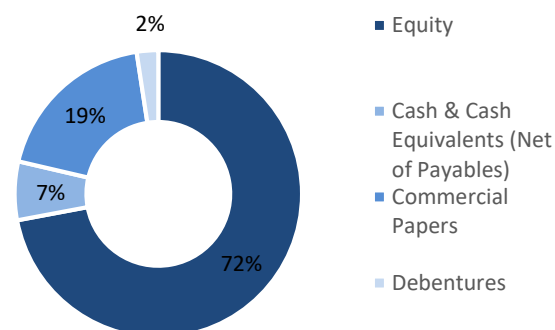
Performance Comparison

	6M* (%)	12M (%)	60M (%)	120M (%)
ASPI	3.26	-2.11	-20.88	95.27
S&P SL 20	0.76	-8.07	-31.66	60.05
NGF	5.52	-4.53	-15.51	113.39

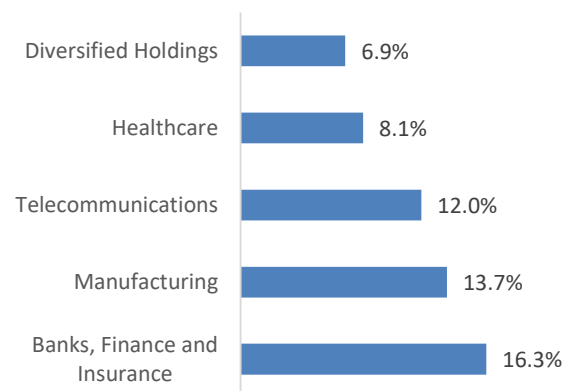
(Non-annualised returns)

* Six month period ending 30th September 2019

Asset Allocation



Top 5 Sector Allocations



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STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 September 2019

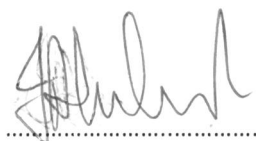
	Notes	2019 Rs.	2018 Rs.
INVESTMENT INCOME			
Dividend income	9.1	10,285,838	9,838,835
Interest income	9.2	7,197,699	5,281,496
Realised (losses)/gains on financial assets held at fair value through profit or loss	5.4	(51,041,754)	(37,432,700)
Unrealised (losses)/gains on financial assets held at fair value through profit or loss	5.5	62,459,504	(72,841,204)
Total investment income		<u>28,901,287</u>	<u>(95,153,573)</u>
EXPENSES			
Management and Registrar fees		3,899,133	5,549,647
Trustee fees		627,760	893,493
Audit fee and expenses		252,654	312,447
Consultancy charges		274,500	90,612
Other expenses		13,900	9,665
Brokerage Expenses		1,269,471	2,463,600
Total operating expenses		<u>6,337,418</u>	<u>9,319,463</u>
Net operating profit/(loss)		22,563,869	(104,473,037)
FINANCE COST			
Interest expense		-	22,409
PROFIT/(LOSS) AFTER DEDUCTIONS AND BEFORE TAX		22,563,869	(104,495,446)
PROFIT/(LOSS) AFTER DISTRIBUTIONS AND TAX		<u>22,563,869</u>	<u>(104,495,446)</u>
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>22,563,869</u>	<u>(104,495,446)</u>

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STATEMENT OF FINANCIAL POSITION
As at 30 September 2019

ASSETS	Notes	2019	2018
		Rs	Rs
Cash and cash equivalents		30,863,964	9,050,845
Financial assets - Fair value through profit or loss	5	322,137,656	381,515,709
Financial assets - Debt instruments at amortised cost	6	82,659,710	121,780,317
Other receivables	7	197,702	203,068
Income tax recoverable		3,220,785	8,481,331
Total assets		<u>439,079,817</u>	<u>521,031,270</u>
 UNIT HOLDERS' FUNDS & LIABILITIES			
LIABILITIES			
Accrued expenses and other payables	8	<u>1,838,353</u>	<u>6,262,008</u>
Total Liabilities (Excluding net assets attributable to Unit Holders)		1,838,353	6,262,008
 UNIT HOLDERS' FUNDS			
Net assets attributable to Unit Holders		437,241,463	514,769,262
		<u>439,079,817</u>	<u>521,031,270</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 2019

	2019	2018
	Rs.	Rs.
UNIT HOLDERS' FUNDS AT THE BEGINNING OF THE PERIOD	444,285,922	695,632,588
Increase/ (decrease) in net assets attributable to Unit Holders	22,563,869	(104,495,446)
Unit creations during the period	485,607	1,074,078
Unit redemptions during the Period	(30,093,936)	(77,441,957)
UNIT HOLDERS' FUNDS AT THE END OF THE PERIOD	<u>437,241,463</u>	<u>514,769,262</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 30 September 2019

- 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended 30 September 2019

5 FINANCIAL ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS	2019	2018
	Rs.	Rs.
Quoted equity securities (5.1)	294,162,721	353,565,055
Unquoted equity securities (5.2)	17,511,513	17,746,306
Debt securities - quoted debentures (5.3)	10,463,422	10,204,348
	<u>322,137,656</u>	<u>381,515,709</u>

5.1 Quoted equity securities

Cost as at 30 September	319,528,950	405,406,786
Appreciation/(depreciation) of market value quoted equity securities	(25,366,229)	(51,841,731)
Market Value as at 30 September	<u>294,162,721</u>	<u>353,565,055</u>

5.1.1 Company	2019		2018	
	Number of Shares	Market Value Rs.	Number of Shares	Market Value Rs.
Banks, Finance and Insurance				
Hatton National Bank PLC	200,892	30,917,279	297,943	62,568,030
National Development Bank PLC	87,000	8,508,600	-	-
Seylan bank PLC	-	-	209,235	14,646,450
Sampath Bank PLC	203,696	31,165,488	110,000	26,389,000
	<u>491,588</u>	<u>70,591,367</u>	<u>617,178</u>	<u>103,603,480</u>
Constructions				
Access Engineering PLC	1,060,000	19,080,000	1,060,000	14,734,000
	<u>1,060,000</u>	<u>19,080,000</u>	<u>1,060,000</u>	<u>14,734,000</u>
Beverages, Food and Tobacco				
Cargills (Ceylon) PLC	129,218	23,918,252	129,218	25,830,678
	<u>129,218</u>	<u>23,918,252</u>	<u>129,218</u>	<u>25,830,678</u>
Diversified Holdings				
Hemas Holdings PLC	410,000	30,135,000	-	-
	<u>410,000</u>	<u>30,135,000</u>	<u>-</u>	<u>-</u>
Health Care				
Asiri Hospital Holdings PLC	1,622,061	35,198,724	890,000	20,114,000
	<u>1,622,061</u>	<u>35,198,724</u>	<u>890,000</u>	<u>20,114,000</u>
Hotels and Travels				
Aitken Spence Hotel Holdings PLC	100,000	2,500,000	100,000	2,520,000
	<u>100,000</u>	<u>2,500,000</u>	<u>100,000</u>	<u>2,520,000</u>
Manufacturing				
Tokyo Cement Company (Lanka) PLC - Non Voting	229,014	6,481,096	617,569	14,698,142
Tokyo Cement Company (Lanka) PLC - Voting	-	-	1,034,400	28,342,560
Teejay Lanka PLC	1,391,000	49,380,500	1,184,900	34,125,120
Piramal Glass Ceylon PLC	949,384	3,417,782	949,384	4,177,290
	<u>2,569,398</u>	<u>59,279,379</u>	<u>3,786,253</u>	<u>81,343,112</u>

Power and Energy

Laugfs Gas PLC	-	-	97,363	1,489,654
Laugfs Gas PLC Voting	-	-	1,198,934	21,221,132
Lanka IOC PLC	-	-	1,239,250	34,699,000
LVL Energy Fund Plc	200,000	1,520,000	200,000.00	1,600,000
	<u>200,000</u>	<u>1,520,000</u>	<u>2,735,547</u>	<u>59,009,786</u>

Telecommunication

Dialog Axiata PLC	4,900,000	51,940,000	3,900,000	46,410,000
	<u>4,900,000</u>	<u>51,940,000</u>	<u>3,900,000</u>	<u>46,410,000</u>

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

	<u>11,482,265</u>	<u>294,162,721</u>	<u>13,218,196</u>	<u>353,565,056</u>
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5.2 Unquoted equity securities

	2019	2018
	Rs	Rs
Cost as at 30th September	17,746,306	17,746,305
Depreciation of market value unquoted equity securities	<u>(234,793)</u>	<u>-</u>
Market Value as at 30th september	<u>17,511,513</u>	<u>17,746,305</u>

5.2.1 Company**Power and Energy**

	2019		2018	
	Number of Shares Rs.	Market Value Rs.	Number of Shares Rs.	Market Value Rs.
Laugfs Power Limited	1,198,934	7,493,153	1,198,934	5,826,819
Laugfs Power Limited - NV	97,363	519,054	97,363	473,184
Laugfs Leisure Limited	1,198,934	1,318,827	1,198,934	9,291,739
Laugfs Leisure Limited - NV	97,363	91,521	97,363	754,563
Laugfs Eco Limited	1,198,934	7,564,932	97,363	105,152
Laugfs Eco Limited - NV	97,363	524,026	1,198,934	1,294,849
	<u>3,888,891</u>	<u>17,511,513</u>	<u>3,888,891</u>	<u>17,746,305</u>

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

5.3 Quoted debentures

	2019		2018	
	Cost	Market Value	Cost	Market Value
	Rs.	Rs.	Rs.	Rs.
Sampath Bank Plc	5,000,000	5,062,461	5,000,000	5,081,307
Seylan Bank Plc	5,000,000	5,400,964	5,000,000	5,123,042
	<u>10,000,000</u>	<u>10,463,422</u>	<u>10,000,000</u>	<u>10,204,348</u>

5.4 Realised (losses)/gains on financial assets at fair value through profit or loss

	2019 Rs.	2018 Rs.
Equity securities		
Proceeds on sale of equity shares	65,472,579	176,674,879
Average cost of equity shares sold	<u>(116,514,333)</u>	<u>(214,107,579)</u>
	<u>(51,041,754)</u>	<u>(37,432,700)</u>

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

	2019	2018
Equity securities	62,148,120	(72,737,492)
Debt securities - quoted debentures	311,384	(103,712)
	<u>62,459,504</u>	<u>(72,841,204)</u>

6 FINANCIAL ASSETS - DEBT INSTRUMENTS AT AMORTISED COST

	2019	2018
	Market Value	Market Value
	Rs.	Rs.
6.1 Investments in commercial papers		
LOLC Holdings Plc	28,662,095	-
Dunamis Capital Plc	21,113,530	21,997,126
Softlogic Holdings Plc	32,884,084	-
	<u>82,659,710</u>	<u>21,997,126</u>
6.2 Repurchase Agreements	-	99,783,190
	-	<u>99,783,190</u>

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7 OTHER RECEIVABLES	2019	2018
	Rs.	Rs.
Dividend receivable	179,381	179,381
Receivable on unit creations	13,226	23,687
Placement fee Receivable	5,096	-
	<u>197,702</u>	<u>203,068</u>
8 ACCRUED EXPENSES AND OTHER PAYABLES	2019	2018
	Rs.	Rs.
Fund management and registrar fee payable	645,511	782,083
Trustee fee payable	103,927	125,915
Audit fee payable	259,415	218,894
CDS Payable	493,718	5,135,066
Other Payable	250	50
Consultancy Fees Payable	299,961	-
Payable on unit redemptions	35,571	-
	<u>1,838,353</u>	<u>6,262,008</u>
9 INVESTMENT INCOME	2019	2018
	Rs.	Rs.
9.1 Dividend income	<u>10,285,838</u>	<u>9,838,835</u>
9.2 Interest income		
Interest on Treasury bill repurchase agreements	-	3,091,162
Interest on fixed deposits	704,613	-
Interest on commercial papers	4,811,499	1,395,787
Interest on debentures	603,712	685,994
Interest on savings account	116,408	108,553
Interest income on MM Saving	961,467	-
	<u>7,197,699</u>	<u>5,281,496</u>

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

	2019
	Rs.
Net Asset Value as per Financial Statement	437,241,463
Income Tax receivable	(3,220,785)
FV adjustment for unquoted Shares	204
Published Net Asset Value	<u>434,020,883</u>
No of Units Outsanding	3,947,961.80
Published net asset value per unit	<u><u>109.94</u></u>

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CORPORATE INFORMATION

Trustee & Deutsche Bank AG
86 ,Galle Road
Colombo 03

Auditors Ernst & Young
Chartered Accountants
201, De Saram Place
Colombo 10

Bankers Deutsche Bank AG
86, Galle Road
Colombo 03

Lawyers F J & G De Saram
Attorneys-at-Law & Notries Public
216, De Saram Place
Colombo 10

Managers National Asset Management Limited (NAMAL)
No.07,
Glen Aber Place,
Colombo 03

National Asset Management Limited

Board of Directors (30th September 2019)

Mr. Alexis Lovell	Chairman
Mr.Indrajit Wickramasinghe	Director
Mr. Tyrone de Silva	Director
Mr.Malinda Samaratunga	Director
Mr.Wijenanda Dambawinne	Director
Mr.Suren Madhanayake	Director
Ms. Khoo Siew Bee	Director
Mr. Kapila Nanayakkara	Director
Mr.Rusiru Abeyasinghe	Director