

NAMAL HIGH YIELD FUND

Interim Report

For the six months ended 30th September 2024

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Interim Report 2024

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Dear Investor,

We take pleasure in presenting the interim report of the Namal High Yield Fund (NHYP) for the six months ended 30th September 2024.

Performance Review

NAMAL High Yield Fund reported an interest income of Rs. 100.5Mn for the six months ended 30th September 2024 compared to Rs. 84.2Mn in the corresponding period of the previous year. The increase in interest income for the period under review is due to substantial growth in funds under management. The NHYP achieved an annualized return of 10.99% during the period compared to the Average Weighted Deposit Rate of 7.70%. (Source: CBSL Weekly Report) As a number, fund reported a Rs. 36.32 Unit price at the end of 30th September 2023, it increased to Rs. 40.92 end of 30th September 2024.

The Funds under Management as at 30th September 2024 was Rs. 1097.5Mn compared to Rs. 826.3Mn at the beginning of the year.

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 Portfolio is constructed as a well-diversified portfolio to maximize returns by investing in high yielding corporate debt, which could be invested up to a maximum of 99% of assets. As at 30th September 2024, 38% of assets were invested in Commercial Papers, 26% in Fixed deposits, 13% in Treasury Bills, 10% in Trust Certificates, 5% in Treasury Bonds and 7% in Repo Investments with the remainder in savings.

Sincerely,
The Fund Management Team
05th November 2024

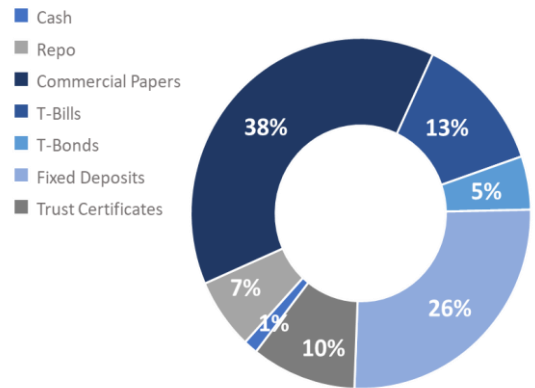
Performance Comparison

	6M* (%)	12M* (%)	24M* (%)
NHYP**	9.54	12.68	20.90

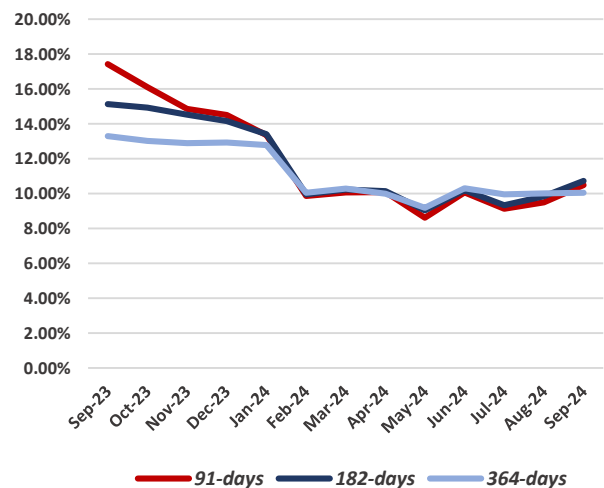
* Six-month period ending 30th September 2024.

**Annualized Yield as at 30th September 2024

Asset Allocation



Treasury Bill Rates



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STATEMENT OF COMPREHENSIVE INCOME
For the 06 month period ended 30th September 2024

	Note	<u>2024</u> Rs	<u>2023</u> Rs
INVESTMENT INCOME			
Interest income	9.	100,574,444	84,271,033
Realised gain/(loss) on financial assets through profit or loss		<u>(15,527,152)</u>	<u>-</u>
Total Investment Income		85,047,293	84,271,033
EXPENSES			
Management fees		(4,256,368)	(1,921,223)
Trustee and custodian fees		(1,689,943)	(821,743)
Audit fees		(353,713)	(132,803)
Bank Charges		(74,950)	(37,110)
Sundry Expenses		-	(66,976)
Consultancy fees		<u>(50,137)</u>	<u>(50,137)</u>
Total operating expenses		(6,425,110)	(3,029,991)
NET OPERATING PROFIT/(LOSS)		78,622,182	81,241,042
PROFIT AFTER DEDUCTIONS AND BEFORE TAX		78,622,182	81,241,042
PROFIT AFTER TAX FOR THE PERIOD		<u>78,622,182</u>	<u>81,241,042</u>
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>78,622,182</u>	<u>81,241,042</u>

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STATEMENT OF FINANCIAL POSITION
As at 30th September 2024

ASSETS	Note	<u>2024</u> Rs	<u>2023</u> Rs
Cash and cash equivalents		12,112,622	51,696,533
Financial assets -Debt instruments at amortised cost	6.	1,082,731,874	741,526,124
Other Receivables	7.	2,605,613	4,510,979
Income tax recoverable		5,081,418	5,081,418
TOTAL ASSETS		<u>1,102,531,526</u>	<u>802,815,054</u>
UNIT HOLDERS' FUNDS & LIABILITIES			
LIABILITIES			
Accrued expenses	8.	1,493,935	838,420
Total Liabilities (Excluding net assets attributable to Unit Holders)		1,493,935	838,420
UNIT HOLDERS' FUNDS			
Net assets attributable to Unit Holders		1,101,037,591	801,976,636
		<u>1,102,531,526</u>	<u>802,815,055</u>

The Fund Management Company and the Trustee are responsible for the preparation and presentation of these financial statements in accordance with the Sri Lanka Accounting Standards.

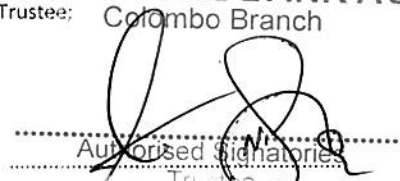
Signed for and on behalf of the Fund Management Company and Trustee: Colombo Branch

DEUTSCHE BANK AG

Colombo Branch


.....

Director
Fund Management Company


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


.....
Director
Fund Management Company

Colombo
10th December 2024

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STATEMENT OF CHANGES IN UNIT HOLDERS' FUNDS
For the 06 month period ended 30th September 2024

	2024	2023
	Rs	Rs
UNIT HOLDER' FUNDS AT THE BEGINNING OF THE PERIOD	882,799,383	1,172,448,181
Increase in net assets attributable to unit holders	78,622,182	81,241,042
Unit Creations	2,820,930,621	1,166,601,367
Payment on unit redemption	(2,681,314,595)	(1,618,313,954)
UNIT HOLDERS' FUNDS AT THE END OF THE PERIOD	<u>1,101,037,591</u>	<u>801,976,636</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the 06 month period ended 30th September 2024

- 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 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.

	<u>2024</u>	<u>2023</u>
5 Net Asset value of a Unit as at 30th September 2024	40.9237	36.32
No of Units as at 30th September 2024	26,780,464.4	21,943,109.9

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NOTES TO THE FINANCIAL STATEMENTS

For the 06 month period ended 30th September 2024

6. Financial assets -Debt instruments at amortised cost	2024	2023
	Rs	Rs
6.1 Investment in Commercial Papers		
E.B.Creasy & Company PLC	163,752,153	-
LOLC Holdings PLC	258,803,743	-
	<u>422,555,895</u>	<u>-</u>
6.2 Investment in Fixed Deposits		
Abans Finance PLC	126,216,949	-
Alliance Finance Company Limited	54,128,595	-
Mahindra Ideal Finance Limited	104,339,336	-
	<u>284,684,879</u>	<u>-</u>
6.3 Investment in Treasury Bills		
First Capital Treasuries PLC	46,963,964	-
Wealthtrust Securities Limited	93,173,875	706,303,263
	<u>140,137,839</u>	<u>-</u>
6.4 Investment in Repurchase Agreements		
Acuity Securities Ltd	72,048,877	-
Wealthtrust Securities Limited	-	35,059,452
	<u>72,048,877</u>	<u>741,362,715</u>
6.5 Investment in Trust Certificates		
Mahindra Ideal Finance Limited	109,266,962	-
	<u>109,266,962</u>	<u>-</u>
6.6 Investment in Treasury Bonds		
Acuity Securities Limited	54,037,422	-
	<u>54,037,422</u>	<u>-</u>
	<u>1,082,731,874</u>	<u>741,362,715</u>
7. OTHER RECEIVABLES	2024	2023
	Rs	Rs
Unit Creation Receivable	(5,835)	2,394,224.56
Placement fee Receivable	2,116,754	2,116,754
WHT Recoverable-FD	331,286	-
WHT Recoverable-CP	163,409	-
	<u>2,605,613</u>	<u>4,510,979</u>
8. ACCRUED EXPENSES	2024	2023
	Rs	Rs
Fund management fees payable	742,453	322,700
Trustee fee and Custodian fee payable	293,254	137,453
Audit fee payable	132,803	38,165
Redemption payable	68,774	68,774
Other payable	111,855	110,985
Consultancy Fees payable	144,796	160,343
	<u>1,493,935</u>	<u>838,420</u>

9. INTEREST INCOME	06 month period	06 month period
	ended	ended
	30.09.2024	30.09.2023
	Rs	Rs
Interest on Money Markert Saving	593,581	4,889,792
Interest on Commercial papers	22,999,639	6,214,328
Interest on Savings account	213,227	210,233
Interest on Fixed deposits	14,616,132	-
Interest on Treasury Bills	7,312,388	67,704,168
Interest on Trust Certificates	1,266,962	4,816,268
Interest on Repos	20,886,655	-
Interest on Treasury Bonds	32,648,054	-
Placement Fee Income	37,808	-
	<u>100,574,444</u>	<u>83,834,789</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the 06 month period ended 30th September 2024

10 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	1,101,037,591	801,976,636
Income Tax recoverable	(5,081,418)	(5,081,418)
Published Net Asset Value	<u>1,095,956,173</u>	<u>796,895,218</u>
No of Units Outstanding	26,780,464.4	21,943,109.9
Published net asset value per unit	40.9237	36.3164

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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 & Notries Public 216, De Saram Place Colombo 10
Managers & Registrars	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 Thilakarathne	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