

# **NAMAL IPO FUND**

## **Interim Report**

*For the Six months ended 30<sup>th</sup> September 2016*

**National Asset Management Limited**  
**Union Bank Building,**  
**64, Galle Road, Colombo 03.**  
**Phone : 2445911 Fax : 2445903 Email : [info@namal.lk](mailto:info@namal.lk)**

**NAMAL IPO FUND**  
*Interim Report 2016*

**Table of Contents**

Report of the Investment Manager	<b>1</b>
Statement of Comprehensive Income	<b>2</b>
Statement of Financial Position	<b>3</b>
Statement of Movement in Unit Holders Fund	<b>4</b>
Notes To the Accounts	<b>5 - 6</b>
Corporate Information	<b>7</b>

Dear Investor,

We take pleasure in presenting the interim report of the Namal IPO Fund (NIPO) for the six months ended 30<sup>th</sup> September 2016.

### Performance Review

The NIPO generated a return of -2.0% for the six month period under review, underperforming the benchmark All Share Price Index (ASPI) and the S&P Sri Lanka 20 Index (S&P SL20), which gained 7.6% and 12.9%, respectively.

### Market Review

The ASPI increased 7.6% to 6,534.8, while the S&P SL20 rose 12.9% to 3,617.3 during the six month period (Apr-Sep 2016). The performance was driven by improved market sentiment subsequent to positive developments on fiscal front (with the USD 1.5b loan facility from IMF) and encouraging earnings during the second quarter of 2016. However, the equity market witnessed a net outflow of Rs. 1.0bn (Apr-Sep 2016) as foreign investors exited due to policy uncertainty (possible reimplementing of capital gains tax) and expectation of US rate hike. The average daily turnover dropped to Rs 748.2m from Rs 1,084.3m in the comparative period last year. Foreign participation stood at 37.1% of turnover for the six month ending September.

Benchmark 12 month Treasury bill auction yields increased by 21 basis points to 10.11% over the six month period under review. CBSL increased its policy rates by 50bps in July 2016 and accordingly, Standard Deposit Facility and Standing Lending Facility were increased to 7.00% and 8.50%, respectively. In subsequent monetary policy reviews, CBSL kept policy rates unchanged.

On the economic front, the Balance of Payment improved recording a surplus of USD 356.0m in the first seven months of the year, compared to a deficit of USD 1.2b the prior year. Trade deficit widened by 0.7% to USD 4.8b, owing to a 5.6% YoY drop in export, which was partially offset by a 2.9% decline in imports. However, earnings from tourism and workers' remittances increased during the period by 16.7% YoY (USD 1.9b) and 3.8% YoY (USD 4.2b), respectively.

### Portfolio Composition

The Fund has a 44% allocation to equity, with the remainder in repos and cash.

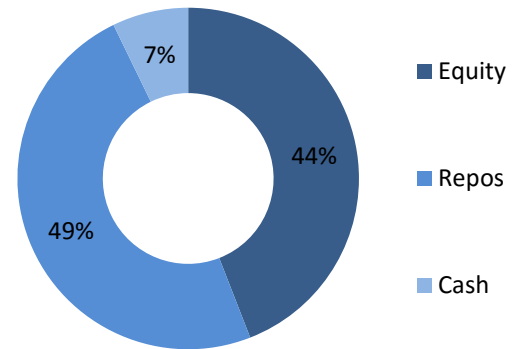
### Performance Comparison

	6M* (%)	12M (%)	24M (%)	36M (%)
ASPI	7.62	-7.32	-9.89	12.60
S&P	12.88	-5.46	-10.42	12.54
NIPO	-1.94	-11.08	-26.09	-0.88

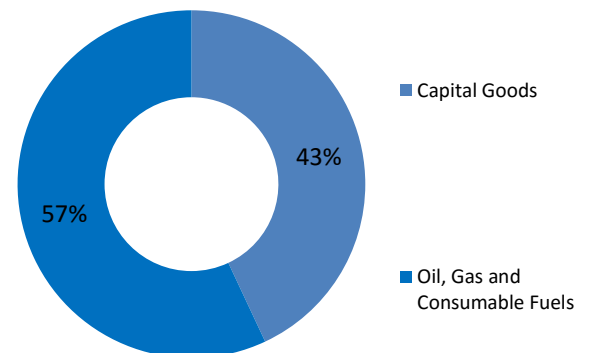
(Non-annualised returns)

\* Six month period ending 30 Sep 2016

### Asset Allocation



### Sector Allocation



Sincerely,  
The Fund Management Team  
15<sup>th</sup> November 2016

**NAMAL IPO FUND**

*Interim Report 2016*

**STATEMENT OF COMPREHENSIVE INCOME**

**For the six month period ended September**

	Notes	2016	2015
		Rs.	Rs.
<b>INVESTMENT INCOME</b>			
Dividend Income	<b>10</b>	0.06	0.11
Interest Income	<b>10</b>	0.10	0.04
Net Change in Unrealised Losses on Financial Assets Held for Trading	<b>7.2</b>	0.04	0.83
Net Realised Gains on Financial Assets Held for Trading	<b>7.3</b>	-	-
		0.20	0.98
<b>EXPENSES</b>			
Management Fees		(0.03)	(0.04)
Trustee Fees		(0.00)	(0.01)
Custody Fees		(0.14)	(0.13)
Audit Fees		(0.11)	(0.10)
Other Expenses		(0.00)	(0.04)
Bank Charges		-	-
<b>Total Operating Expenses</b>		(0.28)	(0.32)
<b>NET PROFIT</b>		(0.07)	0.66
<b>FINANCE COST</b>			
Interest Expense		-	-
Treasury Bond Premium Amortisation		-	-
		-	-
<b>PROFIT/ (LOSS) AFTER DEDUCTIONS AND BEFORE TAX</b>		(0.07)	0.66
Income Tax Expense		-	-
		-	-
<b>PROFIT/ (LOSS) AFTER DISTRIBUTIONS AND TAX</b>		(0.07)	0.66
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>(0.07)</b>	<b>0.66</b>

NAMAL IPO FUND

Interim Report 2016

STATEMENT OF FINANCIAL POSITION

As at 30 th September

ASSETS	Notes	2016 Rs. Mn.	2015 Rs. Mn.
Cash and Cash Equivalents		0.17	0.43
Financial Assets - Held for Trading	7	1.90	5.09
Financial Assets - Loans and Receivables	8	2.10	-
Income Tax Receivable		0.25	0.24
<b>Total Assets</b>		<u>4.43</u>	<u>5.75</u>
UNIT HOLDERS' FUNDS & LIABILITIES			
LIABILITIES			
Accrued Expenses	9	0.11	0.11
<b>Total Liabilities (Excluding net assets attributable to Unit Holders)</b>		<u>0.11</u>	<u>0.11</u>
UNIT HOLDERS' FUNDS			
Net Assets Attributable to Unit Holders		4.32	5.64
		<u>4.43</u>	<u>5.75</u>

Signed on behalf of the Management Company

  
 .....  
 Director  
 Management Company

  
 .....  
 Director  
 Management Company

**NAMAL IPO FUND**

***Interim Report 2016***

**STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS**

**For the six month period ended September**

	<b>2016</b>	<b>2015</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>UNIT HOLDERS' FUNDS AT THE BEGINNING OF THE PERIOD</b>	4.77	5.79
Increase/(Decrease) in Net Assets Attributable to Unit Holders' Funds	(0.07)	0.66
Received on Creation of Units	-	-
Payments on Cancellation of Units	<u>(0.37)</u>	<u>(0.80)</u>
<b>UNIT HOLDERS' FUNDS AT THE END OF THE PERIOD</b>	<u><u>4.32</u></u>	<u><u>5.64</u></u>

**NAMAL IPO FUND**  
**Interim Report 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the six month period ended 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 accrual basis
- 2.1 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.
- 3 The profit and income of the fund is liable for income tax at the rate of 10% for the year of assessment 2016/2017 as specified in part A of the Second Schedule to the Inland Revenue Act No. 10 of 2006.
- 4 There are no material Contingent Liabilities or contingent Assets which require disclosure in the financial statements.
- 5 No circumstances have arisen since the Balance Sheet date, which would require adjustments or disclosure in the Financial Statements.

	<b>2016</b>	<b>2015</b>
6 Net Asset Value of a unit as at September 30 (Rs)	10.59	12.15
(Applicable to Units)	384,215.30	454,175.30

**7 FINANCIAL ASSETS - HELD FOR TRADING**

	<b>2016</b>	<b>2015</b>
	<b>Rs.Mn</b>	<b>Rs.Mn</b>
Equity Securities	1.90	5.09
Debt Securities - Government Treasury Bills	-	-
	1.90	5.09

**7.1 Investments in Quoted Equity Securities**

Cost as at 30th September	1.29	3.91
Provision for Depreciation of Quoted Equity Securities	0.61	1.17
Market Value as at 30th September	1.90	5.09

7.1.1 Company	Number of Shares	2016 Market Value Rs.	Holdings as a % of Net Asset Value	Number of Shares	2015 Market Value Rs.	Holdings as a % of Net Asset Value
<b>Power &amp; Energy</b>						
Laugfs Gass Company Plc	31,000	1.09	25.12%	31,000	1.22	21.71%
<b>Construction and Engineering</b>						
Access Engineering Limited			0.00%	120,000	2.90	51.49%
<b>MANUFACTURING</b>						
ALUMEX LIMITED			0.00%	7,100	0.13	2.25%
SOFTLOGIC HOLDINGS	55,000	0.82	18.97%	55,000	0.83	14.73%
	86,000	1.90	44.09%	213,100	5.09	90.18%

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

	<b>2016</b>	<b>2015</b>
	<b>Rs.Mn</b>	<b>Rs.Mn</b>
Equity Securities	0.04	0.83
Debt Securities - Government Treasury Bills	-	-
	0.04	0.83

**NAMAL IPO FUND**  
**Interim Report 2016**

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

**8. FINANCIAL ASSETS - LOANS AND RECEIVABLES**

**8.1. Repurchase Agreements**

	<b>2016</b>	<b>2015</b>
	<b>Rs.Mn</b>	<b>Rs.Mn</b>
Commercial Bank	2.10	-
	<u>2.10</u>	<u>-</u>
	<u>2.10</u>	<u>-</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	0.08
	<u>0.11</u>	<u>0.11</u>

**10 Investment Income**

Dividend Income	<u>0.06</u>	<u>0.11</u>
<b>Interest on</b>		
Treasury Bill Repurchase Agreement	0.09	0.03
Savings	<u>0.01</u>	<u>0.01</u>
	<u>0.10</u>	<u>0.04</u>



**NAMAL IPO FUND**  
***Interim Report 2016***

**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 2016)**

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