



Quarterly Report

June 2018

National Asset Management Limited
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NAMAL ACUITY VALUE FUND

FINANCIAL STATEMENTS

For the 03 month period ended 30 June 2018

Corporate Information - National Asset Management Ltd	1
Investment Manager's Report	2
Statement of Financial Position	3
Statement of Comprehensive Income	4
Statement of Changes in Unit Holders Funds	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 10
Unit Information	11

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 & Registrars	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 June 2018)

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 quarterly report of the Namal Acuity Value Fund (NAVF) for the period ended 30th June 2018.

Performance Review

The NAVF generated a return of -10.2% for the 3 month period ended June 2018, compared to the All Share Price Index (ASPI) return of -4.4% and the S&P Sri Lanka 20 Index (S&P SL20) return of -7.2%.

For the period ended 1QFY19, the Fund reported a net investment loss of LKR 130.9 Mn compared to a gain of LKR 232 Mn a year ago. The negative growth in investment income was driven by unrealized losses amounting to LKR 147.8 Mn for the period compared to unrealized gains of 209.7 Mn reported last year. The realized loss reported for the period was LKR 0.3 Mn, compared to LKR 0.2 Mn in 1QFY18. The Fund posted a net loss for the period of LKR 136.9 Mn compared to a gain of LKR 226.7 Mn

Market Review

During the period under review ASPI declined by 4.4%, while S&P SL 20 declined by 7.2%. Equity market continued its volatile trend and experienced a steep decline towards the end of the period. Foreign participation was comparatively low during the period. The CSE recorded a net foreign inflow of LKR 998 million, compared to a net inflow of LKR 16,405 million a year ago. The average daily turnover declined to LKR 660 million from LKR 1,140 million a year ago.

The benchmark 1 year Treasury Bill auction yield declined by 30 bps over Q2 CY18 to 9.39%. Private sector credit remained stable at 15.1% in May, while SOE credit growth picked up. Introduction of fuel pricing formula during the month of May led to an uptick in inflation, mainly in transport sub segment. CCPI stood at 4.4% by the end of Q2 CY18 and is expected to stay at mid digit levels over medium term. Taking these factors into consideration, CBSL kept policy rates unchanged since the 25bps reduction in Standing Lending Facility rate in April.

On the economic front, Sri Lankan economy reported a GDP growth of 3.2% for Q1 CY18, continuing its slow growth trajectory. Industry sector experienced a low growth of 1.0% YoY, while agriculture and service sector grew by 4.8% and 4.4% respectively. Slowdown in construction sub segment (YoY growth of -4.9%) led industry segment to post a low growth rate, while a growth of 11.9% in financial and insurance activities boosted service sector growth for Q1 CY18. The trade deficit continued to widen, posting a deficit of USD 4,914 mn to May 2018. Tourism earnings recorded a growth of 14.7% to USD 1,888 mn to May 2018 and worker remittances grew marginally by 3.3% to USD 3,100 mn for the same period. Overall BoP position to May posted a surplus of USD 1,170 mn mainly boosted by the Sovereign bond issuance of USD 2.5 bn in April 2018.

Portfolio Composition

The Fund has 83.8% allocation to equity and the remainder in Commercial Papers, Debentures and Repos.

NAVF's highest equity concentrations as at 30th June 2018, are in Banking, Materials and Telecommunications sectors.

Sincerely,
The Fund Management Team
25th July 2018

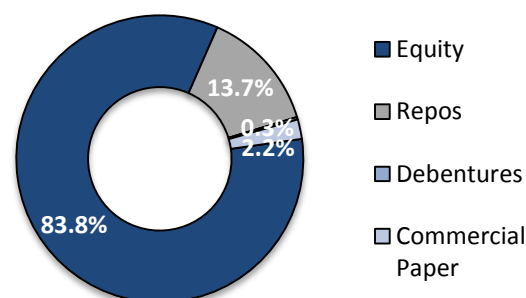
Performance Comparison

	3M* (%)	12M (%)	24M (%)	36M (%)
ASPI	-4.36	-8.19	-1.41	-11.77
S&P SL 20	-7.16	-13.85	-2.69	-13.28
NAVF	-10.23	-23.14	-3.37	-7.47

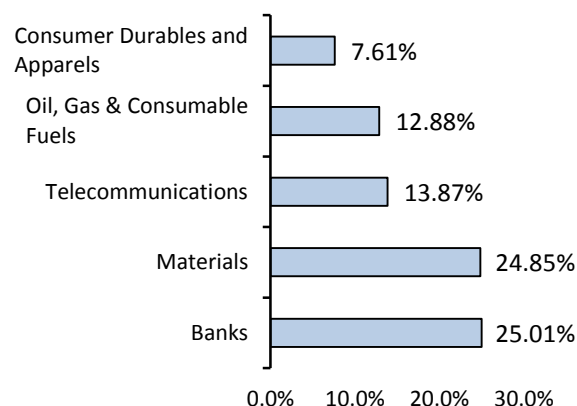
(Non-annualised returns)

* Three month period ending 31st June 2018

Asset Allocation



Top 5 Sector Allocations



NAMAL Acuity Value Fund

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	30.06.2018 Rs.	30.06.2017 Rs.
ASSETS			
Cash and cash equivalents		5,729,432	3,456,351
Financial assets - Held for Trading	7	1,003,119,749	1,540,223,940
Financial assets -Loans and Receivables	8	189,989,137	31,731,578
Other Receivables	9	4,000,000	6,989,175
Income tax recoverable		9,307,496	8,673,019
TOTAL ASSETS		1,212,145,814	1,591,074,063

UNIT HOLDERS' FUNDS & LIABILITIES

LIABILITIES

Accrued expenses	10	1,489,230	1,796,451
Total Liabilities (Excluding net assets attributable to Unit Holders)		1,489,230	1,796,451

UNIT HOLDERS' FUNDS

Net assets attributable to Unit Holders		1,210,656,584	1,589,277,611
		1,212,145,814	1,591,074,063

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

 Authorized Signatories
 Trustee

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

14 August, 2018

Colombo

NAMAL Acuity Value Fund

STATEMENT OF COMPREHENSIVE INCOME

For the 03 month period ended 30 June 2018

	Note	3 month period ended 30.06.2018 Rs.	3 month period ended 30.06.2017 Rs.
INVESTMENT INCOME			
Dividend income		14,666,331	20,847,996
Interest income	11	2,526,227	1,716,279
Net realised gains on financial assets held for trading	7.3	(278,570)	(215,682)
Net change in unrealised gains/(losses) on financial assets held for trading	7.4	(147,810,170)	209,698,489
Total Investment Income		(130,896,181)	232,047,082
EXPENSES			
Management and registrar fees		(3,321,488)	(3,784,436)
Trustee and custodian fees		(817,474)	(921,822)
Audit fees		(39,880)	(39,880)
Other expenses		(6,075)	(6,845)
Brokerage Expenses		(1,736,316)	(576,368)
Total operating expenses		(5,921,233)	(5,329,351)
NET OPERATING PROFIT/(LOSS)		(136,817,414)	226,717,731
FINANCE COST			
Interest expense		(3,144)	(38,959)
PROFIT AFTER DEDUCTIONS AND BEFORE TAX		(136,820,558)	226,678,772
Income tax expense		-	-
PROFIT AFTER TAX FOR THE PERIOD		(136,820,558)	226,678,772
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		(136,820,558)	226,678,772

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 03 month period ended 30 June 2018

	3 month period ended 30.06.2018 Rs.	3 month period ended 30.06.2017 Rs.
UNIT HOLDER' FUND AT THE BEGINNING OF THE PERIOD	1,347,477,142	1,362,598,840
Increase in net assets attributable to unit holders	(136,820,558)	226,678,772
UNIT HOLDERS' FUNDS AT THE END OF THE PERIOD	<u>1,210,656,584</u>	<u>1,589,277,611</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 03 month period ended 30 June 2018

	3 month period ended 30.06.2018 Rs.	3 month period ended 30.06.2017 Rs.
Cash Flows from Operating Activities		
Dividend received	13,682,681	12,436,573
Interest received	2,968,397	2,419,536
Net Investments in T-Bill/Bonds Repurchase Agreements	(159,955,390)	51,933,735
Net Investment in Debentures	3,167,100	6,110,000
Net Investment in Equity Securities	(6,218,880)	(77,268,400)
Proceeds from sales of Equity securities	147,210,794	5,005,086
Operating expenses paid	(4,314,408)	(5,159,174)
Income tax paid	(7,704)	(124,886)
Net Cash Flow generated from Operating Activities	(3,467,411)	(4,647,531)
 Cash Flows from Financing Activities		
Income Distribution	-	-
Interest paid on borrowings	(3,144)	(38,959)
Proceeds from borrowings	4,500,000	74,000,000
Repayments of borrowings	(4,500,000)	(74,000,000)
Net Cash generated from Financing Activities	(3,144)	(38,959)
 Net increase in cash and cash equivalents	(3,470,555)	(4,686,490)
Cash and cash equivalents at the beginning of the period	9,199,986	8,142,841
Cash and cash equivalents at the end of the period	5,729,431	3,456,351

NAMAL AUCITY VALUE FUND**NOTES TO THE FINANCIAL STATEMENTS****FOR THE 3 MONTH PERIOD ENDED JUNE 30,2018**

- 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 2018/2019 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 3 MONTH PERIOD ENDED 30 JUNE 2018
7 FINANCIAL ASSETS-HELD FOR TRADING

	30.06.2018	30.06.2017
	Rs.	Rs.
Quoted equity securities (Note 7.1)	999,670,331	1,529,605,237
Debt Securities-quoted Debentures (Note 7.2)	3,449,418	10,618,703
Market Value	<u>1,003,119,749</u>	<u>1,540,223,940</u>

7.1 Quoted Equity Securities

Cost as at 30.06.2018	1,194,845,477	1,209,838,838
Appreciation/(Depreciation) of market value quoted equity securities	(195,175,146)	319,766,399
	<u>999,670,331</u>	<u>1,529,605,237</u>

Company		30.06.2018			30.06.2017		
	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	170,000	16,592,000	1.37%		170,000	15,470,000	0.97%
Nation Trust Bank	-	-	-		1,200,000	98,400,000	6.19%
Hatton National Bank LTD	841,326	189,298,350	15.64%		300,000	72,360,000	4.55%
Seylan Bank-NV	1,238,551	60,688,999	5.01%		1,189,875	72,344,400	4.55%
		<u>266,579,349</u>	<u>22.02%</u>			<u>258,574,400</u>	<u>16.27%</u>
Beverages, Food and Tobacco							
Renuka Agri Foods	8,220,240	17,262,504	1.43%		8,220,240	23,838,696	1.50%
		<u>17,262,504</u>	<u>1.43%</u>			<u>23,838,696</u>	<u>1.50%</u>
Construction & Engineering							
Access Engineering	3,644,821	57,952,654	4.79%		3,144,821	80,821,900	5.09%
		<u>57,952,654</u>	<u>4.79%</u>			<u>80,821,900</u>	<u>5.09%</u>
Diversified Holdings							
Softlogic Holdings	-	-	-		3,396,497	43,135,512	2.71%
Hemas Holdings PLC	-	-	-		1,000,000	153,100,000	9.63%
Hayleys LTD	29,530	6,313,514	0.52%		29,530	8,743,833	0.55%
		<u>6,313,514</u>	<u>0.52%</u>			<u>204,979,345</u>	<u>12.90%</u>
Health Care							
Ceylon Hospitals PLC (Durdans)-NV	-	-	-		800,000	60,000,000	3.78%
Ceylon Hospitals PLC (Durdans)-V	-	-	-		-	-	-
Lanka Hospitals Corporation LTD	800,000	41,280,000	3.41%		800,000	51,920,000	3.27%
		<u>41,280,000</u>	<u>3.41%</u>			<u>111,920,000</u>	<u>7.04%</u>

Manufacturing

ACL Cables PLC	-	-	-	1,500,000	84,750,000	5.33%
Tokyo Cement -V	1,800,000	63,000,000	5.20%	1,800,000	135,900,000	8.55%
Tokyo Cement - NV	2,782,635	89,044,320	7.36%	2,782,635	193,393,133	12.17%
Textured Jersey Lanka Limited	2,455,000	76,105,000	6.29%	2,250,000	94,500,000	5.95%
Chevron Lubricants Lanka	1,260,000	96,390,000	7.96%	1,260,000	210,420,000	13.24%
		<u>324,539,320</u>	<u>26.81%</u>		<u>718,963,133</u>	<u>45.24%</u>

Power & Energy

Laugfs Gas-V	1,339,563	26,791,260	2.21%	1,339,563	37,507,764	2.36%
Laugfs Eco Sri LTD	1,339,563	1,446,728	0.12%	-	-	-
Laugfs Leisure LTD	1,339,563	10,381,613	0.86%	-	-	-
Laugfs Power LTD	1,339,563	6,510,276	0.54%	-	-	-
Lanka IOC	3,100,000	101,990,000	8.42%	3,100,000	93,000,000	5.85%
		<u>147,119,877</u>	<u>12.15%</u>		<u>130,507,764</u>	<u>8.21%</u>

Telecommunication

Dialog Axiata	9,762,191	138,623,112	11.45%	-	-	-
		<u>138,623,112</u>	<u>11.45%</u>		<u>-</u>	<u>-</u>

Total value of Equity Investments in Quoted Shares (At Market Value)

999,670,331	82.57%	1,529,605,237	96.25%
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7.2 Quoted Debentures

	As at 30.06.2018			As at 30.06.2017		
	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	3,204,276	0.20%
Lion Brewery PLC	-	-	-	4,000,000	4,161,438	0.26%
Softlogic Holdings	-	-	-	-	-	-
Hayleys	-	-	-	-	-	-
Richard Pieris	-	-	-	-	-	-
Hemas Holdings	3,260,000	3,252,989	0.27%	3,260,000	3,252,989	0.20%
	<u>3,260,000</u>	<u>3,252,989</u>	<u>0.27%</u>	<u>10,427,100</u>	<u>10,618,703</u>	<u>0.67%</u>

7.3 Net realised in gains on financial assets held for trading

	3 month period ended 30.06.2018	3 month period ended 30.06.2017
Equity securities		
Proceeds on sale of equity shares	148,878,230	5,454,100
Average cost of equity share sold	(149,156,800)	(5,669,782)
	<u>(278,570)</u>	<u>(215,682)</u>

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

Equity securities	(147,810,170)	209,567,044
Debt securities-quoted debentures	-	131,445
	<u>(147,810,170)</u>	<u>209,698,489</u>

NAMAL Acuity Value Fund

NOTES TO THE FINANCIAL STATEMENTS

For the 03 month period ended 30 June 2018

8. FINANCIAL ASSETS - LOANS AND RECEIVABLES	30.06.2018	30.06.2017
	Rs.	Rs.
8.1 Treasury Bills Repurchase Agreements		
Wealth Trust Securities Ltd	163,747,043	-
First Capital Treasuries PLC	-	31,731,578
	<u>163,747,043</u>	<u>31,731,578</u>
8.2 Investments In Commercial Paper		
Softlogic Holdings PLC	26,242,094	-
	<u>26,242,094</u>	<u>-</u>
	<u>189,989,137</u>	<u>31,731,578</u>
9. OTHER RECEIVABLES	30.06.2018	30.06.2017
	Rs.	Rs.
Dividend Receivable	-	6,540,161
CDS Receivable	-	449,014
Debenture Capital Receivable	4,000,000	-
	<u>4,000,000</u>	<u>6,989,175</u>
10. ACCRUED EXPENSES	30.06.2018	30.06.2017
	Rs.	Rs.
Fund management fees payable	1,033,710	1,285,951
Trustee fee and Custodian fee payable	255,683	312,538
Audit fee payable	199,837	197,963
	<u>1,489,230</u>	<u>1,796,451</u>
11. INTEREST INCOME	03 month period ended 30.06.2018	03 month period ended 30.06.2017
	Rs.	Rs.
Interest on		
Treasury bill repurchase agreements (Note 11.1)	1,261,371	1,212,767
Debentures	263,609	467,418
Savings account	85,974	36,095
Commercial Paper	915,272	-
	<u>2,526,227</u>	<u>1,716,279</u>
12. DISTRIBUTION		
The fund has not announced an income distribution during the quarter ended June 30, 2018.		

NAMAL ACUITY VALUE FUND**UNIT INFORMATION****For the 03 month period ended 30 June 2018**

1 Mr. Suren Madhanayake a Director of the management company hold 2700 units of the fund as of June 30, 2018.

2 Unit Price Movement

The market prices during the quarter ended 30th Jun

	2018 Rs.	2017 Rs.
Highest Price	103.50	105.00
Lowest Price	85.00	83.00
Last Traded Price	102.00	100.00

3 Net Asset Value of a unit as at 31 st March 111.78 147.01

4 List of 20 Major Unit Holders based on their unitholdings as at 30th June 2018

Name	No of Units	Holding %
HATTON NATIONAL BANK PLC A/C NO 1	3,000,000	27.90
CENTRAL FINANCE COMPANY PLC A/C NO 03	2,744,900	25.53
DFCC BANK PLC A/C 1	2,112,810	19.65
MR. A.S. RATNAYAKE	474,827	4.42
HATTON NATIONAL BANK PLC/K R E M D M B JAYASUNDARA	300,334	2.79
HALLSVILLE TRADING GROUP INC.	200,000	1.86
MR. V. SHARDA	142,750	1.33
HSBC INTL NOM LTD-BP2S JERSEY-LAXEY PARTNERS LTD	109,600	1.02
BARTLEET RELIGARE SECURITIES (PVT) LTD	100,000	0.93
MR. V.H.D.S.S. SIRIWARDENA	100,000	0.93
MRS. G. MURALIDARAN	84,000	0.78
HNB ASSURANCE PLC A/C NO2 LIFE INSURANCEFUND	80,000	0.74
MR. R. AMARASINGHE	63,000	0.59
MR. M.A.T. RAAYMAKERS	54,960	0.51
MR. W.K.G.N. PERERA	50,000	0.47
HNB GENERAL INSURANCE LIMITED	34,400	0.32
MISS E.K.N. SELVADURAI	31,302	0.29
MR. K.S.M. DE SILVA	29,472	0.27
BANSEI SECURITIES CAPITAL (PVT) LTD/DAWI INVESTMENT TRUST (PVT) LTD	26,149	0.24
MR. A.N. DIAS	25,000	0.23
PERERA AND SONS (BAKERS) LIMITED	25,000	0.23
PERERA AND SONS CATERERS (PVT) LTD.	25,000	0.23
SENKADAGALA FINANCE COMPANY PLC	25,000	0.23