

# **NAMAL INCOME FUND**

## **Interim Report**

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

**National Asset Management Limited**

**07, Glen Aber Place**

**Colombo 03.**

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**Interim Report 2021**

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Dear Investor,

We take pleasure in presenting the interim report of the NAMAL Income Fund (NIF) for the six months ended 30<sup>th</sup> September 2021.

### Performance review

The NIF generated an annualised return of 11.01% for the six month period under review. Interest income for the period under review decreased to LKR 0.12Mn from LKR 0.52Mn previously. Fund reported a net operating loss of LKR 0.43Mn for the period.

### Market Review

The benchmark 12-month Treasury Yields increased from 5.11% to 7.01% during 1H FY22. 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>1</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>2</sup>

### Portfolio composition

As at 30 September 2021, the Fund had a 62.00% allocation in fixed deposits, 11.00% allocation in money market accounts, and 27.00% allocation in cash and cash equivalents.

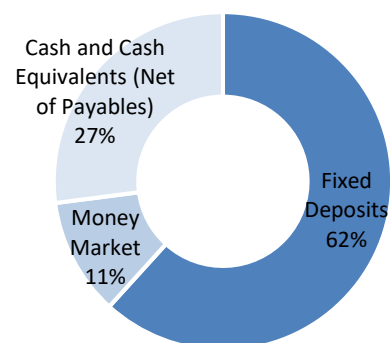
### Performance Comparison

	6M* (%)	12M (%)	24M (%)	36M (%)
NIF**	11.01%	-3.28%	-1.99%	0.33%

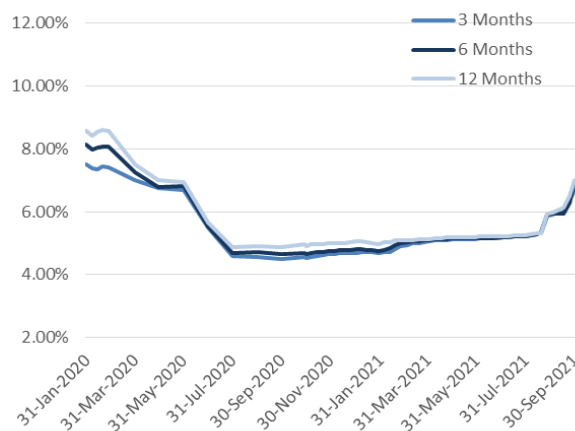
\*Six months ending 30<sup>th</sup> September 2021

\*\* Annualized Yield as at 30<sup>th</sup> September 2021

### Asset Allocation



### Treasury Bill rates



Source: Central Bank of Sri Lanka

Sincerely,  
The Fund Management Team  
01<sup>st</sup> November 2021

<sup>1</sup>CBSL Policy Rates, CBSL Weekly Indicators.

<sup>2</sup>Department of Census and Statistics, CBSL and External Sector Performance August 2021.

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**STATEMENT OF COMPREHENSIVE INCOME**

For the six month period ended 30<sup>th</sup> September

	Notes	2021 Rs.	2020 Rs.
<b>INVESTMENT INCOME</b>			
Interest income	10.1	122,713	527,570
Realised gain/(loss) on financial assets held at fair value through profit or loss	6	-	(9,793)
<b>Total investment income</b>		<u>122,713</u>	<u>517,777</u>
<b>EXPENSES</b>			
Management and Registrar fees		(24,380)	(61,942)
Trustee and Custodian fees		(205,762)	(205,762)
Audit fee and expenses		(242,506)	(242,505)
Other expenses		(77,176)	(276,900)
<b>Total operating expenses</b>		<u>(549,824)</u>	<u>(787,108)</u>
<b>Net operating profit</b>		(427,111)	(269,331)
<b>PROFIT AFTER DEDUCTIONS AND BEFORE TAX</b>		(427,111)	(269,331)
Income tax expense		-	-
<b>PROFIT AFTER DISTRIBUTIONS AND TAX</b>		<u>(427,111)</u>	<u>(269,331)</u>
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>(427,111)</b>	<b>(269,331)</b>

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**STATEMENT OF FINANCIAL POSITION**  
As at 30<sup>th</sup> September

	Notes	2021 Rs.	2020 Rs.
<b>ASSETS</b>			
Cash and cash equivalents		2,439,066	3,930,715
Financial assets - Debt instruments at amortised cost	7	4,938,419	6,694,043
Other Receivable	8	1,147	1,277
Income tax recoverable		-	-
<b>Total assets</b>		<u>7,378,631</u>	<u>10,626,035</u>
<b>UNIT HOLDERS' FUNDS &amp; LIABILITIES</b>			
<b>LIABILITIES</b>			
Accrued expenses	9	<u>608,808</u>	<u>1,493,211</u>
<b>Total liabilities (Excluding net assets attributable to Unit Holders)</b>		608,808	1,493,211
<b>UNIT HOLDERS' FUNDS</b>			
<b>Net assets attributable to Unit Holders</b>		6,769,823	9,132,824
		<u>7,378,631</u>	<u>10,626,035</u>

Signed on behalf of the Management Company

  
 .....  
 Director

  
 .....  
 Director

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**Statement of Movements in Unitholder's Fund**  
**For the six month period ended 30<sup>th</sup> September**

	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>UNIT HOLDERS' FUNDS AT THE BEGINNING OF THE YEAR</b>	7,196,933	24,657,605
Increase in net assets attributable to unit holders	(427,111)	(269,331)
Received on unit creations	-	-
Payments on unit redemptions	-	(15,255,449)
<b>UNIT HOLDERS' FUNDS AT THE END OF THE YEAR</b>	<u>6,769,823</u>	<u>9,132,824</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**For the 06 month period ended 30th September**

- 1 All figures are unaudited. Where necessary comparative figures have been adjusted to confirm with the changes in presentation in the current period.
- 2 Income is recognised on an 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.

	<b>2021</b>	<b>2020</b>
5 Net Asset Value per unit as at September 30th (Rs)	14.63	15.13
No of Units as at 30th september	462,590	603,613

**6 Realised gain/(loss) on financial assets held at fair value through profit or loss**

	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Debt securities - Quoted debentures	-	(9,793)
	-	(9,793)

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**NOTES TO THE FINANCIAL STATEMENTS**

For the 06 month period ended 30th September

	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>7 FINANCIAL ASSETS - DEBT INSTRUMENTS AT AMORTISED COST</b>		
<b>7.1 Fixed Deposits</b>		
Commercial Leasing and Finance PLC	920,120	1,366,725
Siyapatha Finance PLC	917,965	1,366,126
Lanka Orix Leasing Finance PLC	900,753	1,366,725
Merchant Bank of Sri Lanka PLC	918,000	1,366,017
LB Finance PLC	522,069	-
	<u>4,178,906</u>	<u>5,465,593</u>
<b>7.2 Investment in Money Market Savings</b>		
Market Savings-HNB	759,513	1,228,450
	<u>759,513</u>	<u>1,228,450</u>
	<u>4,938,419</u>	<u>6,694,043</u>
	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>8 OTHER RECEIVABLES</b>		
Placements fee receivable	1,147	1,277
	<u>1,147</u>	<u>1,277</u>
<b>9 ACCRUED EXPENSES</b>		
	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Fund manager and Registrar fee payable	4,194	5,673
Trustee and Custodian fee payable	33,731	33,731
Audit fee payable	321,193	661,546
Other payable	46,991	47,661
consultancy fees payable	202,699	744,600
	<u>608,808</u>	<u>1,493,211</u>
<b>10 INVESTMENT INCOME</b>		
	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>10.1 Interest Income on,</b>		
Interest on Fixed Deposits	97,673.00	66,167
Interest on debentures	-	268,072
Interest on saving accounts	10,913	60,505
Interest on MM Savings	14,127	132,122
Placement fee Income	-	704
	<u>122,713</u>	<u>527,570</u>
<b>11 RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENT AND THE PUBLISHED NET ASSET VALUE</b>		
	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Net Asset Value as per Financial Statement	6,769,823	9,132,824
Adjustments	-	-
Published Net Asset Value	<u>6,769,823</u>	<u>9,132,824</u>
No of Units Outstanding	462,590	603,613
Published net asset value per unit	14.63	15.13



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**CORPORATE INFORMATION**

Trustee & Custodian	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 & Registrars	National Asset Management Limited (NAMAL) No.07 Glen Aber Place Colombo 03

**National Asset Management Limited**

**Board of Directors (As of 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
Mr.Shashi Jayawardena	Head of Wealth Management
Ms. Jennita Fernando	Head of Research
Ms. Subashini Jeganathan	Finance Manager
Ms.Kajalaksi Pavalanathan	Manager Compliance
Mr. Kevin Gosset	Manager Operation