



# **Quarterly Report**

## **March 2019**

**National Asset Management Limited**  
**07, Glen Aber Place, Colombo 3.**  
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**NAMAL ACUITY VALUE FUND**

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**FINANCIAL STATEMENTS****For the 12 month period ended 31st March 2019**

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Dear Investor,

We take pleasure in presenting the quarterly report of the NAMAL Acuity Value Fund (NAVF) for the period ended 31<sup>st</sup> March 2019.

### Performance Review

The NAVF dipped 8.10% for the three months period ended March 2019, while the benchmark All Share Price Index (ASPI) dropped by 8.18% and the S&P Sri Lanka 20 Index (S&P SL20) declined by 12.64% during the period.

For the quarter ended 4QFY19, the fund reported an investment loss of LKR 51.36Mn compared to a gain of LKR 178.52Mn in 4QFY18. The dip was primarily due to a realized loss of LKR 83.29Mn as opposed to a gain of LKR 43.08Mn in 4QFY18. The unrealised gain for the quarter amounted to LKR 14.47Mn compared to an unrealised gain of LKR 116.25Mn in 4QFY18. The fund posted a net loss of LKR 56.9Mn for the period compared to a net profit of LKR 170.64Mn a year earlier.

### Market Review

Both the ASPI and the S&P SL20 declined by 8.18% and 12.64% respectively during the quarter as foreign outflow from blue chips triggered a sell off across the board. Foreigners turned net sellers of Sri Lankan risky assets recording a net foreign outflow of LKR 6.10Bn. The average daily turnover declined to LKR 651Mn compared to LKR 1.2bn a year ago, as local investors remained on the sideline amidst the political crisis witnessed in the previous quarter.

In debt markets, the 1 year Treasury Bill auction yield declined 80 bps QoQ to 10.40% from 11.20% previously. Credit to private sector grew at a slower pace compared to the previous quarter with January and February recording growths of 14.8% YoY and 13.6% YoY respectively. Credit to public corporations grew by 31% YoY.

Headline Inflation remained below mid-single digit levels during the period. CCPI stood at 4.3% at the end of March and is expected to range bound between 4%-6% in 2019 and beyond. The Monetary Board signalled a possible reduction in the policy rates if the current trends in global financial markets, trade balance, and credit growth show clear signs of continuation.

The Sri Lankan economy recorded a real GDP growth of 1.8% YoY for Q4 2018 and 3.2% YoY for 2018. The highest growth came from the Agriculture sector (4.5% YoY for Q4 2018) supported by improved weather conditions while Services sector followed suit with a growth of 4.3% YoY for Q4 2018. Industry sector declined 3.6% YoY for Q4 2018, affected by a slowdown in the Construction sub sector. On the external sector side, we saw the trade deficit narrowing further in February to a 5 year low amidst a growth in exports while the curtailment of non-essential imports too assisted. Earnings from tourism grew 4.6% during the first two months of 2019 assisted by higher number of tourist arrivals to the country. Worker remittances for the same period declined by 19.6% YoY to USD 1,046Mn. The government repaid the ISBs of US dollars 1 billion that matured in January 2019 as scheduled.

### Portfolio Composition

The Fund has 59.3% allocation to Equity, 26.8% in Commercial Papers, 7.3% in Fixed Deposits while the remainder is in Debentures and Money Markets.

NAVF's highest equity concentrations as at 31<sup>st</sup> March 2019 are in Banking, Capital Goods and Telecommunication.

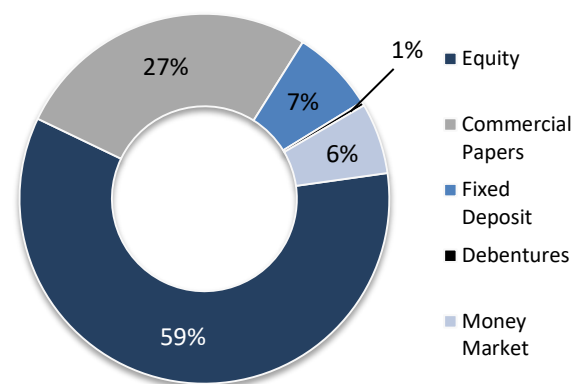
Sincerely,  
The Fund Management Team  
15<sup>th</sup> May 2019

### Performance Comparison

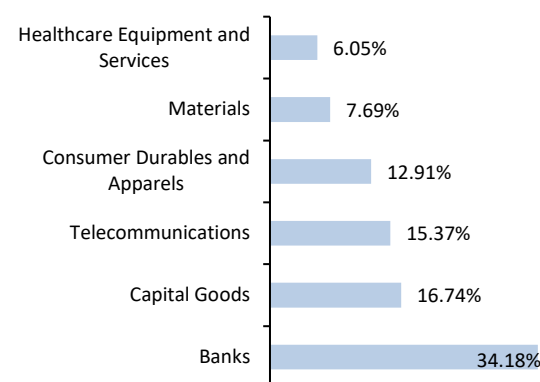
	3M* (%)	12M (%)	60M (%)	Since Inception (%)
ASPI	-8.18	-14.20	-6.89	89.11
S&P SL 20	-12.64	-24.96	-16.49	58.84
NAVF	-8.10	-26.50	-8.14	111.68

\*(Non-annualised returns)

### Asset Allocation



### Top 5 Sector Allocations



## **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 201, De Saram Place Colombo 10.
Management Company & Registrars	National Asset Management Limited (NAMAL) 7, Glen Aber Place, Colombo 03.

National Asset Management Limited  
Board of Directors (As of 31st March 2019)

Mr. Alexis Lovell	Chairman
Mr. Indrajit Wickramasinghe	Director
Mr. Tyronne de Silva	Director
Mr. Malinda Samaratunga	Director
Mr. Wijenanada Dambawinne	Director
Mr. Suren Madhanayake	Director
Ms. Khoo Siew Bee	Director
Mr. Kapila Nanayakkara	Director

## NAMAL Acuity Value Fund

### STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

<b>ASSETS</b>	<b>Note</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
		<b>Rs.</b>	<b>Rs.</b>
Cash and cash equivalents		1,145,164	9,199,986
Financial assets - Held for Trading	7	581,501,933	1,294,866,378
Financial assets -Loans and Receivables	8	392,598,340	30,001,410
Other Receivables	9	444,276	6,185,731
Income tax recoverable		9,299,793	9,299,793
<b>TOTAL ASSETS</b>		<b>984,989,505</b>	<b>1,349,553,299</b>
<b>UNIT HOLDERS' FUNDS &amp; LIABILITIES</b>			
<b>LIABILITIES</b>			
Accrued expenses	10	1,434,488	1,618,720
Total Liabilities (Excluding net assets attributable to Unit Holders)		1,434,488	1,618,720
<b>UNIT HOLDERS' FUNDS</b>			
Net assets attributable to Unit Holders		983,555,017	1,347,934,580
		<b>984,989,505</b>	<b>1,349,553,299</b>

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

15 May, 2019

Colombo

NAMAL Acuity Value Fund

STATEMENT OF COMPREHENSIVE INCOME

For the 12 month period ended 31 March 2019

	Note	3 month period ended 31.03.2019 Rs.	3 month period ended 31.03.2018 Rs.	12 month period ended 31.03.2019 Rs.	12 month period ended 31.03.2018 Rs.
<b>INVESTMENT INCOME</b>					
Dividend income		4,563,466	17,689,310	28,411,645	64,307,290
Interest income	11	12,886,370	1,497,208	33,122,700	8,333,266
Net realised gains on financial assets held for trading	7.3	(83,297,875)	43,083,791	(229,862,804)	113,706,072
Net change in unrealised gains/(losses) on financial assets held for trading	7.4	14,478,299	116,252,229	(163,432,909)	(157,981,287)
<b>Total Investment Income</b>		<b>(51,369,740)</b>	<b>178,522,538</b>	<b>(331,761,368)</b>	<b>28,365,340</b>
<b>EXPENSES</b>					
Management and registrar fees		(2,565,884)	(3,490,286)	(11,633,599)	(14,885,619)
Trustee and custodian fees		(646,405)	(854,765)	(2,898,211)	(3,631,217)
Audit fees		(56,722)	(39,442)	(332,694)	(194,465)
Other expenses		(5,075)	(101,815)	(151,492)	(805,394)
Brokerage Expenses		(2,127,572)	(3,394,064)	(6,255,417)	(7,346,243)
Consultancy Fees		(135,000)	-	(135,000)	-
<b>Total operating expenses</b>		<b>(5,536,657)</b>	<b>(7,880,372)</b>	<b>(21,406,413)</b>	<b>(26,862,937)</b>
<b>NET OPERATING PROFIT/(LOSS)</b>		<b>(56,906,397)</b>	<b>170,642,166</b>	<b>(353,167,781)</b>	<b>1,502,403</b>
<b>FINANCE COST</b>					
Interest expense		-	(904)	(3,144)	(39,863)
<b>PROFIT AFTER DEDUCTIONS AND BEFORE TAX</b>		<b>(56,906,397)</b>	<b>170,641,262</b>	<b>(353,170,925)</b>	<b>1,462,540</b>
Income tax expense		-	-	-	-
<b>PROFIT AFTER TAX FOR THE PERIOD</b>		<b>(56,906,397)</b>	<b>170,641,262</b>	<b>(353,170,925)</b>	<b>1,462,540</b>
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>(56,906,397)</b>	<b>170,641,262</b>	<b>(353,170,925)</b>	<b>1,462,540</b>

These Financial Statements were approved by the Management Company.

  
Director  
Management Company

  
Director  
Management Company

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 12 month period ended 31 March 2019

	<b>12 month period ended 31.03.2019 Rs.</b>	<b>12 month period ended 31.03.2018 Rs.</b>
<b>UNIT HOLDER' FUND AT THE BEGINNING OF THE PERIOD</b>	1,347,477,142	1,362,598,840
Increase in net assets attributable to unit holders	(353,170,925)	1,462,540
Distribution to Unit Holders	(10,751,200)	(16,126,800)
<b>UNIT HOLDERS' FUNDS AT THE END OF THE PERIOD</b>	<b>983,555,017</b>	<b>1,347,934,580</b>

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 12 month period ended 31 March 2019

	3 month period ended 31.03.2019 Rs.	3 month period ended 31.03.2018 Rs.	12 month period ended 31.03.2019 Rs.	12 month period ended 31.03.2018 Rs.
<b>Cash Flows from Operating Activities</b>				
Dividend received	2,590,894	8,537,220	25,306,223	54,747,200
Interest received	9,070,111	912,765	27,795,512	7,943,103
Net Investments in T-Bill/Bonds Repurchase Agreements	-	3,862,198	3,686,376	79,970,897
Net Investment in Debentures	-	-	7,167,100	6,110,000
Net Investment in Equity Securities	(76,608,158)	(159,820,654)	(120,196,945)	(435,488,718)
Net Investment in Commercial Papers	6,644,512	(833,931)	(230,370,356)	(26,028,598)
Net Investment in Fixed Deposits	(1,709,240)	-	(69,709,240)	-
Net Investment in Money Market Savings	(51,863,033)	-	(60,270,526)	-
Proceeds from sales of Equity securities	112,923,081	150,961,213	434,729,649	349,852,576
Operating expenses paid	(3,304,808)	(205,491)	(26,086,428)	(19,188,919)
Income tax paid	(92,529)	(61,168)	(103,043)	(693,733)
Unit Redemption	-	-	-	(16,126,800)
<b>Net Cash Flow generated from Operating Activities</b>	<b>(2,349,170)</b>	<b>3,352,152</b>	<b>(8,051,678)</b>	<b>1,097,008</b>
<b>Cash Flows from Financing Activities</b>				
Income Distribution	-	-	-	-
Interest paid on borrowings	-	(904)	(3,144)	(39,863)
Proceeds from borrowings	-	-	-	-
Repayments of borrowings	-	-	-	-
<b>Net Cash generated from Financing Activities</b>	<b>-</b>	<b>(904)</b>	<b>(3,144)</b>	<b>(39,863)</b>
Net increase in cash and cash equivalents	(2,349,170)	3,351,248	(8,054,822)	1,057,145
Cash and cash equivalents at the beginning of the period	3,494,334	5,848,738	9,199,986	8,142,841
<b>Cash and cash equivalents at the end of the period</b>	<b>1,145,164</b>	<b>9,199,986</b>	<b>1,145,164</b>	<b>9,199,986</b>



## NAMAL ACUITY VALUE FUND

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### NOTES TO THE FINANCIAL STATEMENTS

For the 12 month period ended 31 March 2019

- 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 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.
- 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.

NAMAL ACUITY VALUE FUND  
NOTES TO THE FINANCIAL STATEMENTS

For the 12 month period ended 31 March 2019

7 FINANCIAL ASSETS-HELD FOR TRADING

	31.03.2019 Rs.	31.03.2018 Rs.
Quoted equity securities (Note 7.1)	578,074,256	1,283,750,468
Debt Securities-quoted Debentures (Note 7.2)	3,427,677	11,115,910
Market Value	<u>581,501,933</u>	<u>1,294,866,378</u>

7.1 Quoted Equity Securities

Cost as at 31.03.2019	788,878,848	1,331,740,332
Appreciation/(Depreciation) of market value quoted equity securities	(210,804,592)	(47,989,864)
	<u>578,074,256</u>	<u>1,283,750,468</u>

Company	Number of Shares	31.03.2019		Number of Shares	31.03.2018	
		Market Value Rs.	Holdings as a % of Net Asset Value		Market Value Rs.	Holdings as a % of Net Asset Value
<b>Banks, Finance and Insurance</b>						
Central Finance Company PLC	-	-	-	170,000	16,983,000	1%
Hatton National Bank PLC	641,326	112,232,050	11%	841,326	206,124,870	15%
Seylan Bank PLC	923,285	33,145,932	5%	1,189,875	65,562,113	5%
Sampath Bank PLC	290,000	52,229,000	3%	272,665	81,799,500	6%
		<u>197,606,982</u>	<u>20%</u>		<u>370,469,483</u>	<u>27%</u>
<b>Beverages, Food and Tobacco</b>						
Renuka Agri Foods PLC	-	-	-	8,220,240	18,906,552	1%
		<u>-</u>	<u>-</u>		<u>18,906,552</u>	<u>1%</u>
<b>Construction &amp; Engineering</b>						
Access Engineering PLC	3,644,821	47,382,673	5%	3,644,821	74,718,831	6%
		<u>47,382,673</u>	<u>5%</u>		<u>74,718,831</u>	<u>6%</u>
<b>Diversified Holdings</b>						
Hemas Holdings PLC	600,000	45,000,000	5%	-	-	
Hayleys PLC	25,980	4,364,640	0%	29,530	5,926,671	0%
		<u>49,364,640</u>	<u>5%</u>		<u>5,926,671</u>	<u>0%</u>
<b>Health Care</b>						
The Lanka Hospitals Corporation PLC	800,000	34,960,000	4%	800,000	48,000,000	4%
		<u>34,960,000</u>	<u>4%</u>		<u>48,000,000</u>	<u>4%</u>

<b>Manufacturing</b>						
ACL Cables PLC	-	-	-	1,500,000	61,500,000	5%
Tokyo Cement Lanka PLC -N	-	-	-	1,800,000	97,200,000	7%
Tokyo Cement Company (Lanka) PLC - X	2,402,635	44,448,748	5%	2,782,635	128,001,210	9%
Teejay Lanka PLC	2,455,000	74,632,000	8%	2,250,000	71,775,000	5%
Chevron Lubricants Lanka PLC	-	-	-	1,260,000	131,670,000	10%
		<u>119,080,748</u>	<u>12%</u>		<u>490,146,210</u>	<u>36%</u>
<b>Power &amp; Energy</b>						
Laugfs Gas PLC-N	1,339,563	22,504,658	2%	1,339,563	47,554,487	4%
Lanka IOC PLC	-	-	-	3,100,000	93,310,000	7%
Laugfs Gas Eco SRI LTD	1,339,563	1,446,728	0%	-	-	
Laugfs Leisure LTD	1,339,563	10,381,613	1%	-	-	
Laugfs Power LTD	1,339,563	6,510,276	1%	-	-	
		<u>40,843,276</u>	<u>4%</u>		<u>140,864,487</u>	<u>10%</u>
<b>Telecommunication</b>						
Dialog Axiata PLC	9,762,191	88,835,938	9%	9,762,191	134,718,236	10%
		<u>88,835,938</u>	<u>9%</u>		<u>134,718,236</u>	<u>10%</u>
<b>Total value of Equity Investments in Quoted Shares (At Market Value)</b>		<b><u>578,074,256</u></b>	<b><u>59%</u></b>		<b><u>1,283,750,468</u></b>	<b><u>95%</u></b>

## 7.2 Quoted Debentures

	As at 31.03.2019			As at 31.03.2018		
	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	3,532,400	0%
Lion Brewery Ceylon PLC	-	-	-	4,000,000	4,160,527	0%
Hemas Holdings PLC	3,260,000	3,427,677	0%	3,260,000	3,422,983	0%
	<u>3,260,000</u>	<u>3,427,677</u>	<u>0%</u>	<u>10,427,100</u>	<u>11,115,910</u>	<u>1%</u>

## 7.3 Net realised in gains on financial assets held for trading

	3 month period ended 31.03.2019	3 month period ended 31.03.2018
Equity securities		
Proceeds on sale of equity shares	114,202,145	154,657,056
Average cost of equity share sold	(197,500,019)	(111,573,265)
	<u>(83,297,875)</u>	<u>43,083,791</u>

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

	3 month period ended 31.03.2019	3 month period ended 31.03.2018
Equity securities	14,486,720	116,207,331
Debt securities-quoted debentures	(8,421)	44,898
	<u>14,478,299</u>	<u>116,252,229</u>

NAMAL Acuity Value Fund  
NOTES TO THE FINANCIAL STATEMENTS

For the 12 month period ended 31 March 2019

8. FINANCIAL ASSETS - LOANS AND RECEIVABLES	31.03.2019	31.03.2018		
	Rs.	Rs.		
<b>8.1 Treasury Bills Repurchase Agreements</b>				
First Capital Treasuries PLC	-	3,688,815		
	<u>-</u>	<u>3,688,815</u>		
<b>8.2 Investments In Commercial Paper</b>				
Dunamis Capital PLC	106,279,507	-		
First Capital Holdings PLC	65,541,510	-		
Softlogic Holdings PLC	89,360,171	26,312,595		
	<u>261,181,188</u>	<u>26,312,595</u>		
<b>8.3 Investments In Fixed Deposits</b>				
Merchant Bank of Sri Lanka PLC	71,044,602	-		
	<u>71,044,602</u>	<u>-</u>		
<b>8.4 Investments In Money Market Savings Ac</b>				
Hatton National Bank LTD.	60,372,551	-		
	<u>60,372,551</u>	<u>-</u>		
	<u>392,598,340</u>	<u>30,001,410</u>		
<b>9. OTHER RECEIVABLES</b>	31.03.2019	31.03.2018		
	Rs.	Rs.		
Dividend Receivable	444,276	6,185,731		
	<u>444,276</u>	<u>6,185,731</u>		
<b>10. ACCRUED EXPENSES</b>	31.03.2019	31.03.2018		
	Rs.	Rs.		
Fund management fees payable	853,608	1,171,309		
Trustee fee and Custodian fee payable	215,844	287,454		
Audit fee payable	230,036	159,958		
Consultancy Fees Payable	135,000	-		
	<u>1,434,488</u>	<u>1,618,720</u>		
<b>11. INTEREST INCOME</b>	03 month period ended 31.03.2019	03 month period ended 31.03.2018	12 month period ended 31.03.2019	12 month period ended 31.03.2018
	Rs.	Rs.	Rs.	Rs.
Interest on				
Treasury bill repurchase agreements	-	199,328	2,070,047	3,943,015
Debentures	84,002	335,835	518,193	1,489,849
Savings account	38,308	34,445	180,488	158,354
Commercial Paper	9,253,016	927,600	25,932,718	2,742,048
Fixed Deposits	2,568,013	-	3,044,602	-
Money Market Savings Ac	943,033	-	1,376,651	-
	<u>12,886,370</u>	<u>1,497,208</u>	<u>33,122,700</u>	<u>8,333,266</u>
<b>12. DISTRIBUTION</b>				

The fund distributed a dividend of Rs. 1.00 per unit on November 26, 2018 for the period September 1, 2017 to August 31, 2018.

# NAMAL ACUITY VALUE FUND

## UNIT INFORMATION

For the 12 month period ended 31st March 2019

- 1 Mr. Suren Madhanayake a Director of the management company hold 2700 units of the fund as of March 31, 2019.

2 **Unit Price Movement**

The market prices during the quarter ended 31st March

	<b>2019</b>	<b>2018</b>
	<b>Rs.</b>	<b>Rs.</b>
Highest Price	88.00	107.00
Lowest Price	75.00	100.00
Last Traded Price	86.00	95.00

- 3 Net Asset Value of a unit as at 29th March 90.60 124.52

4 **List of 20 Major Unit Holders based on their unitholdings as at 31st March 2019**

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	479,827	4.46
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	123,795	1.15
MR. V.H.D.S.S. SIRIWARDENA	122,700	1.14
BARTLEET RELIGARE SECURITIES (PVT) LTD	100,000	0.93
MRS. G. MURALIDARAN	87,000	0.81
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