



Quarterly Report SEPTEMBER 2016

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

NAMAL ACUITY VALUE FUND

FINANCIAL STATEMENTS

For the 06 month period ended 30 September 2016

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NAMAL ACUITY VALUE FUND

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 & Notaries Public 216, De Saram Place Colombo 10.
Management Company &	National Asset Management Limited (NAMAL) 7th floor, Union Bank Building , 64,Galle Road , Colombo 03. National Asset Management Limited Board of Directors (As of 30th September 2016) Mr. Alexis Lovell Chairman Mr. Indrajit Wickramasinghe Director Mr. Palitha Gamage Director Mr. Tyrone de Silva Director Mr. Malinda Samaratunga Director Mr. Wijenanada Dambawinne Director Mr. Suren Madhanayake Director Mr. Avancka Herat Director Ms. Khoo Siew Bee Director

Dear Investor,

We take pleasure in presenting the interim report of the Namal Acuity Value Fund (NAVF) for the six months ended 30th September 2016.

Performance review

The NAVF generated a return of 21.8% for the six month period under review, outperforming the benchmark All Share Price Index (ASPI) and the S&P Sri Lanka 20 Index (S&P SL20) by 14.1% and 8.9%, respectively.

For the six month period ended September 2016, the Fund's total investment income increased 178.4% YoY to Rs. 274.2m, largely driven by Rs. 206.7m of net change in unrealized gains on financial asset held for trading (compared to a loss of Rs. 40.5m in September 2015). This was further supported by a 66.1% YoY increase in dividend income to Rs. 48.0m and a 23.6% YoY increase in interest income to Rs. 9.2m. The fund reported a profit of Rs. 262.0m for the six months under review, an increase of Rs. 178.0m.

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 average daily turnover dropped to Rs 748.2m from Rs 1,084.3m in the comparative period last year. Sri Lankan equity market witnessed a net outflow of Rs. 1.0bn (Apr-Sep 2016) as foreign investors exited due to policy uncertainty and expectation of US rate hike. 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 93% allocation to equity, with the remainder in Debentures, Commercial Papers and Repos.

NAVF's highest equity concentrations are in manufacturing sector followed by banks finance and insurance and diversified holdings sector.

Sincerely,
The Fund Management Team
19th October 2016

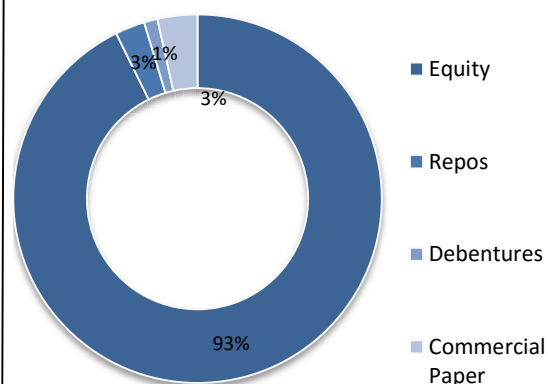
Performance Comparison

	6M* (%)	12M (%)	24M (%)	36M (%)
ASPI	7.62	-7.32	-9.89	12.60
S&P	12.88	-5.46	-10.42	12.54
NAVF	21.76	5.27	8.58	51.26

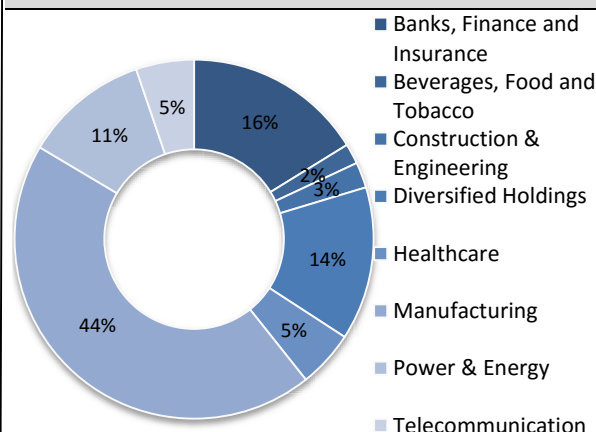
(Non-annualised returns)

* Six month period ending 30 Sep 2016

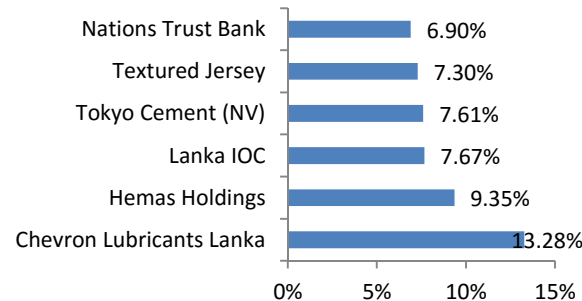
Asset Allocation



Sector Allocation



Top 6 Equity Holdings



*As a % of total equity holdings

NAMAL Acuity Value Fund

STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

ASSETS	Note	30.09.2016 Rs.	30.09.2015 Rs.	31.03.2016 Rs.	31.03.2015 Rs.
Cash and cash equivalents		2,043,379	318,581	973,539	900,535
Financial assets - Held for Trading	7	1,369,393,014	1,286,456,677	1,047,767,138	1,289,251,387
Financial assets -Loans and Receivables	8	82,994,598	122,587,192	104,657,762	35,572,722
Other Receivables	9	5,318,867	4,281,727	44,826,298	5,332,575
Income tax recoverable		8,226,008	7,155,315	7,658,851	6,784,451
TOTAL ASSETS		1,467,975,867	1,420,799,491	1,205,883,588	1,337,841,670
UNIT HOLDERS' FUNDS & LIABILITIES					
LIABILITIES					
Accrued expenses	10	1,557,832	1,553,630	1,426,916	2,509,798
Total Liabilities (Excluding net assets attributable to Unit Holders)		1,557,832	1,553,630	1,426,916	2,509,798
UNIT HOLDERS' FUNDS					
Net assets attributable to Unit Holders		1,466,418,035	1,419,245,861	1,204,456,672	1,335,331,872
		1,467,975,867	1,420,799,491	1,205,883,588	1,337,841,670

These Financial Statements were approved by the Management Company, and adopted by the Trustees.


.....
Director
Management Company


.....
Director
Management Company

DEUTSCHE BANK AG
Colombo Branch
Trustee


.....
Authorized Signatures
Trustees

The accounting policies and notes on pages 7-10 form an integral part of these Financial Statements.

26 October, 2016
Colombo

NAMAL Acuity Value Fund

STATEMENT OF COMPREHENSIVE INCOME

For the 06 month period ended 30 September 2016

	3 month period ended 30.09.2016 Rs.	3 month period ended 30.09.2015	6 month period ended 30.09.2016 Rs.	6 month period ended 30.09.2015
INVESTMENT INCOME				
Dividend income	19,295,736	11,052,154	48,049,854	28,932,996
Interest income	11 3,840,945	3,929,305	9,157,073	7,409,250
Net realised gains on financial assets held for trading	7.3 -	109,067,422	10,295,524	102,627,302
Net change in unrealised gains/(losses) on financial assets held for trading	7.4 179,235,942	(45,366,860)	206,686,946	(40,486,823)
Total Investment Income	202,372,623	78,682,020	274,189,397	98,482,725
EXPENSES				
Management and registrar fees	(3,530,319)	(3,659,333)	(6,848,358)	(7,145,226)
Trustee and custodian fees	(835,203)	(863,272)	(1,642,447)	(1,688,081)
Audit fees	(39,388)	(38,916)	(99,980)	(110,727)
Professional charges				
Other expenses	(588,926)	(466,124)	(602,073)	(530,797)
Brokerage Expenses	(776,356)	(4,718,652)	(3,035,175)	(5,093,098)
Total operating expenses	(5,770,193)	(9,746,296)	(12,228,034)	(14,567,928)
NET OPERATING PROFIT/(LOSS)	196,602,430	68,935,725	261,961,363	83,914,797
FINANCE COST				
Interest expense	-	(808)	-	(808)
PROFIT AFTER DEDUCTIONS AND BEFORE TAX	196,602,430	68,934,916	261,961,363	83,913,989
Income tax expense	-	-	-	-
PROFIT AFTER TAX FOR THE PERIOD	196,602,430	68,934,916	261,961,363	83,913,989
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	196,602,430	68,934,916	261,961,363	83,913,989

The accounting policies and notes on pages 7-10 form an integral part of these Financial Statements.

NAMAL Acuity Value Fund

STATEMENT OF CHANGES IN UNIT HOLDERS' FUNDS

For the 06 month period ended 30 September 2016

	6 month period ended 30.09.2016 Rs.	6 month period ended 30.09.2015 Rs.
UNIT HOLDER' FUND AT THE BEGINNING OF THE PERIOD	1,204,456,672	1,335,331,872
Increase in net assets attributable to unit holders	261,961,363	83,913,989
UNIT HOLDERS' FUNDS AT THE END OF THE PERIOD	<u>1,466,418,035</u>	<u>1,419,245,861</u>

The accounting policies and notes on pages 7-10 form an integral part of these Financial Statements.

NAMAL Acuity Value Fund

STATEMENT OF CASH FLOWS

For the 06 month period ended 30 September 2016

	3 month period ended 30.09.2016 Rs.	3 month period ended 30.09.2015 Rs.	6 month period ended 30.09.2016 Rs.	6 month period ended 30.09.2015 Rs.
Cash Flows from Operating Activities				
Dividend received	14,367,368	6,770,427	39,049,314	25,230,608
Interest received	4,718,248	856,822	7,596,451	4,558,564
Management fees and Trustee fees paid	(4,249,131)	(4,442,725)	(8,459,869)	(8,970,423)
Other expenses paid	(589,452)	(466,123)	(602,598)	(1,460,576)
Taxation paid	(3,309)	(5,159)	(5,873)	(10,230)
Net Cash Flow generated from Operating Activities	14,243,724	2,713,242	37,577,425	19,347,943
Cash Flows from Investing Activities				
Cost of investments purchased	(70,046,497)	(266,961,101)	(296,039,946)	(312,274,075)
Cost of fixed incomes securities purchased/sold	47,781,723	(96,821,677)	67,082,274	(87,780,598)
Sale proceeds from Equity investment	-	357,461,823	192,450,087	380,125,584
			-	
Net Cash from Investing Activities	(22,264,774)	(6,320,955)	(36,507,585)	(19,929,089)
Cash Flows from Financing Activities				
Interest paid on reverse repo borrowings	-	(808)	-	(808)
Cash received on creation of units	-	-	-	-
Cash paid on redemption of units	-	-	-	-
Net Cash generated from Financing Activities	-	(808)	-	(808)
Net increase in cash and cash equivalents	(8,021,050)	(3,608,521)	1,069,840	(581,954)
Cash and cash equivalents at the beginning of the period	10,064,429	3,927,102	973,539	900,535
Cash and cash equivalents at the end of the period	2,043,379	318,581	2,043,379	318,581

NAMAL ACUITY VALUE FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2016

- 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 2016/2017 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.

NAMAL ACUITY VALUE FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2016

7 FINANCIAL ASSETS-HELD FOR TRADING

	30.09.2016	30.09.2015
	Rs.	Rs.
Quoted equity securities (Note 7.1)	1,352,204,939	1,223,120,793
Debt Securities-quoted Debentures (Note 7.2)	17,188,076	63,335,884
Market Value	<u>1,369,393,014</u>	<u>1,286,456,677</u>

7.1 Quoted Equity Securities

Cost as at 30.09.2016	1,118,119,256	1,011,600,378
Appreciation/(Depreciation) of market value quoted equity securities	234,085,683	211,520,415
	<u>1,352,204,939</u>	<u>1,223,120,793</u>

Company	30.09.2016			30.09.2015		
	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						
Central Finance PLC	386,303	44,424,845	3.05%	186,921	46,730,250	3.31%
Union Bank of Colombo Ltd	-	-	-	617,822	13,283,173	0.94%
National Trust Bank	1,200,000	100,680,000	6.90%	1,200,000	116,640,000	8.26%
Commercial Bank - V	-	-	-	100,000	15,900,000	1.13%
Sampath Bank	-	-	-	813,009	209,918,924	14.87%
Seylan Bank-NV	1,150,000	74,060,000	5.08%	1,150,000	86,250,000	6.11%
		<u>219,164,845</u>	<u>15.03%</u>		<u>488,722,347</u>	<u>34.62%</u>
Beverages, Food and Tobacco						
Renuka Agri Foods	8,220,240	24,660,720	1.69%	8,220,240	36,169,056	2.56%
		<u>24,660,720</u>	<u>1.69%</u>		<u>36,169,056</u>	<u>2.56%</u>
Construction & Engineering						
Access Engineering	1,144,821	31,253,613	2%	-	-	-
		<u>31,253,613</u>	<u>2%</u>		<u>-</u>	<u>-</u>
Diversified Holdings						
Softlogic Holdings	3,396,497	50,607,805	3.47%	3,996,497	60,347,105	4.27%
Hemas Holdings PLC	1,310,000	136,371,000	9.35%	1,310,000	111,350,000	7.89%
		<u>186,978,805</u>	<u>12.82%</u>		<u>171,697,105</u>	<u>12.16%</u>
Health Care						
Ceylon Hospitals PLC (Durdans)-NV	800,000	64,000,000	4.39%	800,000	64,400,000	4.56%
Ceylon Hospitals PLC (Durdans)-V	54,541	5,454,100	0.37%	54,541	6,490,379	0.46%
		<u>69,454,100</u>	<u>4.76%</u>		<u>70,890,379</u>	<u>5.02%</u>

Manufacturing						
ACL Cables PLC	1,500,000	97,050,000	6.66%	750,000	81,300,000	5.76%
Tokyo Cement -V	1,500,000	90,000,000	6.17%	1,500,000	75,000,000	5.31%
Tokyo Cement - NV	2,218,863	110,943,150	7.61%	2,218,863	88,976,406	6.30%
Chevron Lubricant Lanka PLC	1,160,000	193,720,000	13.28%			
Textured Jersey Lanka Limited	2,250,000	106,425,000	7.30%			
		<u>598,138,150</u>	<u>41.02%</u>		<u>245,276,406</u>	<u>17.37%</u>
Power & Energy						
Laugfs Gas-V	1,139,563	39,884,705	2.74%	409,000	16,155,500	1.14%
Lanka IOC	3,100,000	111,910,000	7.67%	3,100,000	127,720,000	9.04%
		<u>151,794,705</u>	<u>10.41%</u>		<u>143,875,500</u>	<u>10.18%</u>
Telecommunication						
Dialog Axiata	6,100,000	70,760,000	4.85%	6,100,000	66,490,000	4.71%
		<u>70,760,000</u>	<u>4.85%</u>		<u>66,490,000</u>	<u>4.71%</u>
Total value of Equity Investments in Quoted Shares (At Market Value)		<u>1,352,204,939</u>	<u>92.72%</u>		<u>1,223,120,793</u>	<u>86.62%</u>

7.2 Quoted Debentures

	As at 30.09.2016			As at 30.09.2015		
	Cost	Market Value	Holding as a % of Net Asset value	Cost	Market Value	Holding as a % of Net Asset value
Hatton National bank PLC	3,167,100	3,322,012	0.23%	3,167,100	3,462,204	0.25%
Central Finance PLC	-	-	-	4,600,000	4,883,468	0.35%
Lion Brewery PLC	7,000,000	7,303,691	0.50%	10,000,000	10,776,615	0.76%
Softlogic Holdings	-	-	-	25,000,000	26,863,040	1.90%
Hayleys	-	-	-	10,000,000	10,634,240	0.75%
Richard Pieris	3,110,000	3,248,193	0.22%	3,110,000	3,279,056	0.23%
Hemas Holdings	3,260,000	3,314,179	0.23%	3,260,000	3,437,260	0.24%
	<u>16,537,100</u>	<u>17,188,076</u>	<u>1.18%</u>	<u>59,137,100</u>	<u>63,335,884</u>	<u>4.49%</u>

7.3 Net realised in gains on financial assets held for trading

	6 month period ended 30.09.2016	6 month period ended 30.09.2015
Equity securities		
Proceeds on sale of equity shares	148,784,458	358,428,728
Average cost of equity share sold	(138,488,934)	(255,801,426)
	<u>10,295,524</u>	<u>102,627,302</u>

7.4 Net change in unrealised gains on financial assets held for trading

	6 month period ended 30.09.2016	6 month period ended 30.09.2015
Equity securities	206,581,672	(39,513,178)
Debt securities-quoted debentures	105,274	(973,645)
	<u>206,686,946</u>	<u>(40,486,823)</u>

NAMAL Acuity Value Fund

NOTES TO THE FINANCIAL STATEMENTS

For the 06 month period ended 30 September 2016

8. FINANCIAL ASSETS - LOANS AND RECEIVABLES	30.09.2016	30.09.2015	31.03.2016	31.03.2015
	Rs.	Rs.		
8.1 Treasury Bills Repurchase Agreements				
Wealth Trust Securities Ltd		122,587,192		-
Commercial Bank of Ceylon PLC	-	-	28,564,628	-
DFCC Bank	32,004,520	-	-	35,572,722
	<u>32,004,520</u>	<u>122,587,192</u>	<u>28,564,628</u>	<u>35,572,722</u>
8.2 Placement with Commercial Papers				
Central Finance Company PLC			76,093,134	
Softlogic Holdings PLC	50,990,078	-	-	-
	<u>50,990,078</u>	<u>-</u>	<u>76,093,134</u>	<u>-</u>
	<u>82,994,598</u>	<u>122,587,192</u>	<u>104,657,762</u>	<u>35,572,722</u>
9. OTHER RECEIVABLES				
	30.09.2016	30.09.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.
Dividend Receivable	5,318,867	4,281,727	195,298	5,332,575
Receivable on Share Disposal	-	-	44,631,000	-
	<u>5,318,867</u>	<u>4,281,727</u>	<u>44,826,298</u>	<u>5,332,575</u>
10. ACCRUED EXPENSES				
	30.09.2016	30.09.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.
Fund management fees payable	1,196,771	1,194,459	1,026,210	1,182,983
Trustee fee and Custodian fee payable	282,265	281,762	245,888	279,996
Audit fee payable	78,796	77,409	154,818	117,040
VAT on Management Fees Payable				929,779
	<u>1,557,832</u>	<u>1,553,630</u>	<u>1,426,916</u>	<u>2,509,798</u>
11. INTEREST INCOME				
	3 month period ended 30.09.2016	3 month period ended 30.09.2015	6 month period ended 30.09.2016	6 month period ended 30.09.2015
	Rs.	Rs.	Rs.	Rs.
Interest on				
Treasury bill repurchase agreements (Note 11.1)	415,824	1,727,231	1,267,159	2,452,368
Debentures	1,319,232	2,150,486	3,399,894	4,854,583
Savings account	33,092	51,588	58,731	102,299
Commercial Paper	2,072,797	-	4,431,290	-
	<u>3,840,945</u>	<u>3,929,305</u>	<u>9,157,073</u>	<u>7,409,250</u>

11.1 Interest on Treasury Bill Repurchase Agreements and Treasury bills have been accounted for gross of notional tax.

12. DISTRIBUTION

The fund has not announced an income distribution during the quarter ended September 30, 2016.

NAMAL ACUITY VALUE FUND

UNIT INFORMATION

For the 06 month period ended 30 September 2016

1 Mr. Suren Madhanayake a Director of the management company hold 2700 units of the fund as of September 30,2016.

2 **Unit Price Movement**

The market prices during the quarter ended 30 th September	2016	2015
	Rs.	Rs.
Highest Price	90.00	116.00
Lowest Price	80.10	90.00
Last Traded Price	85.20	111.10

3 Net Asset Value of a unit as at 30 th September 135.63 131.34

4 **List of 20 Major Unit Holders based on their unitholdings as at**

Name	No. of Units	Holding %
Hatton National Bank PLC A/C No 1	3,000,000	27.90
Central Finance Company PLC	2,744,900	25.53
DFCC Bank PLC A/C No 1	2,112,810	19.65
Mr.A.S. Ratnayake	463,325	4.31
Waldock Mackenzie Limited/Mr.K.R.E.M.D.M.B.Jayasundara	300,334	2.79
Hallsville Trading Group Inc.	200,000	1.86
Mr.V.Sharda	142,000	1.32
Mr.V.H.D.S.S. Siriwardena	136,200	1.27
Bartleet Religare Securities (Pvt) Ltd.	100,000	0.93
HNB Assurance PLC A/C No 2 (Life Insurance Fund)	80,000	0.74
East West Properties PLC	73,200	0.68
Mr. M.A.T. Raaymakers	54,960	0.51
Mrs. G. Muralidaran	53,000	0.49
Mr.W.K.G.N. Perera	50,000	0.47
Mr.R. Amarasinghe	45,221	0.42
HNB General Insurance Limited	34,400	0.32
Miss E.K.N. Selvadurai	31,302	0.29
Mr.H.A.Van Starrex	30,490	0.28
Mr.K.S.M.De Silva	29,472	0.27
Mr.A.N. Dias	25,000	0.23