

# **NAMAL GROWTH FUND**

## **Interim Report**

*For the Six months ended 30<sup>th</sup> September 2013*

**National Asset Management Limited**  
**Union Bank Building,**  
**64, Galle Road , Colombo 2.**  
**Phone : 2445911 Fax : 2445903 Email : [info@namal.lk](mailto:info@namal.lk)**

**NAMAL GROWTH FUND**  
*Interim Report 2013*

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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 2013.

### Performance review

The NGF generated a return of 6.13% over the six month period under review, compared to the All Share Price Index (ASPI) and S&P Sri Lanka 20 Index (S&P SL20) which gained 1.18% and declined 2.40% respectively.

The Fund's income decreased 24.6% to Rs. 20.2m from Rs. 26.7m the prior year. The decline in income was due to higher realized gains being offset by lower unrealized gains. This also led to profit after tax declining by 30.3% to Rs. 16.8m.

### Market Review

During the year, the ASPI gained 2.84% YTD (Jan-Sep 2013) and the S&P SL20 gained 4.18% YTD (Jan-Sep 2013). The average daily turnover rose to Rs 811m during the six months from Rs 751m in the comparative period. FII's continue to accumulate Sri Lankan equities with a net foreign inflow of Rs. 14.7bn with foreign participation amounting to 33% of turnover.

Benchmark 3, 6, and 12 month Treasury bill auction yields declined by 66, 62, and 78 basis points respectively to 8.60%, 9.63%, and 10.57% respectively over the six month period under review. After raising interest rates in 2012, CBSL took an accommodative policy stance, reducing policy rates by 50 basis points in May 2013, and again in October 2013. Inflationary pressures moderated with the CCPI (annual average) declining from 8.81% to 7.83% by September 2013.

The Balance of Payment (BOP) had improved marginally, with the trade deficit declining to USD 6.7b in the first nine months of the year, compared to a deficit of USD 6.9b the prior year. Worker's remittances have grown 11.4% to USD 4.9b from USD 4.4b, helping to offset the trade deficit and reduce external financing requirements. Earnings from tourism grew 24.2% to USD 883m from USD 711m the prior year.

### Portfolio composition

The Fund has 81.7% allocation to equity, with the remainder in GSEC and Corporate Debt.

The highest equity concentrations are in banks finance and insurance followed by healthcare and diversified holdings.

Notable position changes at individual stock level were divestments of our positions in Lion Brewery and Distilleries Company of Sri Lanka. Your Fund also established a position in Royal Ceramics and added to its holding of Asiri Hospital Holdings.

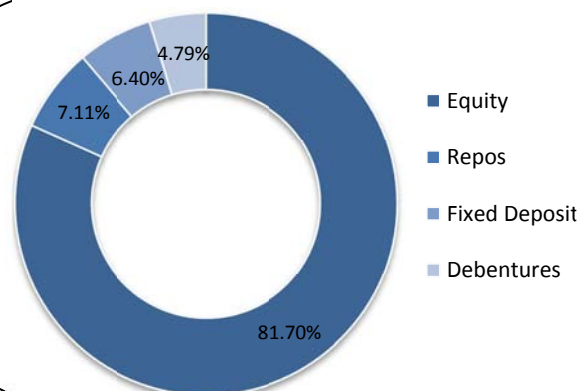
Sincerely,

The Fund Management Team  
31 December 2013

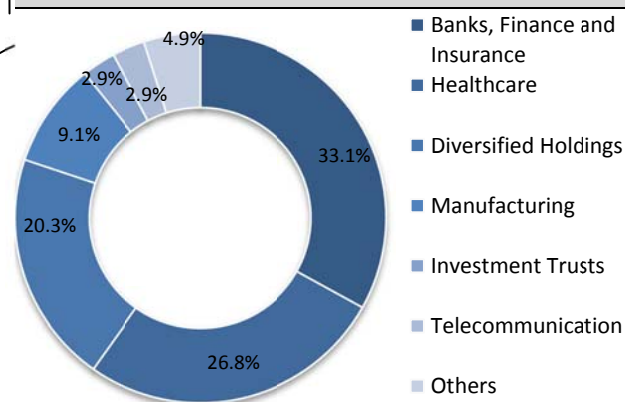
### Performance Comparison

	6M (%)	12M (%)	24M (%)	36M (%)
ASPI	1.18	(2.82)	(14.45)	(17.06)
S&P SL 20	(2.40)	(0.82)	(6.29)	(18.42)
NGF	6.13	6.80	(0.20)	(11.93)

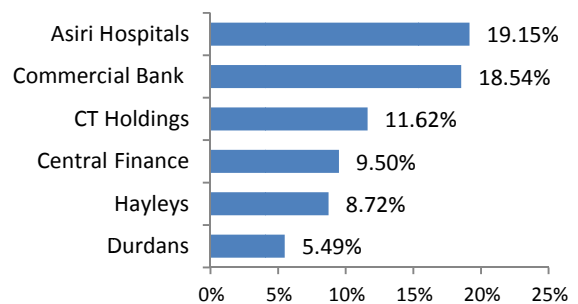
### Asset Allocation



### Sector Allocation



### Top 6 Equity Holdings



\*As a % of total equity holdings

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

	Note	2013 Rs.	2012 Rs.
<b>INVESTMENT INCOME</b>			
Dividend income	<b>11.1</b>	3.47	3.10
Interest income	<b>11.2</b>	3.51	2.71
Net realised (losses)/gains on financial assets held for trading	<b>7.3</b>	11.19	3.75
Net change in unrealised gains/(losses) on financial assets held for trading	<b>7.4</b>	1.99	17.17
<b>Total investment income</b>		20.16	26.73
<b>EXPENSES</b>			
Management and Registrar fees		2.36	2.43
Trustee fees		0.37	-
Audit fee and expenses		0.18	0.15
Professional charges		0.03	-
Other expenses		0.03	0.05
Expense on Shares		0.35	-
<b>Total operating expenses</b>		3.32	2.63
<b>Net operating profit/(loss)</b>		16.84	24.10
<b>FINANCE COST</b>			
Interest expense		-	-
<b>PROFIT/(LOSS) AFTER DEDUCTIONS AND BEFORE TAX</b>		16.84	24.10
Income tax expense		(0.04)	(0.01)
<b>PROFIT/(LOSS) AFTER DISTRIBUTIONS AND TAX</b>		16.80	24.09
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>16.80</b>	<b>24.09</b>

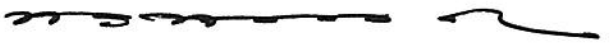
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**STATEMENT OF FINANCIAL POSITION  
As at 30 September**

	Notes	2013, Rs Mn	2012 Rs Mn
<b>ASSETS</b>			
Cash and cash equivalents		1.33	2.28
Financial assets - Held for trading	7	214.02	185.72
Financial assets - Loans and receivables	8	33.37	55.13
Accrued income and other receivables	9	0.18	0.76
Income tax recoverable		4.49	4.01
<b>Total assets</b>		<u>253.39</u>	<u>247.90</u>
 <b>UNIT HOLDERS' FUNDS &amp; LIABILITIES</b>			
<b>LIABILITIES</b>			
Accrued expenses	10	<u>0.55</u>	<u>0.53</u>
<b>Total Liabilities (Excluding net assets attributable to Unit Holders)</b>		0.55	0.53
 <b>UNIT HOLDERS' FUNDS</b>			
<b>Net assets attributable to Unit Holders</b>		252.84	247.37
		<u>253.39</u>	<u>247.90</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**

	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>UNIT HOLDERS' FUNDS AT THE BEGINNING OF THE PERIOD</b>	250.01	219.48
Increase/ (decrease) in net assets attributable to Unit Holders	16.80	24.09
Received on unit creations	2.00	8.03
Payments on unit redemptions	(15.97)	(4.23)
<b>UNIT HOLDERS' FUNDS AT THE END OF THE PERIOD</b>	<u>252.84</u>	<u>247.37</u>

**NAMAL GROWTH FUND  
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**NOTES TO THE FINANCIAL STATEMENTS**

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

- 1** All figures are provisiona and unaudited. Where necessary comparative figures have been adjusted to confirm with the changes in presentation in the curr
- 2** Income is recognised on accrual basis
- 3** Interest on repurchase agreements is shown together with the applicable notioi tax credit which is set off against the income tax payable by the fur
- 4** The profit and income of the fund is liable for income tax at the rate of 10% for year of assessment 2013/2014 as specified in part A of the Second Schedule to th
- 5** There are no material Contingeni Liabilities or contingent Assets which require disclosure in the financial statement:
- 6** 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

**7 FINANCIAL ASSETS - HELD FOR TRADING**

	<b>2013</b>	<b>2012</b>
	Rs.	Rs.
Quoted equity securities (7.1)	201.76	183.96
Debt securities - quoted debentures (7.2)	12.25	1.76
	<u>214.02</u>	<u>185.72</u>

**7.1 Quoted equity securities**

Cost as at 31 March	180.56	164.72
Appreciation/(depreciation) of market value quoted equity securities	21.20	19.24
Market Value as at 31 March	<u>201.76</u>	<u>183.96</u>

	<b>2013</b>		<b>2012</b>	
<b>7.1.1 Company</b>	Number of Shares	Market Value	Number of Shares	Market Value
<b>Banks, Finance and Insurance</b>				
Central Finance Company PLC	103,333	19.17	103,333	18.60
Commercial Bank of Ceylon PLC - Non Voting	30,518	2.79		
Commercial Bank of Ceylon PLC - Voting	318,067	37.40	29,920	2.81
People's Leasing & Finance Company PLC (previously named as Peoples' Leasing Company PLC)	321,400	4.34	158,100	2.21
Hatton National Bank PLC - Non voting			10	0.00
Sampath Bank PLC				
Union Bank of Colombo PLC			1,300	0.02
Nations Trust bank PLC	50,000	3.03		
	<u>823,318</u>	<u>66.72</u>	<u>292,663</u>	<u>23.65</u>
<b>Beverages, Food and Tobacco</b>				
Ceylon Tobacco Company PLC				
Distilleries Company of Sri Lanka PLC			100,000	16.00
Lion Brewery Ceylon PLC			100,000	24.30
Renuka Agri Foods PLC	420,000	1.64	420,000	2.18
	<u>420,000</u>	<u>1.64</u>	<u>620,000</u>	<u>42.48</u>
<b>Chemicals and Pharmaceuticals</b>				
CIC Holdings PLC	-	-	1,000	0.08
			<u>1,000</u>	<u>0.08</u>
<b>Diversified Holdings</b>				
CT Holdings PLC (Previously named as Ceylon Theaters PLC)	156,500	23.44	156,500	24.73
Aitken Spence PLC				
John Keells Holdings PLC				
Hayleys PLC	60,700	17.60	60,700	19.39
Free Lanka Capital holding PLC			22,600	0.07
	<u>217,200</u>	<u>41.05</u>	<u>239,800.00</u>	<u>44.18</u>
<b>Health Care</b>				
Ceylon Hospitals PLC (Durdans)				
Voting	100,763	11.08	100,763	9.07
Ceylon Hospitals PLC (Durdans) - Non Voting	54,360	4.25	54,360	4.13
Asiri Hospitals PLC	2,611,000	38.64	2,200,000	25.30
	<u>2,766,123</u>	<u>53.97</u>	<u>2,355,123.00</u>	<u>38.50</u>
<b>Hotels and Travels</b>				
Aitken Spence Hotel Holdings PLC				
Hotel Services (Ceylon) PLC - Kingsbury	392,700	4.48	392,700	6.87
Free Lanka Capital Holdings	392,700	4.48	392,700	6.87
	<u>392,700</u>	<u>4.48</u>	<u>392,700</u>	<u>6.87</u>
<b>Manufacturing</b>				
ACL Cables PLC	121,700	7.93	121,700	9.13
Tokyo Cement Company Lank PLC				
Non Voting	88,000	1.72	80,000	1.62
ACME Printing & Packaging PLC	100,000	8.70		
Royal Ceramic PLC	309,700	18.35	201,700.00	10.74
	<u>309,700</u>	<u>18.35</u>	<u>201,700.00</u>	<u>10.74</u>
<b>Plantation</b>				
Kegalle Plantations PLC			50,000	5.66
Horana Plantations PLC	-	-	75,000	2.33
	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>7.99</u>
<b>Construction &amp; Engineering</b>				
Access Engineering PLC	50,000	1.02	-	-
MTD Walkers	50,200	1.36	-	-
	<u>100,200</u>	<u>2.37</u>	<u>-</u>	<u>-</u>
<b>Investment Trusts</b>				
Renuka Holdings PLC	197,403	5.92	197,403	9.46
	<u>197,403</u>	<u>5.92</u>	<u>197,403.00</u>	<u>9.46</u>
<b>Power and Energy</b>				
Laugfs Gas PLC	55,000	1.46	-	-
	<u>55,000</u>	<u>1.46</u>	<u>-</u>	<u>-</u>
<b>Telecommunication</b>				
Dialog Axiata PLC	682,899	5.80	-	-
	<u>682,899</u>	<u>5.80</u>	<u>-</u>	<u>-</u>
<b>Total value of quoted equity securities in (At Market Value)</b>	<u>5,964,543</u>	<u>201.76</u>	<u>4,425,389</u>	<u>183.96</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
For the six month period ended 30 September

**7 FINANCIAL ASSETS - HELD FOR TRADING (contd..)**

**7.2 Quoted debentures**

	2013		2012	
	Cost	Market Value	Cost	Market Value
	Rs.	Rs.		
Lanka Orix Leasing Company PLC	2.00	1.97	2.00	1.76
Lion Brewery PLC	5.00	5.14	-	-
Haylys PLC	5.00	5.15	-	-
	12.00	12.25	2.00	1.76

**7.3 Net realised (losses)/gains on financial assets held for trading**

	2013 Rs.	2012 Rs.
<b>Equity securities</b>		
Proceeds on sale of equity shares	90.37	4.45
Average cost of equity shares sold	(79.18)	(0.70)
	11.19	3.75

**7.4 Net change in unrealised gains/(losses) on financial assets held for trading**

	2013	2012
Equity securities	1.64	17.17
Debt securities - quoted debentures		
	1.64	17.17

**8 FINANCIAL ASSETS - LOANS AND RECEIVABLES**

	2013 Carrying Value Rs.	2012 Carrying Value Rs.
<b>8.1 Investments in commercial papers</b>	-	44.92
<b>8.2 Repurchase agreements</b>	17.57	10.21
<b>8.3 Placements with other banks - fixed deposits</b>		
Union Bank of Colombo PLC	15.80	-
	33.37	55.13

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For the six month period ended 30 September

<b>9 ACCRUED INCOME AND OTHER RECEIVABLES</b>	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>	<b>Rs.</b>
Dividend receivable	0.18	0.20
Receivable on unit creations	-	0.01
Share application	-	0.55
	<u>0.18</u>	<u>0.76</u>

<b>10 ACCRUED EXPENSES</b>	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>	<b>Rs.</b>
Fund management and registrar fee payable	0.38	0.44
Trustee fee payable	0.06	-
Audit fee	0.11	0.09
	<u>0.55</u>	<u>0.53</u>

<b>11 INVESTMENT INCOME</b>	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>11.1</b> Dividend income	<u>3.47</u>	<u>3.10</u>
<b>11.2</b> Interest income		
Interest on Treasury bill repurchase agreements	1.31	2.71
Interest on fixed deposits	0.85	
Interest on commercial papers	0.81	
Interest on debentures	0.50	
Interest on savings account	0.03	-
	<u>3.51</u>	<u>2.71</u>

## **NAMALGROWTH FUND**

### ***Interim Report 2013***

#### **CORPORATE INFORMATION**

Trustee & Custodian	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 & Registrars	National Asset Management Limited (NAMAL) Union Bank Building 64,Galle Road Colombo 03

#### **National Asset Management Limited**

##### **Board of Directors (30<sup>th</sup> September 2013)**

Mr. Alexis Lovell	Chairman
Mr. Ajith Wijeyesekera	Deputy Chairman
Mr. Anil Amarasuriya	Director
Mr. Jitendrakumar Warnakula	Director
Ms. Khoo Siew Bee	Director
Mr. Avancka Herat	Director
Mr. Nihal Fonseka	Director
Mr. Tyrone de Silva	Director
Ms. Manohari Gunawardhena	(Alternate)