

# **NAMAL GROWTH FUND**

## **Interim Report**

*For the Six months ended 30<sup>th</sup> September 2021*

**National Asset Management Limited**

**07, Glen Aber Place**

**Colombo 03.**

**Phone : 2445911 Fax : 2445903 Email : [info@namal.lk](mailto:info@namal.lk)**

**NAMAL GROWTH FUND**  
**Interim Report 2021**

**Table of Contents**

Report of the Investment Manager	1
Statement of Comprehensive Income	2
Statement Of Financial Position	3
Statement of Movement in Unit Holders Fund	4
Notes To the Accounts	5 - 10
Corporate Information	11

Dear Investor,

We take pleasure in presenting the interim report of the Namal Growth Fund (NGF) for the six-months ended 30<sup>th</sup> September 2021.

### Performance Review

The NGF gained 8.38% for the six-month period ended September 2021 while All Share Price Index (ASPI) and the S&P Sri Lanka 20 Index (S&P SL20) increased by 32.84% and 24.02% respectively.

During 1HFY22, the Fund's total investment income stood at LKR 48.28 Mn compared to LKR 101.24 Mn last year. The YoY drop in total investment income is due to the unrealized losses on financial assets held at fair value through profit and loss. The Fund posted a net profit of LKR 37.31 Mn compared to a net profit of LKR 96.04 Mn a year ago.

### Market Review

The ASPI index recorded gains of 32.84% 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. <sup>1</sup>

The benchmark 12-month Treasury Yields increased during 1H FY22 and stood at 7.01%. The increase was led by CBSL tightening its monetary policy stance by raising the SDFR & SLFR by 50 bps to address the external sector imbalances of the economy and prevent excessive inflationary pressures in the medium term. Private sector credit growth was recorded at 6.4% over the five-month period ending August, on the back of higher demand for short term credit as the economy recovers. <sup>2</sup>

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 passengers 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 & textile 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. <sup>3</sup>

### Portfolio Composition

The Fund has 80% allocation to equity, a 9% allocation to money market & cash (net of payables) and the remainder in commercial papers and debentures.

NGF's highest equity concentrations are in Capital Goods, Banks and Materials and Consumer durables and apparels sectors.

Sincerely,

The Fund Management Team  
09<sup>th</sup> November 2021

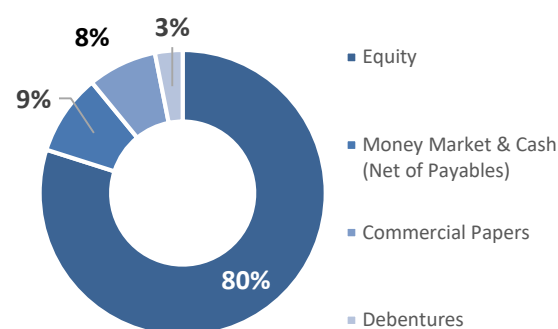
### Performance Comparison

	6M* (%)	12M (%)	60M (%)	120M (%)
ASPI	32.84	58.07	44.76	39.45
S&P SL 20	24.02	43.50	-2.28	3.05
NGF	8.38	27.75	6.68	49.09

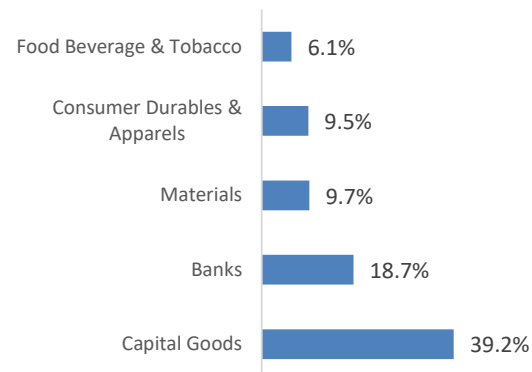
Non-annualised returns

\* Six month period ending 30th September 2021

### Asset Allocation



### Top 5 Sector Allocations



<sup>1</sup> CSE

<sup>2</sup> CBSL Policy Rates, Monetary\_Policy\_Review\_No\_7\_2021

<sup>3</sup> Department of Census and Statistics, CBSL and External Sector Performance August 2021.

**NAMAL GROWTH FUND  
INTERIM REPORT 2021**

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

	Notes	2021 Rs.	2020 Rs.
<b>INVESTMENT INCOME</b>			
Dividend income	9.1	7,983,525	7,464,266
Interest income	9.2	2,236,367	4,330,402
Realised (losses)/gains on financial assets held at fair value through profit or loss	5.4	54,874,554	(11,893,418)
Unrealised (losses)/gains on financial assets held at fair value through profit or loss	5.5	(16,809,374)	101,345,759
<b>Total investment income</b>		48,285,073	101,247,009
<b>EXPENSES</b>			
Management and Registrar fees		4,714,116	3,339,170
Trustee fees		727,321	515,186
Audit fee and expenses		218,894	218,894
Consultancy charges		72,699	274,500
Other expenses		1,250	2,500
Sundry Expenses		60,858	-
Brokerage Expenses		5,179,513	858,804
<b>Total operating expenses</b>		10,974,650	5,209,054
<b>Net operating profit/(loss)</b>		37,310,423	96,037,955
<b>PROFIT/(LOSS) AFTER DEDUCTIONS AND BEFORE TAX</b>		37,310,423	96,037,955
<b>PROFIT/(LOSS) AFTER DISTRIBUTIONS AND TAX</b>		37,310,423	96,037,955
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT</b>		<b>37,310,423</b>	<b>96,037,955</b>

**NAMAL GROWTH FUND  
INTERIM REPORT 2021**

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

<b>ASSETS</b>	<b>Notes</b>	<b>2021 Rs</b>	<b>2020 Rs</b>
Cash and cash equivalents		21,934,034	23,050,189
Financial assets - Fair value through profit or loss	5	293,869,947	406,823,696
Financial assets - Debt instruments at amortised cost	6	48,604,147	38,695,315
Other receivables	7	2,116,377	1,589,129
Income tax recoverable		3,220,785	3,220,785
<b>Total assets</b>		<u>369,745,290</u>	<u>473,379,114</u>
 <b>UNIT HOLDERS' FUNDS &amp; LIABILITIES</b>			
<b>LIABILITIES</b>			
Accrued expenses and other payables	8	<u>12,571,563</u>	<u>26,681,841</u>
<b>Total Liabilities (Excluding net assets attributable to Unit Holders)</b>		12,571,563	26,681,841
 <b>UNIT HOLDERS' FUNDS</b>			
Net assets attributable to Unit Holders		357,173,727	446,697,273
		<u>369,745,290</u>	<u>473,379,114</u>

Signed on behalf of the Management Company.

  
 Director

  
 Director

**NAMAL GROWTH FUND  
INTERIM REPORT 2021**

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

	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>UNIT HOLDERS' FUNDS AT THE BEGINNING OF THE PERIOD</b>	525,047,127	350,929,996
Increase/ (decrease) in net assets attributable to Unit Holders	37,310,423	96,037,955
Unit creations during the period	211,990	286,196
Unit redemptions during the Period	(205,395,814)	(556,874)
<b>UNIT HOLDERS' FUNDS AT THE END OF THE PERIOD</b>	<u>357,173,727</u>	<u>446,697,273</u>

**NAMAL GROWTH FUND  
INTERIM REPORT 2021**

**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.

**NAMAL GROWTH FUND  
INTERIM REPORT 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six month period ended 30 September 2021

<b>5 FINANCIAL ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Quoted equity securities (5.1)	267,554,001	381,982,817
Unquoted equity securities (5.2)	15,268,512	13,548,026
Debt securities - quoted debentures (5.3)	11,047,433	11,292,853
	<u>293,869,947</u>	<u>406,823,696</u>

**5.1 Quoted equity securities**

Cost as at 30 September	261,711,406	407,382,931
Appreciation/(depreciation) of market value quoted equity securities	5,842,595	(25,400,114)
Market Value as at 30 September	<u>267,554,001</u>	<u>381,982,817</u>

<b>5.1.1 Company</b>	<b>2021</b>		<b>2020</b>	
	<b>Number of Shares</b>	<b>Market Value Rs.</b>	<b>Number of Shares</b>	<b>Market Value Rs.</b>
<b>Automobiles &amp; Components</b>				
KELANI TYRE PLC	-	-	53,000	4,218,800
	<u>-</u>	<u>-</u>	<u>53,000.00</u>	<u>4,218,800.00</u>
<b>Banks</b>				
Hatton National Bank PLC	69,270	9,767,070	143,618	18,239,486
National Development Bank PLC	81,631	6,236,608	91,250	8,121,250
Nations Trust Bank PLC	97,761	5,591,929	172,000	10,664,000
Sampath Bank plc	251,924	13,100,048	203,696	26,887,872
Sanasa Development Bank PLC	49,043	2,496,289	-	-
Commercial Bank of Ceylon PLC	186,518	15,760,771	273,245	21,832,276
	<u>736,147</u>	<u>52,952,715</u>	<u>883,809</u>	<u>85,744,884</u>
<b>Capital Goods</b>				
Vallibel One PLC	214,091	13,295,051	-	-
Royal Ceramics Lanka PLC	-	-	38,000	4,385,200
Hemas Holdings PLC	313,535	22,166,925	443,000	33,092,100
John keels holdings PLC	136,501	20,441,025	159,500	21,468,700
Lanka Tiles PLC	127,500	8,874,000	120,000	11,220,000
ACL Cables	582,000	25,084,200	-	-
Access Engineering PLC	911,714	20,969,422	919,714	21,705,250
	<u>2,285,341</u>	<u>110,830,622</u>	<u>1,680,214</u>	<u>91,871,250</u>
<b>Consumer Services</b>				
Aitken Spence Hotel Holdings PLC	-	-	100,000	2,260,000
	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>2,260,000</u>
<b>Consumer Durables &amp; Apparels</b>				
Hayleys-MGT Knitting Mills PLC	245,665	8,524,576	408,870	10,630,620
Textured Jersey Lanka PLC	417,300	18,361,200	1,391,000	48,545,900
	<u>662,965</u>	<u>26,885,776</u>	<u>1,799,870</u>	<u>59,176,520</u>
<b>Food Beverage &amp; Tobacco</b>				
Ceylon Tobacco CO. PLC	-	-	4,300	4,157,670
Ceylon Cold Stores PLC	27,489	16,081,065	26,980	17,936,304
The Lion Brewery Ceylon PLC	2,016	1,127,952	-	-
	<u>29,505</u>	<u>17,209,017</u>	<u>31,280</u>	<u>22,093,974</u>



**FOOD & STAPLES RETAILING 3010**

Cargills (Ceylon) PLC	64,609	14,924,679	129,218	24,292,984
	<u>64,609</u>	<u>14,924,679</u>	<u>129,218</u>	<u>24,292,984</u>

**Health Care Equipment & Services**

Asiri Hospital Holdinjgs PLC	-	-	1,622,061	33,901,075
	<u>-</u>	<u>-</u>	<u>1,622,061</u>	<u>33,901,075</u>

**Insurance**

Softlogic Life Insurance PLC	34,440	1,043,532	-	-
	<u>34,440</u>	<u>1,043,532</u>	<u>-</u>	<u>-</u>

**Materials**

JAT Holdings PLC	100,000	2,200,000	-	-
Alumex Limited PLC	704,523	8,524,728	-	-
Tokyo Cement Company (Lanka) PLC - Non Voting	-	-	659,500	2
Dipped Products PLC	286,987	16,817,438	-	-
Piramal Glass Ceylon PLC	-	-	949,384	3,987,413
	<u>1,091,510</u>	<u>27,542,167</u>	<u>1,608,884</u>	<u>3,987,415</u>

**Telecommunication Services**

Dialog Axiata PLC	1,496,805	16,165,494	1,316,075	14,740,040
	<u>1,496,805</u>	<u>16,165,494</u>	<u>1,316,075</u>	<u>14,740,040</u>

**Utilities**

Laugfs Power PLC -Non Voting	-	-	97,363	545,233
Laugfs Power PLC - Voting	-	-	1,198,934	8,272,645
LVL Energy Fund PLC	-	-	200,000	1,860,000
			<u>1,496,297</u>	<u>10,677,877</u>

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

	<u>6,401,322</u>	<u>267,554,001</u>	<u>10,720,708</u>	<u>352,964,819</u>
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**5.2 Unquoted equity securities**

	2021	2020
Cost as at 30th September	11,446,303	11,446,303
Depreciation of market value unquoted equity securities	<u>3,822,210</u>	<u>2,101,723</u>
Market Value as at 30th september	<u>15,268,512</u>	<u>13,548,026</u>

**5.2.1 Company**

	2021		2020	
	Number of Shares	Market Value	Number of Shares	Market Value
	Rs.	Rs.	Rs.	Rs.
<b>Power and Energy</b>				
Laugfs Power Limited	-	-	-	-
Laugfs Power Limited - NV	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Consumer Sevices</b>				
Laugfs Leisure Limited	1,198,934	4,196,269	1,198,934	4,088,365
Laugfs Leisure Limited - NV	97,363	291,115	97,363	282,353
	<u>1,296,297</u>	<u>4,487,384</u>	<u>1,296,297</u>	<u>4,370,718</u>
<b>Commercial &amp; Professional Services</b>				
Laugfs Eco Limited	1,198,934	10,083,035	1,198,934	8,584,367
Laugfs Eco Limited - NV	97,363	698,093	97,363	592,941
	<u>1,296,297</u>	<u>10,781,128</u>	<u>1,296,297</u>	<u>9,177,308</u>
	<u>2,592,594</u>	<u>15,268,512</u>	<u>2,592,594</u>	<u>13,548,026</u>

**NAMAL GROWTH FUND  
INTERIM REPORT 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six month period ended 30 September 2021

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

**5.3 Quoted debentures**

	<b>2021</b>		<b>2020</b>	
	<b>Cost</b>	<b>Market Value</b>	<b>Cost</b>	<b>Market Value</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Sampath Bank PLC	5,000,000	5,515,210	5,000,000	5,471,507
Seylan Bank PLC	5,000,000	5,532,223	5,000,000	5,821,346
	<u>10,000,000</u>	<u>11,047,433</u>	<u>10,000,000</u>	<u>11,292,853</u>

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

	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Equity securities</b>		
Proceeds on sale of equity shares	339,774,733	22,273,312
Average cost of equity shares sold	(284,900,179)	(34,166,731)
	<u>54,874,554</u>	<u>(11,893,418)</u>

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

Equity securities	(16,452,673)	100,742,249
Debt securities - quoted debentures	(356,700)	603,510
	<u>(16,809,374)</u>	<u>101,345,759</u>

**6 FINANCIAL ASSETS - DEBT INSTRUMENTS AT AMORTISED COST**

	<b>2021</b>	<b>2020</b>
	<b>Market Value</b>	<b>Market Value</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>6.1 Investments in commercial papers</b>		
Softlogic Holdings PLC	27,671,441	37,969,308
	<u>27,671,441</u>	<u>37,969,308</u>

**6.2 Investment in Money Market Savings**

Money Market Savings - HNB	20,932,706	726,007
	<u>20,932,706</u>	<u>726,007</u>

	<u>48,604,147</u>	<u>38,695,315</u>
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**NAMAL GROWTH FUND  
INTERIM REPORT 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the six month period ended 30 September 2021**

<b>7 OTHER RECEIVABLES</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Dividend receivable	2,102,761	1,526,979
Receivable on unit creations	8,521	21,767
Placement fee Receivable	5,096	40,383
	<u>2,116,377</u>	<u>1,589,129</u>
<b>8 ACCRUED EXPENSES AND OTHER PAYABLES</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Fund management and Registrar fee payable	781,361	610,338
Trustee fee payable	120,553	94,166
Audit fee payable	325,823	697,202
CDS Payable	11,136,548	24,530,195
Other Payable	4,579	5,339
Consultancy Fees Payable	202,699	744,600
	<u>12,571,563</u>	<u>26,681,841</u>
<b>9 INVESTMENT INCOME</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>9.1 Dividend income</b>	<u>7,983,525</u>	<u>7,464,266</u>
<b>9.2 Interest income</b>		
Interest on fixed deposits	-	592,598
Interest on commercial papers	1,284,853	2,873,262
Interest on debentures	635,486	632,898
Interest on savings account	123,160	152,737
Interest income on MM Saving	192,868	43,620
Placement fee income	-	35,288
	<u>2,236,367</u>	<u>4,330,402</u>

**NAMAL GROWTH FUND  
INTERIM REPORT 2021**

**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**

	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Net Asset Value as per Financial Statement	357,173,727	446,697,273
Income Tax receivable	(3,220,785)	(3,220,785)
Published Net Asset Value	<u>353,952,942</u>	<u>443,476,488</u>
No of Units Outstanding	2,459,367.60	3,936,542.30
Published net asset value per unit	143.92	112.66

**NAMALGROWTH FUND**  
**Interim Report 2021**

**CORPORATE INFORMATION**

Trustee & Deutsche Bank AG  
86 ,Galle Road  
Colombo 03

Auditors BDO Partners  
Chartered Accountants  
"Charter House"  
65/2,Sir Chittampalam Gardiner Mawatha,  
Colombo 2.

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 (30<sup>th</sup> 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
Ms.Kajalaksi Pavalanathan	Manager Compliance
Mr.Shashi Jayawardena	Head of Wealth Management
Ms. Subashini Jeganathan	Finance Manager
Ms. Jennita Fernando	Head of Research
Mr. Kevin Gosset	Manager Operation