

# **NAMAL GILT FUND**

## **Interim Report**

*For the Six months ended 30<sup>th</sup> September 2015*

**National Asset Management Limited**  
**Union Bank Building,**  
**64, Galle Road , Colombo 3.**  
**Phone : 2445911 Fax : 2445903 Email : [info@namal.lk](mailto:info@namal.lk)**

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*Interim Report 2015*

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Dear Investor,

We take pleasure in presenting the interim report of the NAMAL Gilt Fund (NGILT) for the six months ended 30<sup>th</sup> September 2015.

### Performance review

The Gilt Fund generated a return of 2.84% for the six month period under review. The Fund recorded an interest income of Rs. 42.7m and a net operating profit of Rs. 35.3m after tax.

### Market Review

The ASPI decreased 3.40% YTD (Jan-Sep 2015) while the S&P SL20 declined 6.43% YTD (Jan-Sep 2015). The average daily turnover dropped to Rs 1,081m during the six months from Rs 1,510m in the comparative period. Sri Lankan equity market witnessed an outflow of Rs. 6.1bn (Apr-Sep 2015) as foreign investors exited emerging markets on the fear of economic slowdown and the US rate hike. Foreign participation stood at 30.6% of turnover for the six month ending September.

Benchmark 12 month Treasury bill auction yields increased by 38 basis points to 7.18% over the six month period under review. CBSL reduced its policy rates by 50bps in April 2015. Accordingly, Standard Deposit Facility and Standing Lending Facility were reduced to 6.00% and 7.00%, respectively. In subsequent monetary policy reviews, CBSL kept policy rates unchanged. Inflationary pressures eased with the CCPI (annual average) declining from 2.5% to 0.7% by September 2015.

On the economic front, the Balance of Payment had deteriorated, with a trade deficit of USD 1.8b in the first eight months of the year, compared to a surplus of USD 2.1b over the corresponding period of 2014. Trade deficit widened by 5.0% YoY to USD 5.4b. Earnings from tourism and workers' remittances increased during the period by 17.1% YoY (USD 1.8b) and 1.8% YoY (USD 4.5b), respectively.

### Portfolio composition

NGILT has a policy of restricting investments to short term (less than one year to maturity) treasury bills and repurchase transactions thereon. The Fund does not take exposures to corporate debt and credit risks thereon.

As at 30 September 2015, the Fund had a 100% allocation to repos.

Sincerely,

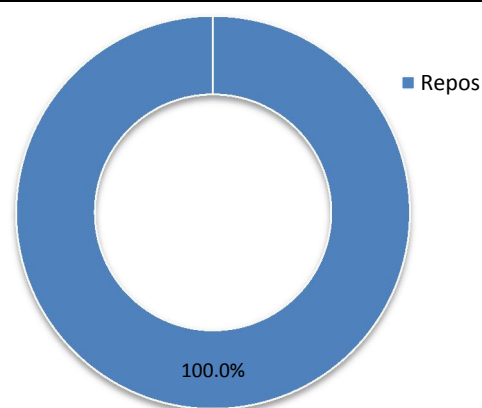
The Fund Management Team  
15<sup>th</sup> November 2015

### Performance Comparison

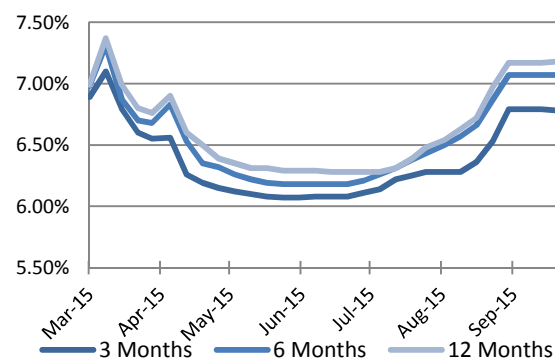
|       | YTD*<br>(%) | 3M<br>(%) | 6M<br>(%) |
|-------|-------------|-----------|-----------|
| NGILT | 4.18        | 1.44      | 2.84      |

\*31 Dec 2014 – 30<sup>th</sup> September 2015  
\*Non Annualised returns

### Asset Allocation

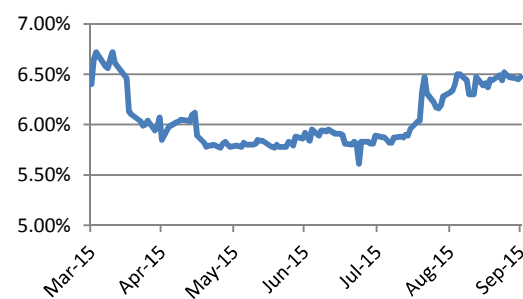


### Treasury Bill Rates



Source: Central Bank of Sri Lanka

### Daily Repurchase Rate (Past 6 Months)



Source: Central Bank of Sri Lanka

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

|  | Notes | 2015<br>Rs.Mn | 2014<br>Rs.Mn |
|--|-------|---------------|---------------|
| <b>INVESTMENT INCOME</b>                                   |       |               |               |
| Interest income  | 10.1  | 42.73         | -             |
| <b>Total investment income</b>                             |       | 42.73         | -             |
| <b>EXPENSES</b>  |       |               |               |
| Management and Registrar fees                              |       | (2.22)        | -             |
| Trustee and Custodian fees                                 |       | (1.17)        | -             |
| Audit fee and expenses                                     |       | (0.07)        | -             |
| Other expenses   |       | (0.01)        | -             |
| <b>Total operating expenses</b>                            |       | (3.46)        | -             |
| <b>Net operating profit</b>                                |       | 39.27         | -             |
| <b>FINANCE COST</b>  |       |               |               |
| Interest expense   |       | -             | -             |
| Distribution to Unit Holders                               |       | -             | -             |
|  |       | -             | -             |
| <b>PROFIT AFTER DEDUCTIONS AND BEFORE TAX</b>              |       | 39.27         | -             |
| Income tax expense   |       | (3.93)        | -             |
| <b>PROFIT AFTER DISTRIBUTIONS AND TAX</b>                  |       | 35.34         | -             |
| <b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b> |       | <b>35.34</b>  | -             |

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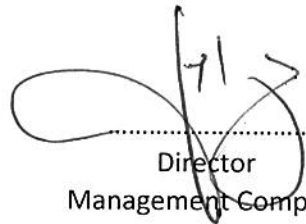
**STATEMENT OF FINANCIAL POSITION**  
**As at 30th September**

| <b>ASSETS</b>  | <b>Notes</b> | <b>2015<br/>Rs.Mn</b>  | <b>2014<br/>Rs.Mn</b> |
|--|--------------|------------------------|-----------------------|
| Cash and cash equivalents  |              | 1.60                   | -                     |
| Financial assets - Loans and receivable                                      | 8            | 1,660.37               | -                     |
| Other receivable   |              | 0.01                   | -                     |
| Income tax recoverable   |              | 0.67                   | -                     |
| <b>Total assets</b>  |              | <u><u>1,662.65</u></u> |                       |
| <br><b>UNIT HOLDERS' FUNDS &amp; LIABILITIES</b>                             |              |                        |                       |
| <b>LIABILITIES</b>   |              |                        |                       |
| Accrued expenses   | 9            | <u>0.77</u>            | -                     |
| <b>Total liabilities (Excluding net assets attributable to Unit Holders)</b> |              | <u>0.77</u>            |                       |
| <br><b>UNIT HOLDERS' FUNDS</b>   |              |                        |                       |
| <b>Net assets attributable to Unit Holders</b>                               |              | 1,661.88               | -                     |
|  |              | <u><u>1,662.65</u></u> |                       |

Signed on behalf of the Management Company



Director  
Management Company



Director  
Management Company

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**Statement of Movements in Unitholder's Fund**  
**For the six month period ended September**

|   | <b>2015</b><br><b>Rs.Mn</b> | <b>2014</b><br><b>Rs.Mn</b> |
|---|-----------------------------|-----------------------------|
| <b>UNIT HOLDERS' FUNDS AT THE BEGINNING OF THE YEAR</b> | 1,126.20                    | -                           |
| Increase in net assets attributable to unit holders     | 35.34                       | -                           |
| Received on unit creations                              | 500.77                      | -                           |
| Payments on unit redemptions                            | (0.42)                      | -                           |
| <b>UNIT HOLDERS' FUNDS AT THE END OF THE YEAR</b>       | <u><u>1,661.88</u></u>      |                             |

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**NOTES TO THE FINANCIAL STATEMENTS**

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

- 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 an accrual basis.
- 3 Interest on repurchase agreements is shown together with the applicable notional tax credit which is set off against the income tax payable by the fund.
- 4 The profit and income of the fund is liable for income tax at the rate of 10% for the year of assessment 2015/2016 as specified in part A of the second schedule to the Inland Revenue Act No. 10 of 2006.
- 5 There are no material Contingent Liabilities or contingent Assets which require disclosure in the financial statements.
- 6 No circumstances have arisen since the Balance Sheet date, which would require adjustments or disclosure in the Financial Statements.
- 7 

|                                   |               |
|-----------------------------------|---------------|
| Net Assets Value per Unit Rs.     | 10.56         |
| No. of units as at 30th September | 157,190,483.2 |

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the 06 month period ended 30th September*

|  | 2015            | 2014  |
|--|-----------------|-------|
|  | Rs.Mn           | Rs.Mn |
| <b>8. FINANCIAL ASSETS - LOANS AND RECEIVABLES</b>     |                 |       |
| <b>8.1 T-Bill Repurchase agreements</b>                |                 |       |
| Commercial Bank  | 1660.37         | -     |
|  | <u>1,660.37</u> |       |
| <b>8.2 Other Receivable</b>                            |                 |       |
| Receivable on unit creation                            | 0.01            | -     |
|  | <u>0.01</u>     |       |
| <b>9 ACCRUED EXPENSES</b>                              |                 |       |
|  | 2015            | 2014  |
|  | Rs.Mn           | Rs.Mn |
| Fund manager and Registrar fee payable                 | 0.47            | -     |
| Trustee and Custodian fee payable                      | 0.24            | -     |
| Audit fee  | 0.06            | -     |
|  | <u>0.77</u>     |       |
| <b>10 INVESTMENT INCOME</b>                            |                 |       |
|  | 2015            | 2014  |
|  | Rs.Mn           | Rs.Mn |
| <b>10.1 Interest income on,</b>                        |                 |       |
| Interest on Treasury bill repurchase agreements (12.2) | 42.71           | -     |
| Interest on saving accounts                            | 0.02            | -     |
|  | <u>42.73</u>    |       |

**10.2** Interest income on Treasury bill repurchase agreements has been recognised gross of notional taxes.



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**CORPORATE INFORMATION**

|                       |  |
|-----------------------|--|
| Trustee & Custodian   | Deutsche Bank AG<br>86, Galle Road<br>Colombo 03   |
| Auditors              | Ernst & Young<br>Chartered Accountants<br>201, De Saram Place<br>Colombo 10                      |
| Bankers               | Deutsche Bank AG<br>86, Galle Road<br>Colombo 03   |
| Lawyers               | F J & G De Saram<br>Attorneys-at-Law & Notries Public<br>216, De Saram Place<br>Colombo 10       |
| Managers & Registrars | National Asset Management Limited (NAMAL)<br>Union Bank Building<br>64, Galle Road<br>Colombo 03 |

**National Asset Management Limited**  
**Board of Directors (As of September 30, 2015)**

|                             |                 |
|-----------------------------|-----------------|
| Mr. Alexis Lovell           | Chairman        |
| Mr. Ajith Wijeyasekera      | Deputy Chairman |
| Mr. Indrajit Wickramasinghe | Director        |
| Mr. Palitha Gamage          | Director        |
| Mr. Tyrone de Silva         | Director        |
| Mr. Malinda Samaratinga     | Director        |
| Mr. Suren Madhanayake       | Director        |
| Mr. Avancka Herat           | Director        |
| Ms. Khoo Siew Bee           | Director        |