

SENFIN ASSET MANAGEMENT (PVT) LTD

SENFIN MONEY MARKET FUND

INTERIM REPORT

FOR THE SIX MONTH PERIOD ENDED 30TH JUNE 2022



Fund Manager



Trustee and Custodian

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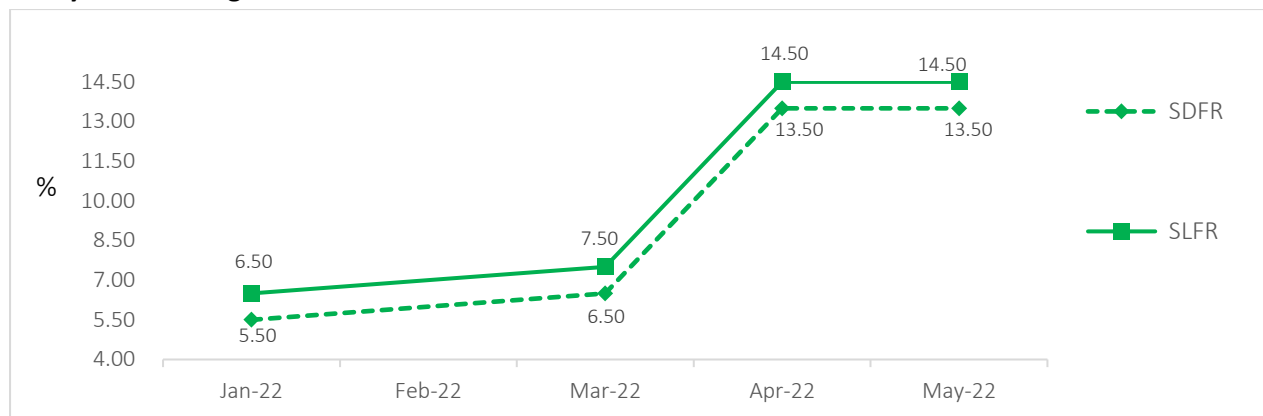
FUND MANAGER'S REPORT

Dear Investor,

We are pleased to present the semi-annual report for Senfin Money Market Fund for the six-month ending June 2022.

During the subject six months, the Monetary Board of the Central Bank of Sri Lanka (CBSL) executed a contractionary monetary policy stance with three rate hikes, out of which the most significant hike came in April 2022 Monetary Policy Review where policy rates were increased by 700 basis points each. This was mainly to curtail underlying demand side pressures in the economy, to stabilize the exchange rate and to correct inconsistencies in the market interest rates. Consequently, the Standing Deposit Facility Rate (SDFR) stood at 13.50% as at 30th Jun 2022 compared to 5.00% as at 31st Dec 2021 and the Standing Lending Facility Rate (SLFR) stood at 14.50% compared to 6.00% as at 31st Dec 2021. Similarly, the Bank Rate was also increased from 9.00% to 17.50% during 1H2022. However, the Statutory Reserve Ratio was maintained at 4.00% throughout the subject period¹.

Policy Rates during 1H2022



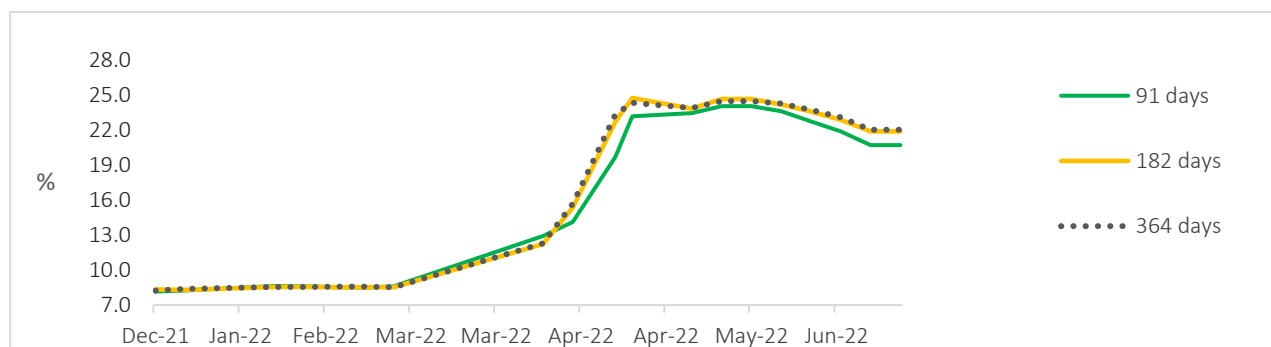
Source: Central Bank of Sri Lanka

In line with the aforesaid changes to the Monetary Policy, Government Security yields as well as market interest rates on deposits offered by commercial banks and other non-bank financial institutions too followed a similar trajectory. Investor demand however, flowed into Treasury Bills and Treasury Bonds as yields reached historically high levels during the 1st half of the year. The benchmark 03, 06 and 12-month yields increased from 8.16%, 8.33% and 8.24% respectively as at the end of December 2021 to 20.73%, 21.90% and 22.04% respectively as at the end of June 2022².

¹ Central Bank of Sri Lanka, Monetary Policy Review

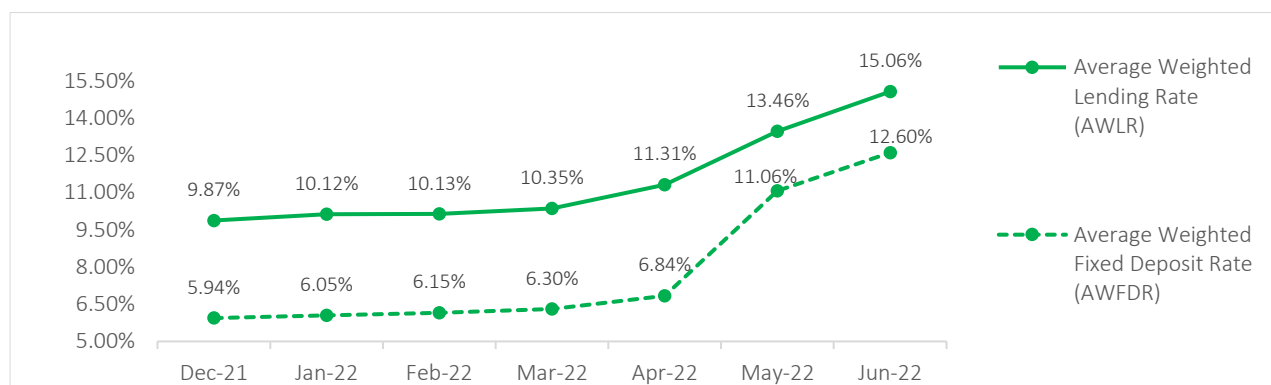
² Central Bank of Sri Lanka, Rates on Government Securities

Movement in Treasury bill Rates in 1H 2022



Source: Central Bank of Sri Lanka

Movement of Average Weighted Fixed Deposit Rate (AWFDR) and Average Weighted Lending Rates (AWLR) of Commercial Banks³



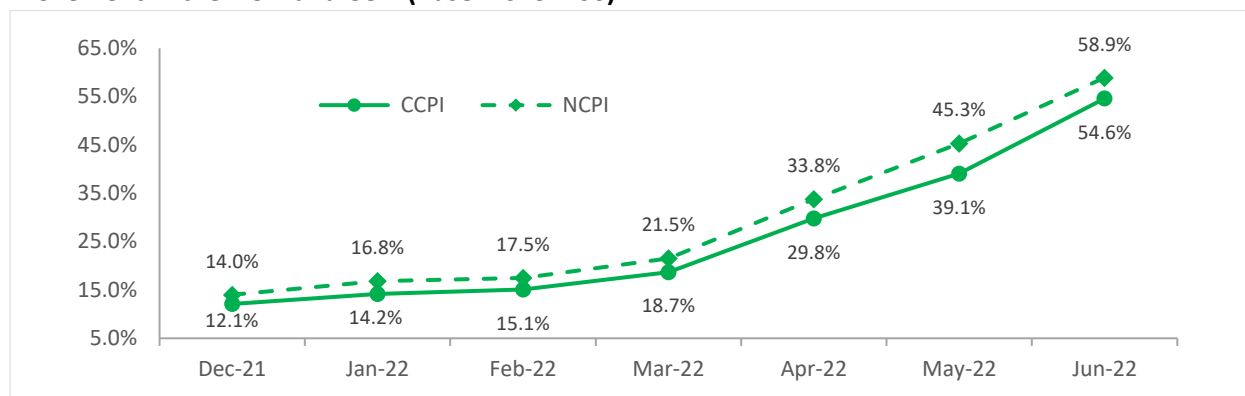
Source: Central Bank of Sri Lanka

Inflation measured by the point-to-point change in the Colombo Consumer Price Index (CCPI) significantly increased from 12.1% as at the end of Dec 2021 to 54.6% as at the end of Jun 2022. Similarly, Inflation measured by the point-to-point change in the National Consumer Price Index (NCPI) increased from 14.0% to 58.9% during the same period⁴. Inflation was mainly driven by soaring food inflation while the significant rise in fuel prices, gas prices etc. had a major impact on the non-food inflation.

³ Central Bank of Sri Lanka, Commercial Bank Lending and Deposit Rates

⁴ Department of Census and Statistics

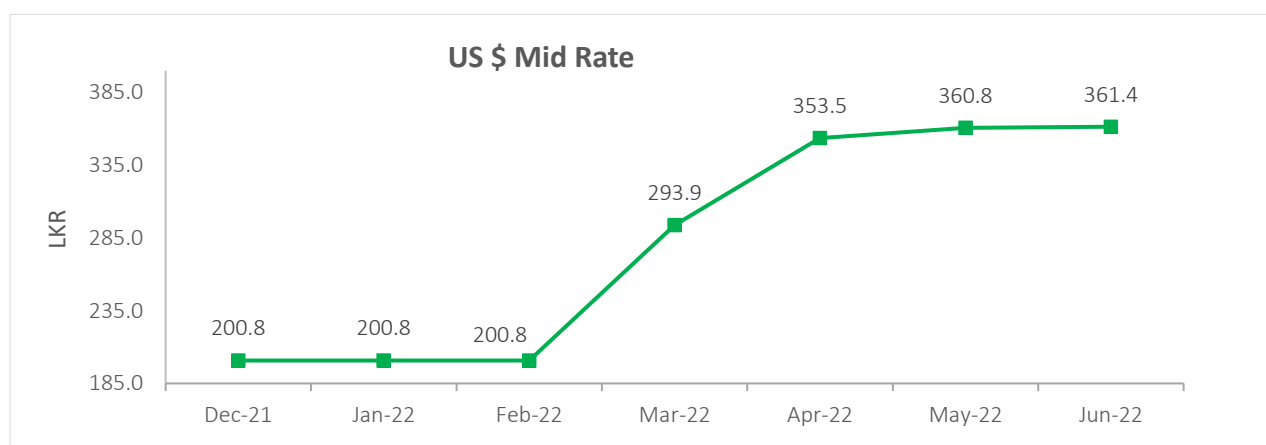
Movement in the NCPI and CCPI (Base: 2013=100)



Source: Department of Census and Statistics

Subsequent to several months of maintaining the exchange rate around Rs. 203 mark, the Rupee was officially floated by CBSL during March 2022. Following that, amidst mounting pressures on the currency, the Sri Lankan Rupee depreciated by a mammoth 44.46% during 1H2022⁵.

Movement in Exchange Rate (USD/LKR)



Source: Central Bank of Sri Lanka

Performance Review of the Fund

During the period under review, Senfin Money Market Fund posted an annualized return of 10.41% against the benchmark return of 6.91%, thereby outperforming the benchmark by 3.50%. Over the reporting period, the fund has gradually increased its exposure to Treasury Bills and this has boosted the performance of the Fund.

The Fund Performance as at 30th June 2022⁶

⁵ Central Bank of Sri Lanka, End of Month Exchange Rates

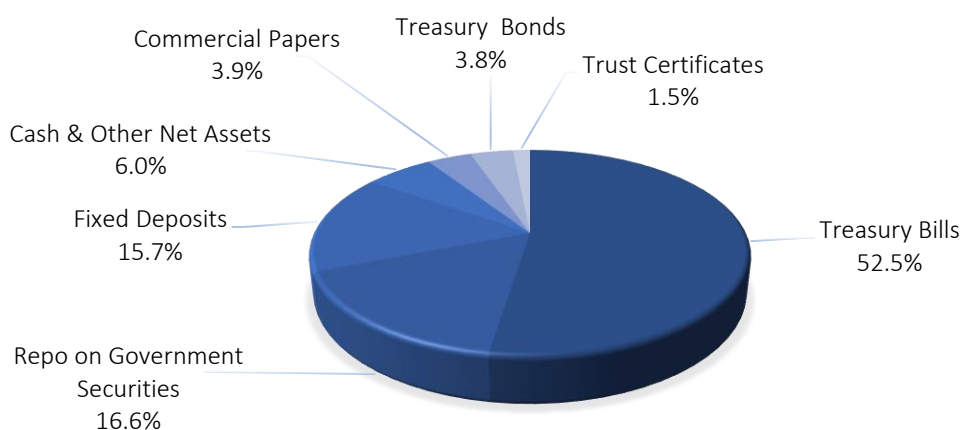
⁶ Senfin Asset Management (Pvt) Ltd

Period	Since Inception (17 Sept 2014)	Year to Date	3-month	1-month
Annualized Fund Return	9.39%	10.41%	13.30%	17.78%
Annualized Benchmark Return (NDBIB-CRISIL 91 Day T-Bill Index)	7.43%	6.91%	9.13%	15.51%

Source: Senfin Asset Management (Pvt) Ltd

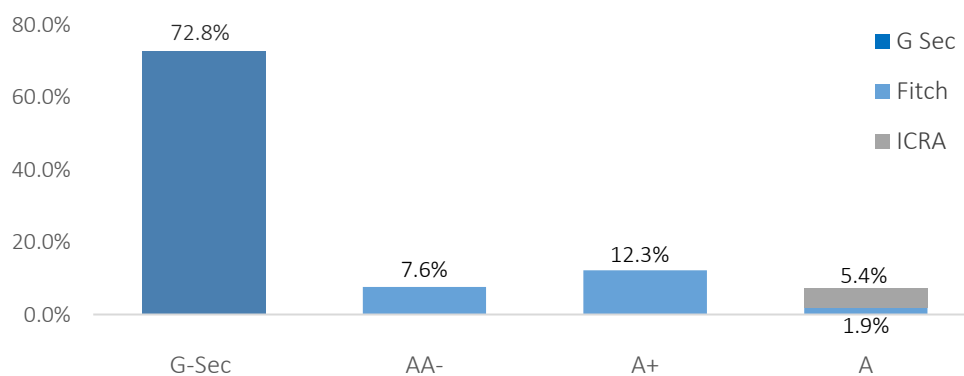
Note: Performance data is net of management fees and taxes. Returns are annualized.

Asset Allocation as a percentage of Total Net Assets as at 30th June 2022 (Net of payables)



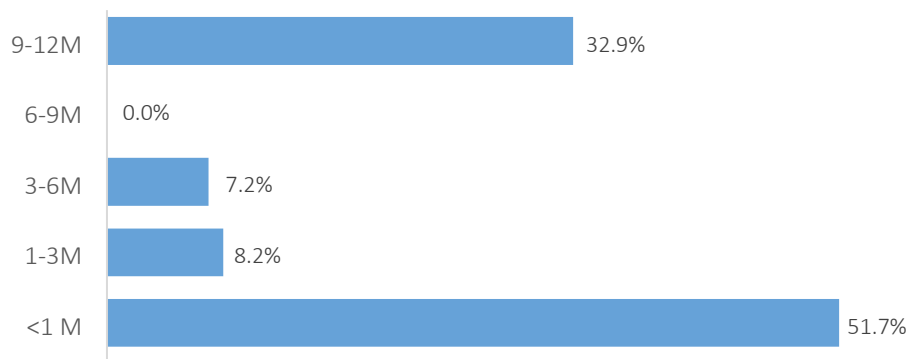
Source: Senfin Asset Management (Pvt) Ltd

Credit Profile of the Fund as at 30th June 2022



Source: Senfin Asset Management (Pvt) Ltd

Maturity Profile of the Fund as at 30th June 2022



Source: Senfin Asset Management (Pvt) Ltd

We expect the current situation to prolong during the remainder of the year as the country continues to face dollar shortages, depleted fuel supplies, political uncertainty, rising inflation and tougher fiscal reforms. With an IMF bailout continuing to remain at its initial discussion stages we believe that country will continue face hardship in the short to medium time horizon. As such, until a formal agreement is reached with the IMF, we are of the view that fixed income markets will be volatile and that interest rates will continue remain high for the remainder of the year.

The Fixed Deposit rates remained lower than Treasury Bill rates and therefore, the Fund has shifted its investments from Fixed Deposits and other short term debt securities to Treasury Bills. The Fund managed to take advantage of this recent spike in interest rates and increased allocations to Treasury Bills, thereby improving the overall carrying yield of the fund whilst maintaining the average tenure of the fund below seven months, in line with new SEC regulatory requirements.

Sincerely,

Investment Team

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six month period ended 30 June 2022

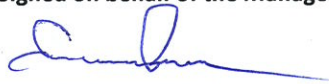
	Notes	6 month ended 30.06.2022	6 month ended 30.06.2021
INCOME			
Interest Income	3	77,605,532	63,812,971
EXPENSES			
Management Fees		(1,934,742)	(3,888,718)
Trustee & Custodian Fees		(1,389,479)	(1,622,082)
Audit Fees		(111,399)	(111,578)
Other Expenses		(56,323)	(31,220)
		<u>(3,491,942)</u>	<u>(5,653,598)</u>
NET PROFIT BEFORE INCOME TAX		74,113,590	58,159,373
Income Tax Expense	4	-	-
NET PROFIT AFTER INCOME TAX FOR THE PERIOD		<u>74,113,590</u>	<u>58,159,373</u>
INCREASE IN NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>74,113,590</u>	<u>58,159,373</u>

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30.06.2022 Rs.	% NAV	As at 31.12.2021 Rs. (Audited)	% NAV
ASSETS					
Cash and cash equivalents	5	84,348,208	6.07%	7,003,228	0.37%
Financial assets - at Amortized Cost	6	1,305,837,369	93.98%	1,907,204,209	99.69%
		<u>1,390,185,577</u>	<u>100.05%</u>	<u>1,914,207,437</u>	<u>100.05%</u>
LIABILITIES					
Accrued Expenses	7	646,758	0.05%	1,015,241	0.05%
Total Liabilities		<u>646,758</u>	<u>0.05%</u>	<u>1,015,241</u>	<u>0.05%</u>
NET ASSETS					
		<u>1,389,538,819</u>	<u>100.00%</u>	<u>1,913,192,196</u>	<u>100.00%</u>
UNIT HOLDERS' FUNDS					
Net Assets Attributable to Unit holders		<u>1,389,538,819</u>		<u>1,913,192,196</u>	

Signed on behalf of the Management Company



Director
Management Company



Director
Management Company

29/09/2022

Date

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

for the six month period ended 30 June 2022

	6 month ended 30.06.2022 Rs.	6 month ended 30.06.2021 Rs.
UNITHOLDERS' FUNDS AS AT BEGINNING OF THE PERIOD	1,913,192,196	1,418,426,600
Total Comprehensive Income for the Period	74,113,590	58,159,373
Received on Creation of Units	346,777,482	947,967,000
Paid on Redemption of Units	(944,544,448)	(51,963,708)
Net Increase due to Unit holders' Transactions	(597,766,967)	896,003,292
UNITHOLDERS' FUNDS AS AT PERIOD END	1,389,538,819	2,372,589,265

CASH FLOW STATEMENT

for the six month period ended 30 June 2022

	6 month ended 30.06.2022 Rs.	6 month ended 30.06.2021 Rs.
Cash Flows from Operating Activities		
Interest Received	93,811,857	33,629,454
Other Income Received	178,786	-
Management Fees and Trustee Fees Paid	(3,542,437)	(5,719,844)
Audit Fees Paid	(226,710)	(224,534)
Other Expenses Paid	(91,280)	(85,859)
Net Investment in Commercial Papers	173,671,843	(64,946,628)
Net Investment in Trust Certificates	84,058,345	(114,058,345)
Net Investment in Quoted Debenture	-	-
Net Investment in Reverse Repurchase Agreements	90,000,000	(355,648,702)
Net Investment in Fixed deposits	928,283,801	(261,370,526)
Net Investment in Govt. Buy & Sell agreement	-	(99,725,600)
Net Investment in Treasury Bonds	(50,000,000)	-
Net Investment in Treasury Bills	(641,032,259)	(19,747,240)
Net Cash (Used in) / Generated from Operating Activities	675,111,946	(887,897,824)
Cash Flows from Financing Activities		
Cash Received on Creation of Units	346,777,482	947,967,000
Cash Paid on Redemption of Units	(944,544,448)	(51,943,707)
Net Cash Generated from / (Used in) Financing Activities	(597,766,966)	896,023,293
Net Increase / (Decrease) in Cash and Cash Equivalents	77,344,980	8,125,469
Cash and Cash Equivalents at the beginning of the period	7,003,228	10,678,957
Cash and Cash Equivalents at the end of the period	84,348,208	18,804,426

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 June 2022

- All figures for the six month period ended 30 June 2022 are provisional and unaudited. Previous year figures have been re-arranged wherever necessary for better presentation and to be comparable with those of the current period.
- There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2021.

3. INTEREST INCOME	6 month ended 30.06.2022	6 month ended 30.06.2021
	Rs.	Rs.
Interest on Treasury Securities	29,313,041	4,312,809
Discount on T Bonds	788,250	-
Interest on Fixed Deposits	34,752,119	52,743,328
Interest on Commercial Papers	6,471,545	3,361,168
Interest on Trust Certificate	2,644,947	2,127,084
Interest on Quoted Debentures	-	292,961
Interest on Money Market Bank Account	3,407,194	546,308
Other Income	133,456	429,313
Net Gain on - Treasury Securities	94,980	-
	<u>77,605,532</u>	<u>63,812,971</u>

4. INCOME TAX EXPENSE

After the enactment of the new Inland Revenue Act No. 24 of 2017 effective from 1 April 2018, the fund is deemed as conducting eligible investment business and is treated as a tax pass through vehicle. Hence, no provision for the income tax was made in the financial statements.

5. CASH AND CASH EQUIVALENTS	As at 30.06.2022	As at 31.12.2021
	Rs.	Rs.
HNB Money Market Account	20,976,084	6,737,836
HNB Current Account	5,000	5,000
Cargills Bank Money Market Account	63,367,124	260,392
	<u>84,348,208</u>	<u>7,003,228</u>

6. FINANCIAL ASSETS - AT AMORTISED COST	As at 30.06.2022	As at 31.12.2021
	Rs.	Rs.
Investment in Fixed Deposits	217,868,842	1,172,726,541
Investment in Commercial Papers	54,071,588	231,543,378
Investment in Trust Certificates	20,982,685	108,175,547
Investment in Treasury Securities	1,012,662,138	394,461,297
Placement fee receivable	252,116	297,446
	<u>1,305,837,369</u>	<u>1,907,204,209</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 June 2022

7. ACCRUED EXPENSES	As at 30.06.2022	As at 31.12.2021
	Rs.	Rs.
Fund Manager Fee Payable	268,493	404,865
Trustee & Custodian Fee Payable	202,520	284,366
Audit and Tax consultancy Fee Payable	175,744	326,010
Amount payable on redemption	-	-
	646,758	1,015,241

8. The following are the related party holdings of Senfin Money Market Fund as at 30.06.2022

Unit holder	Relationship	No. of Units held	Value of the Units held (Rs.)
Senkadagala Finance PLC	Immediate Parent Company of the Fund Management Company	12,024,939.7	201,773,678.19
Senfin Asset Management (Private) Limited	Management Company	187,399.6	3,144,490.33
Ms. Ineka Shanez Dunuwille	Chief Executive Officer	212,141.0	3,559,641.12
Ms. Monica Wanigasekara	Fund Manager	12,271.0	205,902.47
Mr. Ravindra Abeysuriya	Director of Management Company	65,833.5	1,104,659.80
Mr. Sanath Bandaranayake	Director of Management Company	630.2	10,574.50
MR: Don Tilak Padmanabha Collure	Director of Management Company	31,895	535,185.34
Mr. Ravinath Weerakoon	Fund Manager	76,702.8	1,287,042.30
Mr. Surath Perera	Fund Manager	6,630.6	111,258.82

9. Units in issue as at 30 June 2022 is 82,811,212.20

10. There are no material contingencies existing as at the 30 June 2022 that require adjustments to, or disclosure in the Interim Report.

11. There have no material events occurring after the 30 June 2022 that require adjustments or disclosure in the Interim Report.

12. The Fund does not have significant Capital Commitments as at the 30 June 2022.

13. RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER THE INTERIM REPORT AND THE PUBLISHED NET ASSET

	As at 30.06.2022	As at 31.12.2021
	Rs.	Rs. (Audited)
Net Asset Value (Net Assets Attributable to Unit Holders) as per the Financial Statement	1,389,538,819	1,913,192,196
Other Adjustment	-	-
Published Net Asset Value	1,389,538,819	1,913,192,196
Published number of units	82,811,212.2	119,907,297.0
Net Asset Value per unit	16.7796	15.9556

MANAGEMENT COMPANY INFORMATION

Managing Company (Registered Address)

Senfin Asset Management (Pvt) Ltd
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FUND INFORMATION

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