

SENFIN ASSET MANAGEMENT (PVT) LTD

SENFIN MONEY MARKET FUND

INTERIM REPORT

FOR THE SIX MONTH PERIOD ENDED 30TH JUNE 2023



Fund Manager



Trustee and Custodian

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FUND MANAGER'S REPORT

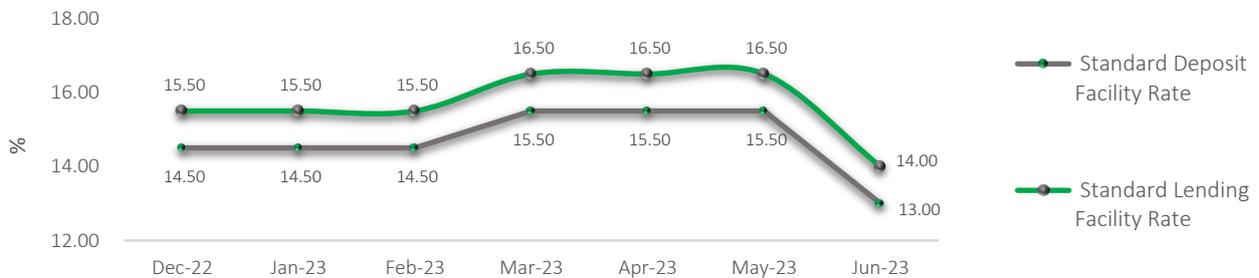
Dear Investor,

We are pleased to present the semi-annual report of Senfin Money Market Fund for the six months ending June 2023.

During 1H2023, the Monetary Board of the Central Bank of Sri Lanka (CBSL) further increased policy rates by 100 basis points prior to IMF Board Level Agreement in March 2023. However, as the decline in inflation is faster than anticipated and with the intention of providing impetus to the economic growth to rebound, CBSL relaxed their monetary policy stance by reducing policy rates by 250 basis points during its June 2023 Monetary Policy Review. Consequently, the Standing Deposit Facility Rate (SDFR) stood at 13.00% as at 30th Jun 2023 compared to 14.50% as at 31st Dec 2022 and the Standing Lending Facility Rate (SLFR) stood at 14.00% compared to 15.50% as at 31st Dec 2022. However, the Statutory Reserve Ratio was maintained at 4.00% throughout the subject period.¹

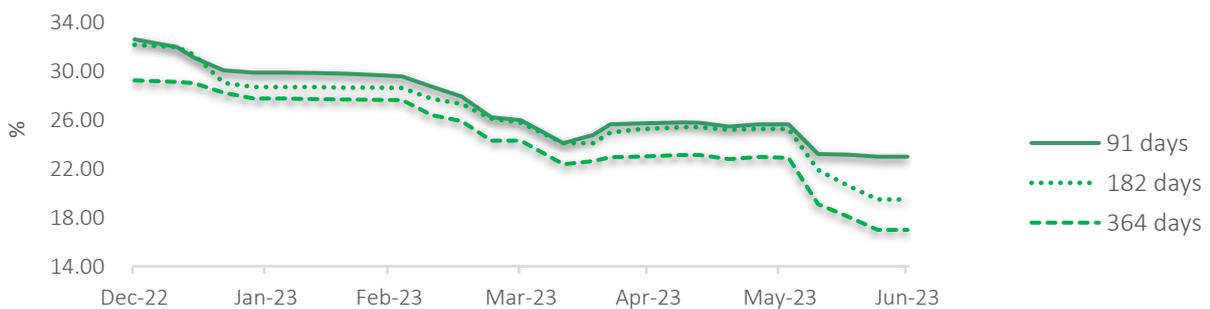
Despite the policy rate increases in March 2023, the six-months under review saw Treasury bill yields gradually easing throughout from the highs of 2022. The benchmark 03, 06 and 12-month yields decreased from 32.64%, 32.20% and 29.27% respectively as at the end of December 2022 to 23.00%, 19.49% and 16.99% respectively as at the end of June 2023². However, yields on long term government bonds remained volatile across the medium to long term maturities ahead of the government's announcement on the debt restructure program.

Movement in Monetary policy



Source: Central Bank of Sri Lanka

Treasury Bill Rate Movement

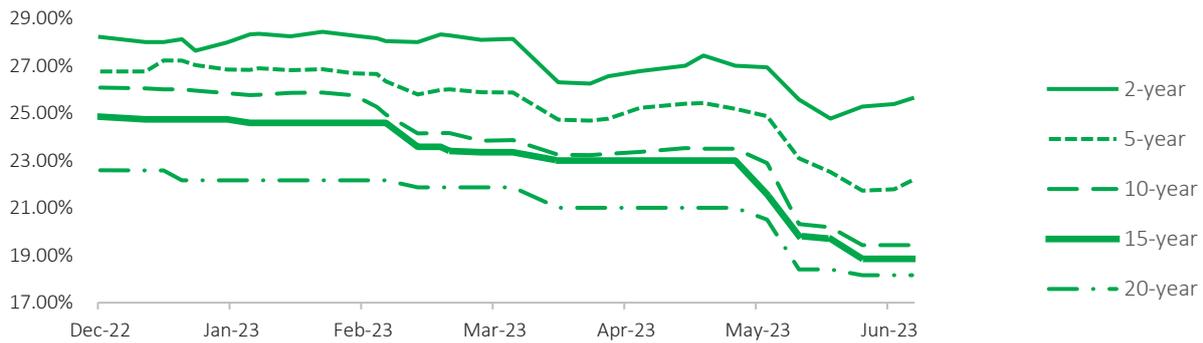


Source: Central Bank of Sri Lanka

¹ Central Bank of Sri Lanka, Monetary Policy Review

² Central Bank of Sri Lanka, Rates on Government Securities

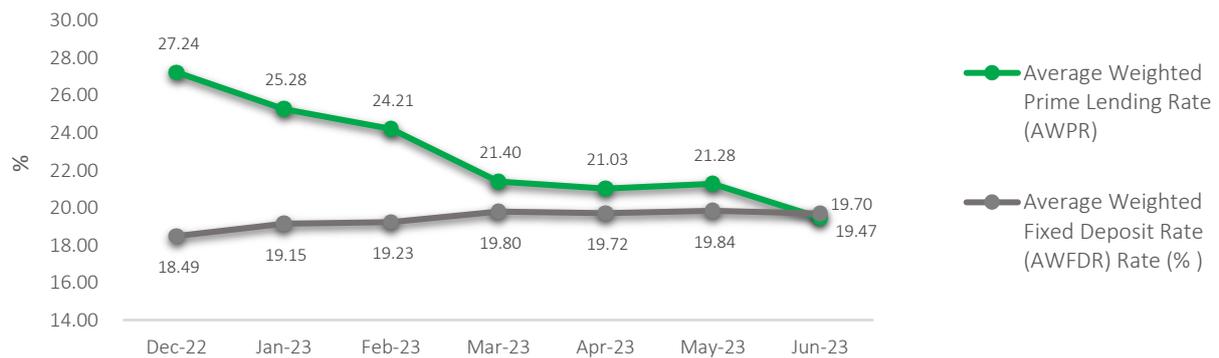
Treasury Bond Rate Movement



Source: Central Bank of Sri Lanka

Following the policy rates cuts, the Average Weighted Prime Lending Rate (AWPR) adjusted downwards reaching 19.47% at the ending of the June 2023 compared to its peak of 29.67% in November 2022.

Movement of AWFDR and AWPLR of Commercial Banks (% p.a.) at month-end

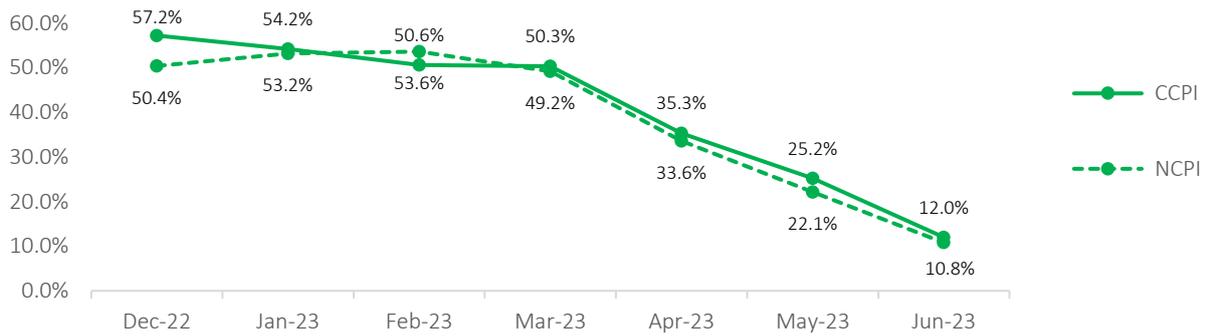


Source: Central Bank of Sri Lanka

The base year of inflation was changed to 2021 by the Statistics Department during Feb 2023. Inflation measured by the year-on-year change in the Colombo Consumer Price Index (CCPI) significantly eased to 12.0% as at the end of Jun 2023 (Base year 2021) from high as 57.2% as at the end of Dec 2022 (Base year 2013). Similarly, Inflation measured by the year-on-year change in the National Consumer Price Index (NCPI) too decreased to 10.8% (Base year 2021) from high as 50.4% (Base year 2013) during the same period³. Notable slowdown of Food Inflation was witnessed during the subject period while the decline of Non-Food Inflation was mainly driven by the drop in prices of fuel, gas etc. In addition, the higher base effect coming from the previous year assisted the overall slowdown of inflation as a whole.

³ Statistics Department

Movement in the CCPI and NCPI

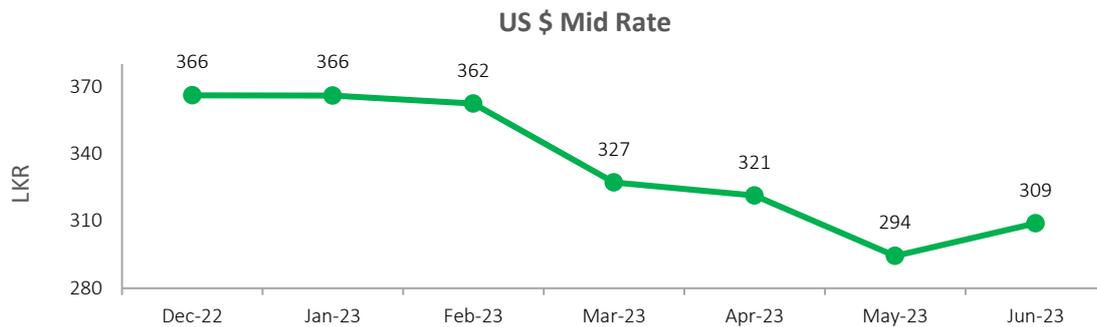


* CCPI Dec 2022, CCPI Jan 2023 & NCPI Dec 2022 are based on 2013=100 Base year

Source: Department of Census & Statistics

The exchange rate witnessed a gradual appreciation during 1H2023, with the assistance of improved worker remittances, improved tourism inflows and the overall improvement in sentiment due to IMF Board Level Approval and the receipt of its first tranche. However once some of the import restrictions were released by the government, a slight depreciation of the LKR was observed.

Movement in the USD/LKR Rate



Source: Central Bank of Sri Lanka

Fund Performance

As of 30th June 2023, the fund has continued to deliver consistent and stable returns, in line with our investment objective of capital preservation and steady income generation. The Fund managed to take advantage of the interest rates spikes in the country and increased allocations to Treasury bills and this allocation has proven to be effective in mitigating market risks and providing a safe haven during times of uncertainty. Despite the challenging market conditions, we are pleased to report that the Fund posted a year-to-date return of 25.41% as of 30th June 2023. However, our performance slightly trailed the benchmark return of 31.17%.

Fund Performance as at 30th June 2023

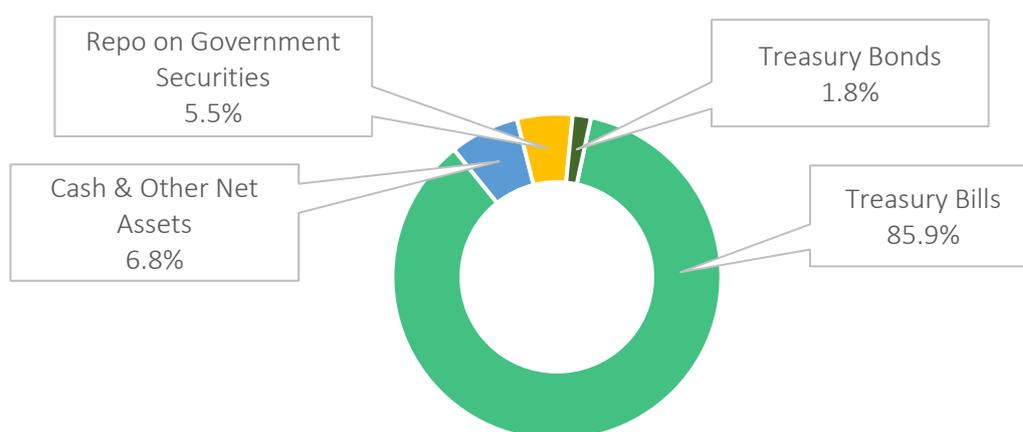
Period	Year to Date	3-months	1-month
Fund Return	25.41%	24.19%	23.75%
Benchmark Return	31.17%	27.05%	29.42%

Source: Senfin Asset Management (Pvt) Ltd

Note:

- Benchmark is NDBIB-CRISIL 91 Day T-Bill Index
- Performance data is net of management fees and taxes. Returns are annualized.

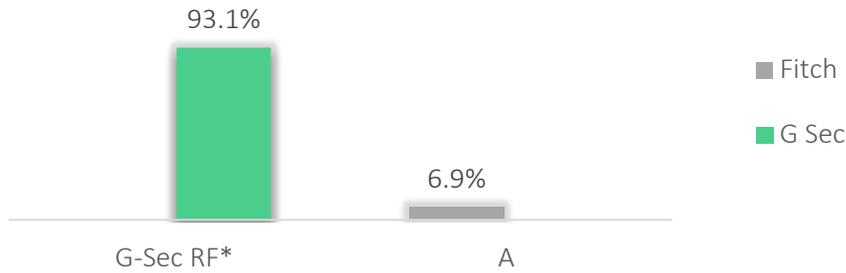
Asset Allocation as a percentage of Net Asset Value as at 30th June 2023



Source: Senfin Asset Management (Pvt) Ltd

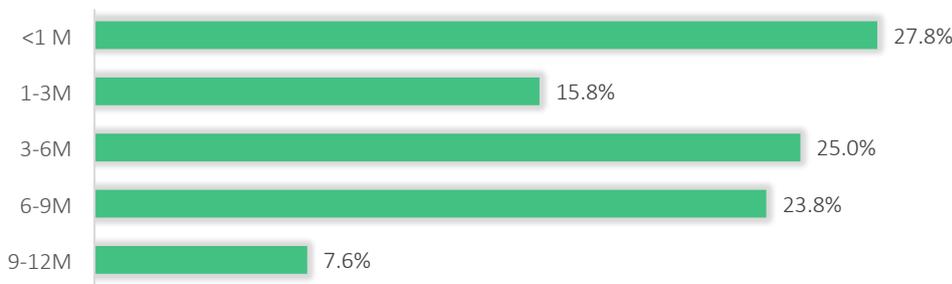
At the end of the reporting period, the fund had invested 93% of its total assets in low-risk Treasury Securities, such as Treasury bills and Repo investments. The remaining assets were invested in securities that were rated above investment grade, as shown in the credit profile chart below.

Credit Profile of Fund as at 30th June 2023



Source: Senfin Asset Management (Pvt) Ltd

Maturity Profile of the Fund as at 30th June 2023



Source: Senfin Asset Management (Pvt) Ltd

Treasury bill rates dropped to lower levels at the end of the period, marking the lowest yields observed since June 2022. Yields on long-term treasury bonds in the secondary market continued to edge higher, as investor uncertainty and skepticism drove yields to remain volatile ahead of the government's announcement on the debt restructure program. The Government announced its Domestic Debt Optimization (DDO) plan during end June, a plan which is considered positive as most private institutional and individual bond holders were excluded from the proposed DDO programme.

Given the prevailing economic conditions and market volatility, our conservative approach has served our investors well, as we prioritize safeguarding capital while generating competitive yields. Looking ahead, we anticipate that the economic landscape will continue to present challenges, and we are steadfast in our dedication to managing risks while seeking prudent opportunities to enhance returns.

Sincerely,

Investment Team

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six month period ended 30 June 2023

	Notes	6 month ended 30.06.2023	6 month ended 30.06.2022
INCOME			
Interest Income	3	299,081,933	77,605,532
EXPENSES			
Management Fees		(3,052,357)	(1,934,742)
Trustee & Custodian Fees		(2,300,504)	(1,389,479)
Audit Fees		(145,905)	(111,399)
Other Expenses		(1,597,570)	(56,323)
		<u>(7,096,336)</u>	<u>74,113,590</u>
NET PROFIT BEFORE INCOME TAX		291,985,597	74,113,590
Income Tax Expense	4	-	-
NET PROFIT AFTER INCOME TAX FOR THE PERIOD		<u>291,985,597</u>	<u>74,113,590</u>
INCREASE IN NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>291,985,597</u>	<u>74,113,590</u>

STATEMENT OF FINANCIAL POSITION

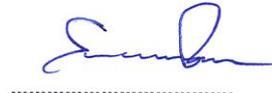
As at 30 June 2023

	Notes	As at 30.06.2023 Rs.	% NAV	As at 31.12.2022 Rs. (Audited)	% NAV
ASSETS					
Cash and cash equivalents	5	190,118,712	6.87%	92,184,692	5.53%
Financial assets - at Amortized Cost	6	2,579,540,399	93.18%	1,575,270,115	94.53%
		<u>2,769,659,111</u>	<u>100.04%</u>	<u>1,667,454,807</u>	<u>100.06%</u>
LIABILITIES					
Accrued Expenses	7	1,229,088	0.04%	956,098	0.06%
Total Liabilities		<u>1,229,088</u>	<u>0.04%</u>	<u>956,098</u>	<u>0.06%</u>
NET ASSETS					
		<u>2,768,430,023</u>	<u>100.00%</u>	<u>1,666,498,709</u>	<u>100.00%</u>
UNIT HOLDERS' FUNDS					
Net Assets Attributable to Unit holders		<u>2,768,430,023</u>		<u>1,666,498,709</u>	

Signed on behalf of the Management Company



Director
Management Company



Director
Management Company

25/09/2023

Date

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

for the six month period ended 30 June 2023

	6 month ended 30.06.2023 Rs.	6 month ended 30.06.2022 Rs.
UNITHOLDERS' FUNDS AS AT BEGINNING OF THE PERIOD	1,666,542,751	1,913,192,196
Total Comprehensive Income for the Period	291,985,597	74,113,590
Received on Creation of Units	2,225,162,808	346,777,482
Paid on Redemption of Units	(1,415,261,133)	(944,544,448)
Net Increase due to Unit holders' Transactions	809,901,675	(597,766,967)
UNITHOLDERS' FUNDS AS AT PERIOD END	2,768,430,023	1,389,538,819

CASH FLOW STATEMENT

for the six month period ended 30 June 2023

	6 month ended 30.06.2023 Rs.	6 month ended 30.06.2022 Rs.
Cash Flows from Operating Activities		
Interest Received	205,292,150	93,811,857
Other Income Received	-	178,786
Management Fees and Trustee Fees Paid	(4,993,936)	(3,542,437)
Audit Fees Paid	(236,750)	(226,710)
Other Expenses Paid	(103,656)	(91,280)
Net Investment in Commercial Papers	-	173,671,843
Net Investment in Trust Certificates	-	84,058,345
Net Investment in Reverse Repurchase Agreements	8,875,986	90,000,000
Net Investment in Fixed deposits	75,047,945	928,283,801
Net Investment in Treasury Bonds	(947,951,904)	(50,000,000)
Net Investment in Treasury Bills	(47,897,490)	(641,032,259)
Net Cash (Used in) / Generated from Operating Activities	(711,967,655)	675,111,946
Cash Flows from Financing Activities		
Cash Received on Creation of Units	2,225,162,731	346,777,482
Cash Paid on Redemption of Units	(1,415,261,056)	(944,544,448)
Net Cash Generated from / (Used in) Financing Activities	809,901,675	(597,766,966)
Net Increase / (Decrease) in Cash and Cash Equivalents	97,934,020	77,344,980
Cash and Cash Equivalents at the beginning of the period	92,184,692	7,003,228
Cash and Cash Equivalents at the end of the period	190,118,712	84,348,208

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 June 2023

1. All figures for the six month period ended 30 June 2023 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.

2. There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2022.

3. INTEREST INCOME	6 month ended 30.06.2023 Rs.	6 month ended 30.06.2022 Rs.
Interest on Treasury Securities	278,541,767	29,313,041
Discount on T Bonds	268,845	788,250
Interest on Fixed Deposits	6,972,457	34,752,119
Interest on Commercial Papers	-	6,471,545
Interest on Trust Certificate	-	2,644,947
Interest on Money Market Bank Account	14,007,273	3,407,194
Other Income	-	133,456
Irrecoverable Interest Write Off	(47,945)	94,980
Net Gain on - Treasury Securities	(660,465)	-
	<u>299,081,933</u>	<u>77,605,532</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 30.06.2023 Rs.	As at 31.12.2022 Rs.
HNB Money Market Account	98,926,473	50,086,424
HNB Current Account	5,000	5,000
Cargills Bank Money Market Account	91,187,240	42,093,268
	<u>190,118,712</u>	<u>92,184,692</u>

6. FINANCIAL ASSETS - AT AMORTISED COST	As at 30.06.2023 Rs.	As at 31.12.2022 Rs.
Investment in Fixed Deposits	-	82,805,696
Investment in Trust Certificates	-	1,492,416,474
Investment in Treasury Securities	2,579,540,399	-
Other Receivable	-	47,945
	<u>2,579,540,399</u>	<u>1,575,270,115</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 June 2023

7. ACCRUED EXPENSES

	As at 30.06.2023	As at 31.12.2022
	Rs.	Rs.
Fund Manager Fee Payable	554,338	340,693
Trustee & Custodian Fee Payable	415,567	270,288
Audit and Tax consultancy Fee Payable	259,184	345,117
	1,229,088	956,098

8. The following are the related party holdings of Senfin Money Market Fund as at 30.06.2023

Unit holder	Relationship	No. of Units held	Value of the Units held (Rs.)
Senkadagala Finance PLC	Immediate Parent Company of the Fund Management Company	20,701,858.3	439,109,186.59
Senfin Securities Limited	Subsidiary of the Ultimate Parent Company	1,011,282.7	21,450,418.48
Senfin Asset Management (Private) Limited	Management Company	1,215,018.8	25,771,885.27
Ms. Monica Wanigasekara	Fund Manager	3,575.9	75,848.77
Mr. Jeevan Sukumaran	Chief Executive Officer	141,392.0	2,999,079.85
Mr. Ravindra Abey Suriya	Director of Management Company		
Mr. Sanath Bandaranayake	Director of Management Company	466,150.1	9,887,556.39
MR: Don Tilak Padmanabha Collure	Director of Management Company	31,895	676,528.03
Mr. Ravinath Weerakoon	Fund Manager	25,118.5	532,791.02
Mr. Surath Perera	Fund Manager	13,940.2	295,686.98
Mr. Nilanka Gamaethige	Head of Client Services & Marketing	319.2	6,770.58
Mr. Nuwan Karunadasa	Finance Manager	18,998.4	402,976.96
Ms. Hesthika Perera	Assistant Registrar	2,694.9	57,161.79
Mr. Murugiah Rajendran	Head of Compliance	169,782.9	3,601,282.07

9. Units in issue as at 30 June 2023 is 130,518,164.70

10. There are no material contingencies existing as at the 30 June 2023 that require adjustments to, or disclosure in the Interim Report.

11. There have no material events occurring after the 30 June 2023 that require adjustments or disclosure in the Interim Report.

12. The Fund does not have significant Capital Commitments as at the 30 June 2023.

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

	As at 30.06.2023	As at 31.12.2022
	Rs.	Rs. (Audited)
Net Asset Value (Net Assets Attributable to Unit Holders) as per the Financial Statement	2,768,430,023	1,666,498,709
Other Adjustment	-	45,110
Published Net Asset Value	2,768,430,023	1,666,543,819
Published number of units	130,518,164.7	88,470,029.0
Net Asset Value per unit	21.2111	18.8374

MANAGEMENT COMPANY INFORMATION

Managing Company (Registered Address)

Senfin Asset Management (Pvt) Ltd
267, Galle Road,
Colombo 03.
Sri Lanka
T: +94 11 230 1301
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Web: senfinassetmanagement.com

Managing Company (Correspondence Address)

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F: +94 11 230 1937
Web: senfinassetmanagement.com
Email: sfam.info@senfin.com

Bankers

Commercial Bank PLC,
No.285, Galle Road,
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Auditors

KPMG
Chartered Accountants
32A, Sir Mohamed Macan MarkarMawatha
Colombo 03
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Lawyers

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FUND INFORMATION

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Auditors	Kreston MNS & Co Chartered Accountants Level 1 & 2, Advantage Building, 74A, Dharmapala Mawatha, Colombo 07 T: +94 11 2323571 F: +94 11 2433388
Lawyers	Nithya Partners Attorneys-at-Law No. 97A, Galle Road Colombo 03 T: +94 11 4712625 F: +94 11 2335908 Web: http://www.nithyapartners.com