

NAMAL INCOME 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 Income Fund (NIF) for the six months ended 30th September 2024.

Performance Review

NAMAL Income Fund reported an interest income of Rs. 41.69Mn for the six months ended 30th September 2024 compared to Rs. 0.39Mn 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 NIF achieved an annualized return of 11.89% (inclusive of the marked to market gain) during the period compared to the Average Weighted Deposit Rate of 7.70%. (Source: CBSL Weekly Report)

The Funds under Management as at 30th September 2024 was Rs. 533.5Mn compared to Rs. 84.1Mn 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, 49% of assets were invested in Treasury Bonds, 26% in Commercial Papers, 10% in Fixed Deposits, 9% in Treasury Bills, 5% in Repo Investments with the remainder in savings.

Sincerely,
The Fund Management Team
05th November 2024

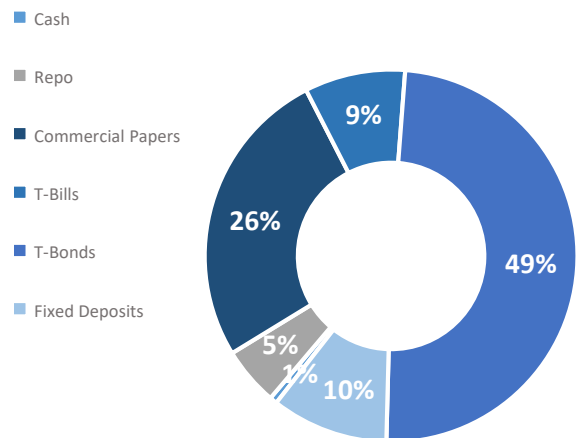
Performance Comparison

	1M* (%)	6M* (%)	CYTD* (%)
NIF**	4.04	8.12	11.89

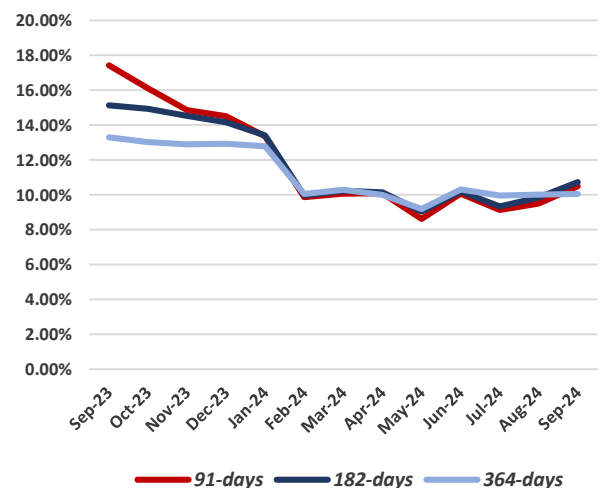
* Six-month period ending 30th September 2024

**Annualized Yield as at 30th September 2024

Asset Allocation



Treasury Bill Rates



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STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30th September 2024

	Notes	2024 Rs.	2023 Rs.
INVESTMENT INCOME			
Interest income	10.1	41,687,537	390,958
Realised gain/(loss) on financial assets held at fair value through profit or loss	6	(9,812,882)	-
Unrealised gain/(loss) on financial assets held at fair value through profit or loss		<u>3,691,327</u>	<u>(5,484)</u>
Total investment income		<u><u>35,565,982</u></u>	<u><u>385,474</u></u>
EXPENSES			
Management and Registrar fees		(4,188,725)	(14,658)
Trustee and Custodian fees		(230,432)	(224,715)
Audit fee and expenses		(297,280)	(242,506)
Bank Charges		-	-
Other expenses		<u>(131,179)</u>	<u>(75,220)</u>
Total operating expenses		<u>(4,847,615)</u>	<u>(557,099)</u>
Net operating profit		30,718,367	(171,625)
PROFIT AFTER DEDUCTIONS AND BEFORE TAX		30,718,367	(171,625)
Income tax expense		-	-
PROFIT AFTER DISTRIBUTIONS AND TAX		<u><u>30,718,367</u></u>	<u><u>(171,625)</u></u>
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		30,718,367	(171,625)

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STATEMENT OF FINANCIAL POSITION
As at 30th September 2024

	Notes	2024 Rs.	2023 Rs.
ASSETS			
Cash and cash equivalents		3,440,124	326,016
Financial assets - Debt instruments at amortised cost	7	530,054,962	3,952,981
Other Receivable	8	-	1,147
Total assets		533,495,086	4,280,144
UNIT HOLDERS' FUNDS & LIABILITIES			
LIABILITIES			
Accrued expenses	9	1,070,266	515,087
Total liabilities (Excluding net assets attributable to Unit Holders)		1,070,266	515,087
UNIT HOLDERS' FUNDS			
Net assets attributable to Unit Holders		532,424,820	3,764,057
		533,495,086	4,280,144

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;


.....
Director

Fund Management Company


.....
Director

Fund Management Company

DEUTSCHE BANK AG
Colombo Branch


.....
Authorized Signatories
Deutsche Bank AG - Head Office
Trustee

Colombo
10th December 2024

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Statement of Movements in Unitholder's Fund
For the six month period ended 30th September

	2024	2023
	Rs.	Rs.
UNIT HOLDERS' FUNDS AT THE BEGINNING OF THE YEAR	27,875,796	5,570,504
Increase in net assets attributable to unit holders	30,718,367	(171,625)
Received on unit creations	1,997,761,207	13,000
Payments on unit redemptions	(1,523,930,550)	(1,647,823)
UNIT HOLDERS' FUNDS AT THE END OF THE YEAR	<u>532,424,820</u>	<u>3,764,057</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the 06 month period ended 30th September 2024

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

	<u>2024</u>	<u>2023</u>
5 Net Asset Value per unit as at September 30th 2024	13.4694	14.63
No of Units as at 30th september 2024	39,528,409	462,590

6 Realised gain/(loss) on financial assets held at fair value through profit or loss

	<u>2024</u>	<u>2023</u>
	Rs.	Rs.
Tbond Sale Gain /Loss	(9,976,726.71)	
Tbill Sale Gain /Loss	163,845	-
	(9,812,882)	-

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NOTES TO THE FINANCIAL STATEMENTS

For the 06 month period ended 30th September 2024

	2024	2023
	Rs.	Rs.
7 FINANCIAL ASSETS - DEBT INSTRUMENTS AT AMORTISED COST		
7.1 Investment in Fixed Deposits		
LOLC Holdings PLC	-	724,213.28
Alliance Finance Company Limited	54,146,866.54	-
	54,146,866.54	724,213.28
7.2 Investment in Treasury Bills		
First Capital Treasuries PLC	46,665,438.98	-
	46,665,438.98	-
7.3 Investment in Repo		
Wealthtrust Securities Ltd	-	3,228,768.00
Acuity Securities Limited	27,006,768.49	-
	27,006,768.49	3,228,768.00
7.4 Investment in Commercial Papers		
E.B.Creasy & Company PLC	32,812,394.59	-
LOLC Holdings PLC	106,982,255.24	-
	139,794,649.83	-
7.5 Investment in Treasury Bonds		
DFCC Bank	14,763,083.48	-
Wealthtrust Securities Ltd	247,678,154.20	-
	262,441,237.68	-
	530,054,961.52	3,952,981.28
	2024	2023
	Rs.	Rs.
8 OTHER RECEIVABLES		
Placements fee receivable	-	1,147
	-	1,147
	-	1,147
9 ACCRUED EXPENSES		
Fund manager and Registrar fee payable	538,603	2,330
Trustee and Custodian fee payable	37,776	36,838
Audit fee payable	242,506	225,224
Other payable	(600)	(540)
consultancy fees payable	251,919	252,234
Payable on Unit Cancelled	62	-
	1,070,266	516,087
	1,070,266	516,087

10 INVESTMENT INCOME	2024	2023
	Rs.	Rs.
10.1 Interest Income on,		
Interest on Fixed Deposits	3,215,033.67	48,311
Interest on saving accounts	197,660	4,037
Interest on MM Savings	365,665	37,400
Interest Income on Repos	7,274,580	28,833
Interest Income on T-Bill	5,676,165	272,377
Interest Income on T-Bonds	13,130,825	-
Interest Income on Commercial Papers	12,352,492	-
Discount on T-Bonds	(524,885)	-
	<u>41,687,537</u>	<u>390,958</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	<u>532,424,820</u>	<u>3,764,057</u>
Published Net Asset Value	<u>532,424,820</u>	<u>3,764,057</u>
No of Units Outstanding	39,528,409	312,250
Published net asset value per unit	13.4694	12.0546

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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