

NAMAL IPO FUND

Interim Report

For the Six months ended 30th September 2015

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

NAMAL IPO FUND
Interim Report 2015

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	5-6
Corporate Information	7

Dear Investor,

We take pleasure in presenting the interim report of the NAMAL IPO Fund (NIPO) for the six months ended 30th September 2015.

Performance review

The NIPO generated a return of 10.60% for 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 3.38% and -0.68% respectively.

The Fund's income decreased by 17.02% to 17.38m from Rs. 20.95m the year before. Profit after tax for the year increased by 72.48% to Rs. 1.06m. The fund remains constrained by its small size.

Market Review

During the year, 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

The Fund has 100.00% allocated to equity.

NIPO's highest equity concentrations are in construction and engineering, followed by power and energy and diversified holdings.

Sincerely,
The Fund Management Team
15th November 2015

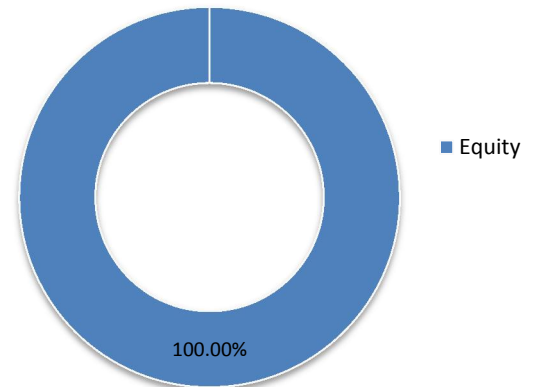
Performance Comparison

	6M* (%)	12M (%)	24M (%)	36M (%)
ASPI	3.38	-2.78	21.50	18.07
S&P SL20	-0.68	-5.25	19.03	18.06
NIPO	10.60	-16.88	11.47	17.04

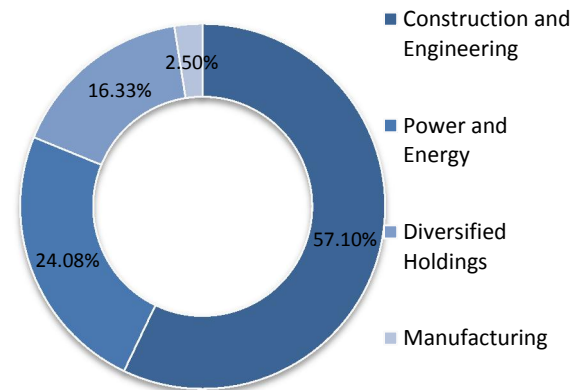
* Period ending 1st April 2015 - 30th September 2015

* Non annualized returns

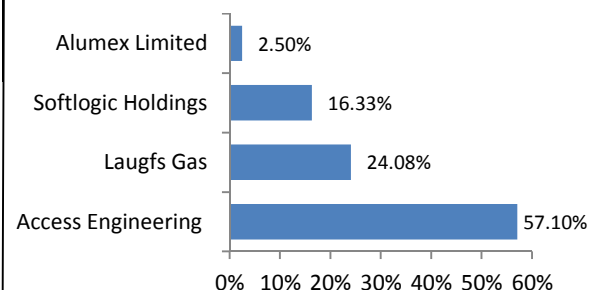
Asset Allocation



Sector Allocation



Top Equity Holdings



*As a % of total equity holdings

NAMAL IPO FUND
Interim Report 2015

STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended September

	Notes	2015	2014
		Rs.	Rs.
INVESTMENT INCOME			
Dividend Income	10	0.11	0.12
Interest Income	10	0.04	0.07
Net Change in Unrealised Losses on Financial Assets Held for Trading	7.2	0.83	1.27
Net Realised Gains on Financial Assets Held for Trading	7.3	-	0.27
		<u>0.98</u>	<u>1.73</u>
EXPENSES			
Management Fees		(0.04)	(0.05)
Trustee Fees		(0.01)	(0.14)
Custody Fees		(0.13)	(0.08)
Audit Fees		(0.10)	(0.02)
Other Expenses		(0.04)	(0.00)
Bank Charges		-	(0.29)
Total Operating Expenses		<u>(0.32)</u>	
NET PROFIT		0.66	1.44
FINANCE COST			
Interest Expense		-	-
		<u>-</u>	<u>-</u>
PROFIT/ (LOSS) AFTER DEDUCTIONS AND BEFORE TAX		0.66	1.44
Income Tax Expense		-	-
		<u>-</u>	<u>-</u>
PROFIT/ (LOSS) AFTER DISTRIBUTIONS AND TAX		<u>0.66</u>	<u>1.59</u>
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		0.66	1.59


NAMAL IPO FUND
Interim Report 2015

STATEMENT OF FINANCIAL POSITION
As at 30 th September

ASSETS	Notes	2015	2014
		Rs. Mn.	Rs. Mn.
Cash and Cash Equivalents		0.43	0.26
Financial Assets - Held for Trading	7	5.09	5.75
Financial Assets - Loans and Receivables	8	-	2.05
Income Tax Receivable		0.24	0.23
Total Assets		<u>5.75</u>	<u>8.29</u>
 UNIT HOLDERS' FUNDS & LIABILITIES			
LIABILITIES			
Accrued Expenses	9	0.11	0.09
Total Liabilities (Excluding net assets attributable to Unit Holders)		<u>0.11</u>	<u>0.09</u>
 UNIT HOLDERS' FUNDS			
Net Assets Attributable to Unit Holders		5.64	8.20
		<u>5.75</u>	<u>8.29</u>

Signed on behalf of the Management Company


.....
Director
Management Company


.....
Director
Management Company

NAMAL IPO FUND

Interim Report 2015

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

	2015	2014
	Rs.	Rs.
UNIT HOLDERS' FUNDS AT THE BEGINNING OF THE PERIOD	5.79	6.80
Increase/(Decrease) in Net Assets Attributable to Unit Holders' Funds	0.66	1.59
Received on Creation of Units	-	-
Payments on Cancellation of Units	<u>(0.80)</u>	<u>(0.04)</u>
UNIT HOLDERS' FUNDS AT THE END OF THE PERIOD	<u><u>5.64</u></u>	<u><u>8.35</u></u>

NAMAL IPO FUND
Interim Report 2015

NOTES TO THE FINANCIAL STATEMENTS
For the six month period ended 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 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 FINANCIAL ASSETS - HELD FOR TRADING

	2015 Rs.Mn	2014 Rs.Mn
Equity Securities	5.09	5.75
Debt Securities - Government Treasury Bills	-	-
	5.09	5.75

7.1 Investments in Quoted Equity Securities

Cost as at 30th September	3.91	3.91
Provision for Appreciation of Quoted Equity Securities	1.17	1.84
Market Value as at 30th September	5.09	5.75

	2015			2014		
7.1.1 Company	Number of Shares	Market Value Rs.	Holdings as a % of Net Asset Value	Number of Shares	Market Value Rs.	Holdings as a % of Net Asset Value
Banks, Finance and Insurance						
People's Leasing Company PLC	-	-	-	-	-	0
Power & Energy						
Laugfs Gass Company Plc	31,000	1.22	21.71%	31,000	1.25	14.97%
Construction and Engineering						
Access Engineering Limited	120,000	2.90	51.49%	120,000	3.52	42.16%
MTD Walkers Plc	-	-		-	-	
MANUFACTURING						
ALUMEX LIMITED	7,100	0.13	2.25%	7,100	0.11	1.30%
SOFTLOGIC HOLDINGS	55,000	0.83	14.73%	55,000	0.87	10.42%
	213,100	5.09	90.18%	213,100	5.75	34.02%

7.2 Net Change in Unrealised Losses on Financial Assets - Held for Trading

	2015 Rs.Mn	2014 Rs.Mn
Equity Securities	0.83	1.27
	0.83	1.27

7.3 Net Realised Gains on Financial Assets Hold for Trading

	2015 Rs.Mn	2014 Rs.Mn
Equity Securities		
Proceeds on Sale of equity shares	-	0.92
Average cost of equity shares sold	-	(0.64)
	-	0.27

NAMAL IPO FUND
Interim Report 2015

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

8. FINANCIAL ASSETS - LOANS AND RECEIVABLES

8.1. Repurchase Agreements	2015 Rs.Mn	2014 Rs.Mn
Wealth Trust	-	2.05
NSB Fund Management	-	-
	<u>-</u>	<u>2.05</u>
8.2 Investment in Commercial Papers		
Alliance Finance Company PLC	-	-
MBSL	-	-
Mercantile Investments and Finance PLC	-	-
Hayleys	-	-
Softlogic Finance PLC	-	-
LB Finance PLC	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>2.05</u>
9 Accrued Expenses		
Fund Manager Payable	0.01	0.01
Trustee fee and Custodian fees Payable	0.02	0.02
Audit fees Payable	0.08	0.06
	<u>0.11</u>	<u>0.09</u>
10 Investment Income		
Dividend Income	<u>0.11</u>	<u>0.12</u>
Interest on		
Treasury Bill Repurchase Agreement	0.03	0.06
Savings	0.01	0.01
	<u>0.04</u>	<u>0.07</u>

NAMAL IPO FUND
Interim Report 2015

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 (As of September 30, 2015)

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