

NATIONAL EQUITY FUND

Interim Report

For the six months ended 30th September 2024

National Asset Management Limited
07, Glen Aber Place, Colombo 3.
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NATIONAL EQUITY FUND
Interim Report 2024

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Dear Investor,

We take pleasure in presenting the interim report of the National Equity Fund (NEF) for the six months ended 30th September 2024.

Performance Review

NEF fund has shown moderate but positive growth across multiple time frames. Over a 5-year period, NEF achieved a 68.94% return, which, while lower than the ASPI (106.74%) and Benchmark (102.62%), still reflects consistent performance.

Year-to-date (YTD), NEF returned 4.42%, aligning closely with the 91-day CRISIL index, outperforming the ASPI and Benchmark slightly. Over the past 3 years, NEF's 24.48% return is in line with ASPI's 25.41%, indicating stable mid-term growth. NEF's 1-year performance of 7.73% is stronger than both ASPI and Benchmark indices, suggesting a solid short-term outlook. Although NEF faced minor negative returns in the 3-month periods, its positive 1-month return of 5.91% shows a recent upward trend.

Overall, NEF demonstrates steady long-term performance, aligning closely with ASPI while showing resilience in recent months. NEF remains a steady option within the National Asset Management portfolio, offering moderate growth with balanced risk exposure.

Market Review

The Treasury bill auction yields exhibited a significant decline over the course of 12 months. Specifically, the 3-month Treasury bill yield experienced a noteworthy reduction of 693 basis points, reaching 10.49%. But Treasury yields experiencing both declines and subsequent rises over the last 6 months period. Accordingly, the 3-month Treasury bill yields increased by 42 basis points, settling at 10.49%. Similarly, the 6-month Treasury bill yields reach to 10.72% and 12-month yields witnessed a small decrease, concluding at 10.05%. (Source: CBSL Weekly Auction Data)

During the specified period, CBSL continued downward policy rates adjustment. Accordingly, there was reduction of 25 Bps in July. As of July, the Standing Deposit Facility (SDF) rate stood at 8.25%, while the Standing Lending Facility (SLF) rate was positioned at 9.25% with a total of 75 bps rate cuts since March. Additionally, with the Statutory Reserve Ratio (SRR) was at 2%. (Source: CBSL Policy Rates)

Economic Review

As of end of September 2024 the inflationary pressures witnessed a declining trend at the beginning of the year with CCPI (Headline) and CCPI(Core) inflation coming down to -0.50% and 3.30% respectively. (Source: CBSL Inflation Data) Gross Official Reserves amounted to USD 6.0 bn at end September 2024. (Source: CBSL Weekly Reports)

The merchandise trade deficit widened in September 2024 (y-o-y), recording the highest monthly trade deficit thus far in 2024. During last 6-month period, there was a deficit of Rs.3.356 billion, showing an improvement from the Rs.2.858 billion deficits observed in the corresponding period the previous year. (Source: CBSL Monthly External Sector Performance Reports) Earnings from tourism increase significantly to USD 2.34 billion which is a 61%(YoY) and the worker remittances increased by 11% (YoY) to USD 4.84 billion. (Source: CBSL Weekly Reports)

Portfolio Composition

The allocation of the Fund is 65.07% in equity, while the remaining portion is invested in T-bills, T-bonds, Debentures, CP and Repos. The Fund's most significant equity concentrations are in the Capital Goods, Food, Beverage & Tobacco, and Materials sectors, with additional notable allocations in consumer services and Diversified Financials.

Sincerely,
The Fund Management Team
25th of October 2024

Performance Comparison

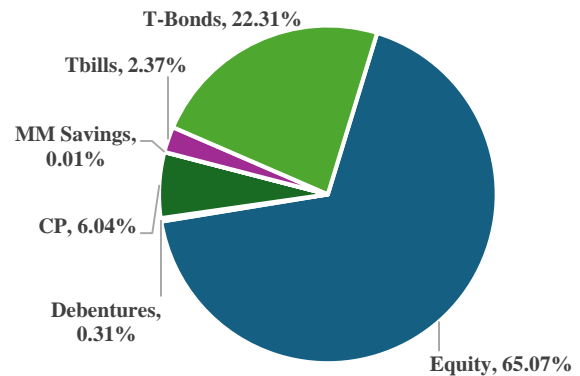
Percentage	1 Month	3 Months	YTD	2 Years	5 Years
ASPI	9.00	-2.31	3.66	19.46	106.74
CRISIL INDEX	0.65	2.33	4.75	49.86	86.12
NEF	5.91	-0.87	4.42	28.07	68.94
Benchmark	7.33	-1.38	3.88	25.54	102.62

(Non-annualized returns)

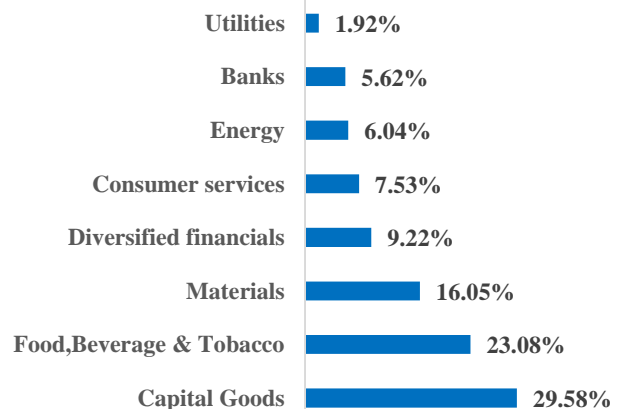
* Six-month period ending 30th September 2024

** Benchmark-80% ASPI & 20% NDBIB-CRISIL91-Day Index (NDBIB-CRISIL 91-Day Index is not available for 120M)

Asset Allocation



Sector Allocations



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STATEMENT OF COMPREHENSIVE INCOME
For the Six month period ended 30 September 2024

	Notes	2024 Rs.	2023 Rs.
INVESTMENT INCOME			
Dividend income	10.1	43,591,005	11,001,089
Interest income	10.2	41,888,047	132,398,951
Realised (losses)/gains on financial assets held at fair value through profit or loss	6.4	26,821,681	28,644,795
Unrealised (losses) /gains on financial assets held at fair value through profit or loss	6.5	13,001,672	132,281,007
Total investment income		<u>125,302,405</u>	<u>304,325,842</u>
EXPENSES			
Management and Registrar fees		(18,777,118)	(17,675,555)
Trustee fees		(2,523,409)	(2,319,450)
Audit fee and expenses		(705,064)	(270,331)
Bank charges		(56,686)	(14,535)
Sundry expenses		-	(270,633)
Brokerage Expense		(9,060,279)	(7,115,866)
Consultancy fees		(72,699)	(72,699)
Total operating expenses		<u>(31,195,255)</u>	<u>(27,739,069)</u>
Net operating profit/(loss)		94,107,150	276,586,773
PROFIT/(LOSS) AFTER DEDUCTIONS AND BEFORE TAX			
		94,107,150	276,586,773
Income tax expense		-	-
PROFIT/(LOSS) AFTER DISTRIBUTIONS AND TAX			
		<u>94,107,150</u>	<u>276,586,773</u>
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS			
		94,107,150	276,586,773

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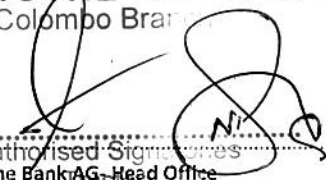
STATEMENT OF FINANCIAL POSITION
As at 30 September 2024

ASSETS	Notes	2024 Rs.	2023 Rs.
Cash and cash equivalents		1,688,118	36,771,785
Financial assets - Fair value through profit or loss	6	1,367,710,151	1,166,656,577
Financial assets - Debt instruments at amortised cost	7	704,383,446	389,825,889
Accrued income and other receivables	8	39,907,067	5,621,289
Income tax recoverable		28,733,032	28,733,032
Total assets		<u>2,142,421,814</u>	<u>2,127,608,571</u>
UNIT HOLDERS' FUNDS & LIABILITIES			
LIABILITIES			
Accrued expenses	9	21,561,153	38,151,640
Total Liabilities (Excluding net assets attributable to Unit Holders)		<u>21,561,153</u>	<u>38,151,640</u>
UNIT HOLDERS' FUNDS			
Net assets attributable to Unit Holders		2,120,860,661	2,089,456,932
		<u>2,142,421,814</u>	<u>2,127,608,571</u>

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


.....
Director
Fund Management Company

DEUTSCHE BANK AG
Colombo Branch


.....
Authorised Signatory
Deutsche Bank AG - Head Office
Trustee


.....
Director
Fund Management Company

Colombo
10th December 2024

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STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS
For the Six month period ended 30 September 2024

	2024	2023
	Rs.	Rs.
UNIT HOLDERS' FUNDS AT THE BEGINNING OF THE PERIOD	2,198,962,231	1,949,475,918
Increase/ (decrease) in net assets attributable to Unit Holders	94,107,150	276,586,773
Received on unit creations	2,512,944	3,266,788
Payments on unit redemptions	(174,721,665)	(139,872,547)
Income distribution to unit holders	-	-
UNIT HOLDERS' FUNDS AT THE END OF THE PERIOD	<u><u>2,120,860,661</u></u>	<u><u>2,089,456,932</u></u>

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Notes To the Accounts
For the period ended 30th September 2024

NOTES TO THE ACCOUNTS

- 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 There are no material Contingent Liabilities or contingent Assets which require disclosure in the financial statements.
- 4 No circumstances have arisen since the Balance Sheet date, which would require adjustments or disclosure in the Financial Statements.

	2024	2023
5 Net Assets Value per Unit	43.9668	40.8297
No. of units as at 30th September	47,584,262.0	50,471,256.8

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NOTES TO THE FINANCIAL STATEMENTS
For the Six month period ended 30 September 2024

6 FINANCIAL ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	Rs.	Rs.
Quoted equity securities (6.1)	1,341,584,931	1,140,616,180
Unquoted equity securities (Note 6.2)	19,741,127	19,741,127
Debt securities - quoted debentures (6.3)	6,384,093	6,299,270
	1,367,710,151	1,166,656,577

6.1 Quoted equity securities

Cost as at 30 September	1,391,622,057	1,135,925,280
Appreciation/(depreciation) of market value quoted equity securities	(50,037,126)	4,690,900
Market Value as at 30 September	1,341,584,931	1,140,616,180

	2024	2023		2024	2023	
6.1.1 Company	Number of	Market	Holdings	Number of	Market	Holdings
	Shares	Value	as a % of	Shares	Value	as a % of
		Rs.	Net Asset		Rs.	Net Asset
			Value			Value
Banks						
National Development Bank PLC	-	-	0%	239,884	16,480,031	1%
Nations Trust Bank PLC	-	-	0%	455,187	49,956,773	2%
Hatton National Bank PLC	204,629	41,897,788	2%	360,926	62,079,272	3%
Sampath Bank PLC	155,713	12,098,900	1%	279,971	19,597,970	1%
Pan Asia Banking Corporation Limited	-	-	0%	100,000	2,020,000	0%
Commercial Bank of Ceylon PLC	222,448	22,522,860	1%	200,000	18,040,000	1%
		76,519,547.9	4%		168,174,046	8%
Capital Goods						
Access Engineering PLC	1,002,762	23,564,907	1%	502,762	9,954,688	0%
ACL Cables PLC	1,168,585	98,161,140	5%	282,583	22,182,766	1%
Hemas Holdings PLC	465,000	36,316,500	2%	1,087,022	86,744,356	4%
John keels holdings PLC	825,050	147,890,213	7%	898,964	173,275,311	8%
John keels holdings PLC -Right Issues	82,505	1,336,581				
Lanka Tiles PLC	-	-	0%	1,362,775	64,050,425	3%
Royal Ceramics Lanka Limited	422,204	14,017,173	1%	153,963	4,711,268	0%
Hayleys Limited	444,750	44,386,050	2%	254,750	23,691,750	1%
Central Industries Limited	100,000	11,650,000	1%	110,000	11,000,000	1%
Access Engineering PLC	-	-	0%	502,762	9,954,688	1%
Colombo Fort Land & Building Company Limited	333,747	9,378,291	0%	-	-	0%
Vallibel One PLC	81,000	4,203,900	0%	-	-	0%
Colombo Dockyard PLC	272,374	11,766,557	1%	-	-	0%
		402,671,310.80	19%		395,610,563	17%
Consumer Durables & Apparels						
Hayleys -MGT Knitting Mills PLC			0%	200,000	9,600,000	0%
		-	0%		9,600,000	0%
Consumer Services						
Hayleys Leisure PLC	400,000.00	8,600,000.00	0%	250,000	6,500,000	0%
Aitken Spence Hotel Holdings PLC	439,443.00	28,124,352.00	1%	-	-	0%
Beruwala Resorts PLC	4,812,017.00	13,954,849.30	1%	-	-	0%
Serendib Hotels PLC	409,899.00	6,353,434.50	0%	350,000	4,970,000	0%
Marawila Resorts PLC	4,652,637.00	20,471,602.80	1%	2,815,232	8,727,219	0%
Galadari Hotels (Lanka) PLC	685,002	11,097,032	1%	-	-	0%
		88,601,271.00	4%	-	20,197,219.20	0%

Food Beverage & Tobacco						
Kelani Valley Plantations Limited	400,000	29,400,000	1%	190,000	14,934,000	1%
Ceylon Cold Stores PLC	350,000	20,475,000	1%	562,100	27,599,110	1%
Bairaha Farms Limited	607,890	99,541,988	5%	146,275	28,596,763	1%
Sunshine Holdings PLC	-	-	0%	617,690	32,428,725	2%
Three Acre Farms Limited	156,458	45,411,935	2%	72,318	16,343,868	1%
Ceylon Grain Elevators Limited	514,954	88,057,134	4%	56,963	9,427,377	0%
Agarapatana Plantations PLC	700,000	5,390,000	0%	-	-	0%
Lanka Milk Foods (CWE) Limited	878,542	25,916,989	1%	-	-	0%
		<u>314,193,045</u>	<u>15%</u>		<u>129,329,842</u>	<u>5%</u>
Energy						
Lanka IOC Limited	715,000	82,225,000	4%	550,000	63,937,500	3%
		<u>82,225,000</u>	<u>4%</u>		<u>63,937,500</u>	<u>3%</u>
Insurance						
Janashakthi Insurance Company PLC	19,415	757,185	0%	-	-	0%
		<u>757,185</u>	<u>0%</u>		<u>-</u>	<u>0%</u>
Diversified Financials						
Capital Alliance PLC	632,981	27,914,462	1%	406,967	31,702,729	2%
First Capital Treasuries PLC	1,100,931	26,862,716	1%	1,048,547	40,054,495	2%
First Capital Holdings PLC	1,235,463	37,681,622	2%	533,463	26,193,033	1%
Softlogic Capital PLC	-	-	0%	2,209,453	25,187,764	1%
LB Finance PLC	100,000	6,890,000	1%	-	-	0%
Vallibel Finance PLC	650,000	26,195,000	6%	-	-	0%
		<u>125,543,800</u>	<u>12%</u>		<u>123,138,022</u>	<u>1%</u>
Materials						
Alumex PLC	4,416,949	52,561,693	2%	4,108,164	39,438,374	2%
Dipped Products PLC	500,000	18,900,000	1%	500,000	16,250,000	1%
CIC Holdings PLC	663,101	49,732,575	2%	600,000	43,750,000	2%
Tokyo Cement Company (Lanka) PLC - Non Voting	1,320,301	57,169,033	3%	1,320,301	62,582,267	3%
Tokyo Cement Company (Lanka) PLC- Voting	211,000	10,339,000	0%			
PGP Glass Ceylon PLC	739,600	21,448,400	1%			
Lanka Aluminium Industries PLC	335,249	7,878,352	0%			
Swisstek (Ceylon) PLC	19,340	439,018	0%			
		<u>218,468,071</u>	<u>10%</u>		<u>162,020,642</u>	<u>8%</u>
Retailing						
Singer (Sri Lanka) Limited	304	5,229	0%	-	-	0%
		<u>5,229</u>	<u>0%</u>		<u>-</u>	<u>0%</u>
Real Estate						
Colombo Fort Land & Building Company Limited			0%	333,747	10,379,532	0%
		<u>-</u>	<u>0%</u>		<u>10,379,532</u>	<u>0%</u>
Telecommunication Services						
Dialog Axiata PLC	700,000	6,510,000	0%	3,008,882	32,796,814	2%
		<u>6,510,000</u>	<u>0%</u>		<u>32,796,814</u>	<u>2%</u>
Transportation						
Expolanka Holdings PLC			0%	187,000	25,432,000	1%
		<u>-</u>	<u>0%</u>		<u>25,432,000</u>	<u>1%</u>
Utilities						
Resus Energy PLC	1,149,360	26,090,472	1%	-	-	0%
		<u>26,090,472</u>	<u>1%</u>		<u>-</u>	<u>0%</u>
Total value of quoted equity securities in (At Market Value)						
		<u>1,341,584,931</u>	<u>63%</u>		<u>1,140,616,179</u>	<u>55%</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the Six month period ended 30 September 2024

6 FINANCIAL ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS (Contd...)

6.2 Unquoted equity securities

	2024	2023
	Rs.	Rs.
Cost as at 30 th September	17,493,837	17,493,837
Depreciation of market value unquoted equity securities	2,247,290	2,247,289.56
Market Value as at 30 th September	19,741,127	19,741,127

6.2.1 Company	2024			2023		
	Number of Shares	Market Value	Holdings as a % of Net Asset Value	Number of Shares	Market Value	Holdings as a % of Net Asset Value
		Rs.			Rs.	
Laughs Leisure Limited	1,318,182	10,624,547	0.5%	1,318,182	10,624,547	1%
Laughs Leisure Limited - NV	663,000	3,321,630	0.2%	663,000	3,321,630	0.2%
Laughs Eco Limited	1,318,182	4,415,910	0.2%	1,318,182	4,415,910	0.2%
Laugfs Eco Limited - NV	663,000	1,379,040	0.1%	663,000	1,379,040	0.1%
		19,741,127	0.9%		19,741,127	0.9%

6.3 Quoted debentures

	2024			2023		
	Cost	Market Value	Holding as a % of Net Asset Value	Cost	Market Value	Holding as a % of Net Asset Value
	Rs.	Rs.		Rs.	Rs.	
Commercial Bank	4,430,000	6,384,093	0%	4,430,000	6,299,270	0%
	4,430,000	6,384,093	0%	4,430,000	6,299,270	0%

6.4 Realised (losses)/gains on financial assets at fair value through profit or loss

	2024	2023
	Rs.	Rs.
Equity securities		
Proceeds on sale of equity shares	356,461,618	161,033,039
Average cost of equity shares sold	(334,805,583)	(135,170,005)
Tbill Sale Gain /Loss	4,077,446	1,914,544
Tbonds Sale Gain /Loss	1,088,200	867,218
	26,821,681	28,644,795

6.5 Unrealised (losses)/gains on financial assets held at fair value through profit or loss

Equity securities	12,959,360	118,579,936
Debt securities	42,313	13,701,071
	13,001,672	132,281,007

7 FINANCIAL ASSETS - DEBT INSTRUN

	2024		2023	
	Carrying Value	Holding as a % of Net Asset Value	Carrying Value	Holding as a % of Net Asset Value
	Rs.		Rs.	

7.1 Investments in commercial papers

LOLC Holdings

126,449,839	6%	99,473,077	5%
<u>126,449,839</u>	<u>6%</u>	<u>99,473,077</u>	<u>5%</u>

7.2 Investments in Treasury Bonds

Wealth Trust Securities Limited

466,841,583	22%	233,464,706	11%
<u>466,841,583</u>	<u>22%</u>	<u>233,464,705</u>	<u>11%</u>

7.3 Investment in Treasury bills

Wealth Securities Limited

49,571,182	2%	556,888,107	0
<u>49,571,182</u>	<u>2%</u>	<u>556,888,107</u>	<u>26%</u>

7.4 Investment in Repurchase Agreements

Acuity Securities Ltd

11,502,883	1%	-	0%
<u>11,502,883</u>	<u>5%</u>	<u>-</u>	<u>0%</u>

7.5 Investment in Trust Certificates

Alliance Finance PLC

50,017,959	2%	-	0%
<u>50,017,959</u>	<u>2%</u>	<u>-</u>	<u>0%</u>
<u>704,383,446</u>	<u>38%</u>	<u>889,825,889</u>	<u>16%</u>

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8 ACCRUED INCOME AND OTHER RECEIVABLES

	2024	2023
	Rs.	Rs.
Dividend receivable	335,249	4,541,325
Receivable on unit creations	19,818	1,079,964
CDS receivable	39,552,000	-
	<u>39,907,067</u>	<u>5,621,289</u>

9 ACCRUED EXPENSES AND OTHER PAYABLES

	2024	2023
	Rs.	Rs.
Fund management and registrar fee payable	9,220,784	9,301,431
Trustee fee payable	1,239,158	1,218,991
Audit fee	270,331	78,692
Payable on unit redemptions	148,465	116,792
Other payable	(5,089)	993,987
CDS Payable	10,435,584	26,189,514
Consultancy fees payable	251,919	252,234
	<u>21,561,153</u>	<u>38,151,640</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the Six month period ended 30 September 2024

10 INVESTMENT INCOME	2024	2023
	Rs.	Rs.
10.1 Dividend income	<u>43,591,005</u>	<u>11,001,089</u>
10.2 Interest income		
Interest on fixed deposits	-	-
Interest on commercial papers	8,281,994	17,539,736
Interest on debentures	590,805	603,718
Interest on savings account	337,631	558,265
Interest on money market savings -HNB	1,973	41,508
Interest on money market savings-NDB	61,418	6,979,339
Placement fee income	-	-
Interest on Tbills	2,525,846	97,090,840
Interest on Tbonds	26,545,084	12,476,515
NATIONAL EQUITY FUND DISCOUNT ON T BONDS	-	(2,890,969)
Interest on Repos	3,525,341	-
Interest on Trust Certificates	17,958	-
	<u>41,888,047</u>	<u>132,398,951</u>

11 RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENT AND THE PUBLISHED NET ASSET VALUE

	2024	2023
	Rs.	Rs.
Net Asset Value as per Financial Statement	2,120,860,661	2,089,456,932
Income Tax receivable	(28,733,032)	(28,733,032)
Published Net Asset Value	<u>2,092,127,629</u>	<u>2,060,723,900</u>
Number of units outstanding	47,584,262	50,471,257
Published Net Asset Value per Unit	<u>43.9668</u>	<u>40.8297</u>

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CORPORATE INFORMATION

Trustee & Custodian Deutsche Bank AG
86, Galle Road
Colombo 03

Auditors Deloitte Associates
No 11, Castle Lane
Colombo 04

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

Managers & Regulators National Asset Management Limited (NAMAL)
No. 07,
Glen Aber Place,
Colombo 03

National Asset Management Limited

Board of Directors (As of 30th September 2024)

Mr. Malay Mukherjee	Chairman
Mr. Wijenanada Dambawinne	Director
Mr. Ravi Dasanayake	Director
Mr. Prins Perera	Director
Mr. Kandeepan Ishan	Director
Mr. Sanjay Pokhrel	Director
Mr. Nasser Hamad	Director

Management Team

Mr. Nirupan Wijeyanathan	Chief Executive Officer
Mr. Sidath Thilakaratne	Head of Fixed Income - Fund Manager
Ms. Subashini Jeganathan	Head of Finance and Operations
Mr. Akila Alwis	Head of Sales
Mr. Kevin Gosset	Manager - Operation
Mr. Chinthana Jayalath	Manager - IT