

**SENFIN ASSET MANAGEMENT (PVT) LTD**

# **SENFIN DIVIDEND FUND**

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## **INTERIM REPORT**

**FOR THE SIX MONTH PERIOD ENDED 30TH JUNE 2024**



**Fund Manager**



**Trustee and Custodian**

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## FUND MANAGER'S REPORT

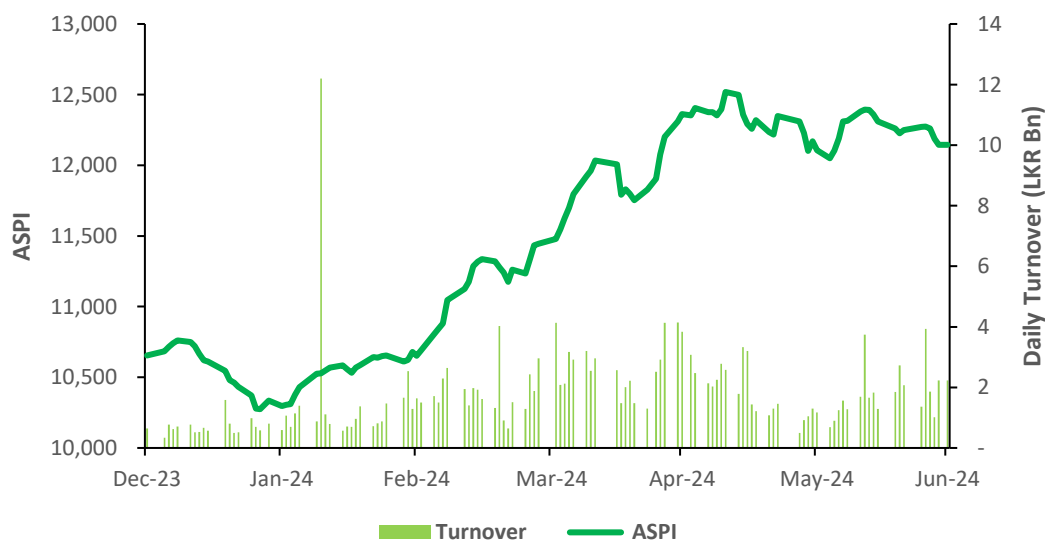
Dear Investor,

We are pleased to present the semi-annual report of Senfin Dividend Fund for the six months ending June 2024.

The performance of the equity market as measured by the All-Share Price Index (ASPI) increased by 13.99% during the first half of 2024 vs an increase of 11.23% in the first half of 2023. The S&P SL20 index increased by 16.95% during the six-month period under review, while it increased by 2.96% during the comparative period in 2023. Similarly, the Fund's benchmark, All Share Total Return Index (ASTRI) gained 18.13% during 1H2024 vs an increase of 11.76% in 1H2023. During the initial part of the subject 6 months, indices displayed a positive momentum due to the sharp drop in fixed income yields possibly shifting some fund inflows to equity from fixed income, better than anticipated quarterly earnings releases, above average dividend declarations by key listed corporates, positive expectations on External Debt Restructuring and largely improved macro-economic fundamentals. However, during the latter part of 1H2024, indices witnessed some weakness mainly due to major rights issues announced dragging the bourse low, profit taking and uncertainty over the upcoming elections.

The average daily turnover improved to LKR 1.78 Bn during 1H2024 against LKR 1.48 Bn in 1H2023. Foreigners were net seller during the subject period with a total net foreign outflow of LKR. 9.02 Bn, as opposed to a net foreign inflow of LKR. 1.07 Bn during 1H2023.

### All Share Price Index (ASPI) Performance and Turnover

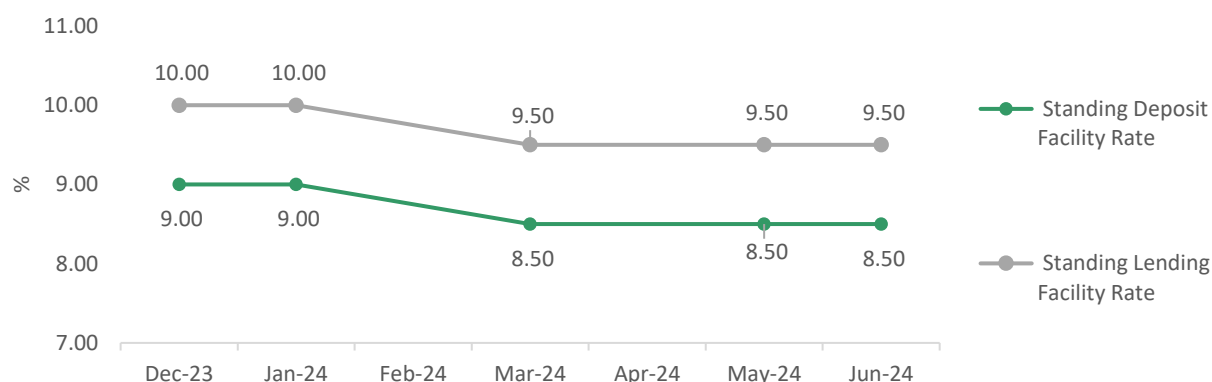


Source: Colombo Stock Exchange

During 1H2024, the Monetary Board of the Central Bank of Sri Lanka (CBSL) held 3 policy meetings. During the 1st Monetary Policy Review, the CBSL decided to maintain the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) at the same level of 9.00% and 10.00% respectively. However, during the 2nd Monetary Policy Review in March 2024, the CBSL decided to reduce the SDFR and SLFR by 50 bps to 8.50% and 9.50% respectively, while keeping the SRR unchanged at 2.00%, mainly to maintain inflation at the desired level of 5% or below and to enable economic growth to reach its potential. Following that, during the 3rd Monetary Policy Review in May 2024, policy rates were maintained at same levels.

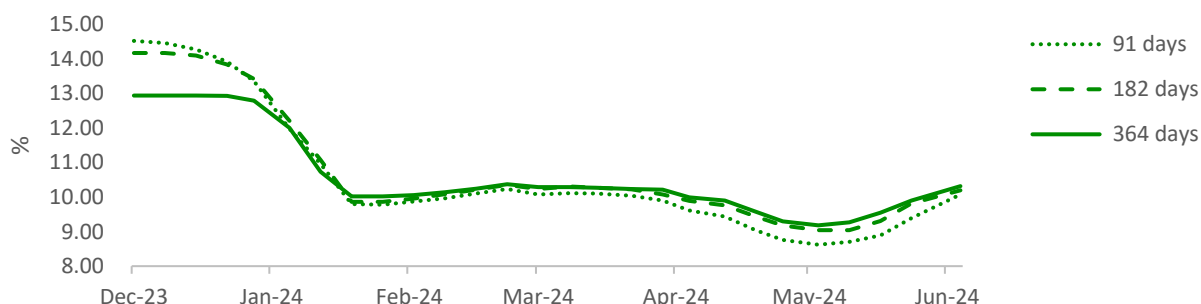
The period under review saw Treasury bill yields gradually easing. The benchmark 03, 06 and 12-month yields decreased from 14.51%, 14.16% and 12.93% respectively as at the end of December 2023 to 8.62%, 9.04% and 9.18% respectively as at the end of May 2024. Thereafter, the yields were seen moving up throughout the month of June 2024 and closed at 10.07%, 10.19% and 10.31% respectively as at 30 June 2024. During the 6 month period, the yield curve witnessed a correction and switched to a more upward sloping yield curve with the 3M and 6M yields dropping below 12M yield. Yields on long term government bonds too eased gradually, but remained volatile across the medium to long term maturities.

### Movement in Policy Rates<sup>1</sup>



Source: Central Bank of Sri Lanka

### Treasury Bill Rate Movement<sup>2</sup>

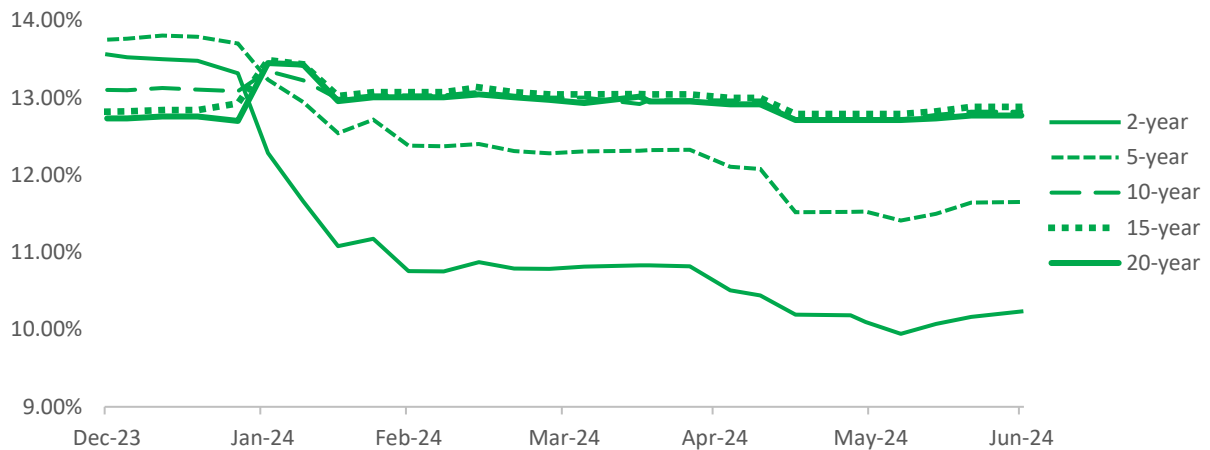


Source: Central Bank of Sri Lanka

<sup>1</sup> Central Bank of Sri Lanka, Monetary Policy Review

<sup>2</sup> Central Bank of Sri Lanka, Rates on Government Securities

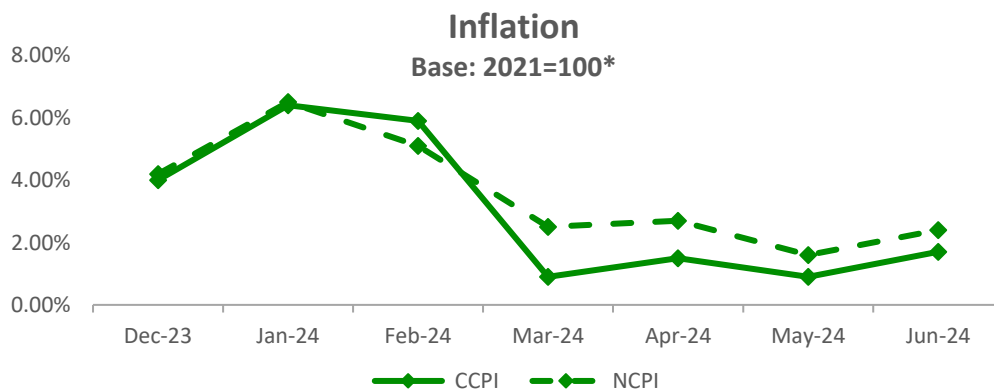
### Treasury Bond Rate Movement



Source: Central Bank of Sri Lanka

Inflation measured by the year-on-year change in the Colombo Consumer Price Index (CCPI) accelerated to 6.4% in Jan 2024 from 4.0% in Dec 2023, mainly due to tax adjustments implemented at the beginning of the month and weather-related disruptions to food supply. Similarly, inflation measured by the year-on-year change in the National Consumer Price Index (NCPI) too increased to 6.5% in Jan 2024 from 4.2% in Dec 2023. However, during subsequent months, inflation witnessed a decline and during March – June 2024 months, it remained well below the targeted of 5.0% level. 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.

### Movement in the CCPI and NCPI<sup>3</sup>

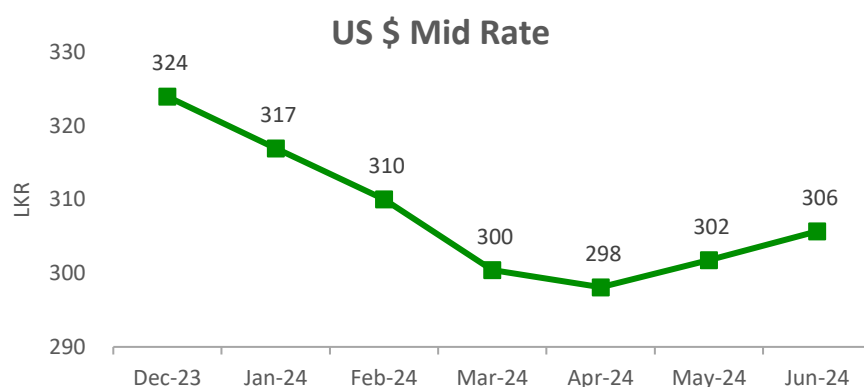


Source: Central Bank of Sri Lanka

The exchange rate experienced a gradual appreciation during Jan-Apr 2024, driven by several positive factors including increase in worker remittances, rise in tourism earnings and improvement in the country's Gross Official Reserves. However, the exchange rate recorded a slight depreciation during May-Jun 2024.

<sup>3</sup> Central Bank of Sri Lanka

## Movement in the USD/LKR Rate<sup>4</sup>



Source: Central Bank of Sri Lanka

## Fund Performance

During the period under review, Senfin Dividend Fund posted a return of 20.24% against the benchmark return of 18.13%.

### The Fund Performance as at 30<sup>th</sup> June 2024

	Six months to 30 June 2024	One Year to 30 June 2024	Since Inception (06 May 2021)	Since Inception (Annualized)
Senfin Dividend Fund	20.24%	36.45%	32.39%	9.30%
All Share Total Return Index (ASTRI)	18.13%	35.48%	79.08%	20.29%

Source: Senfin Asset Management (Pvt) Ltd & Colombo Stock Exchange

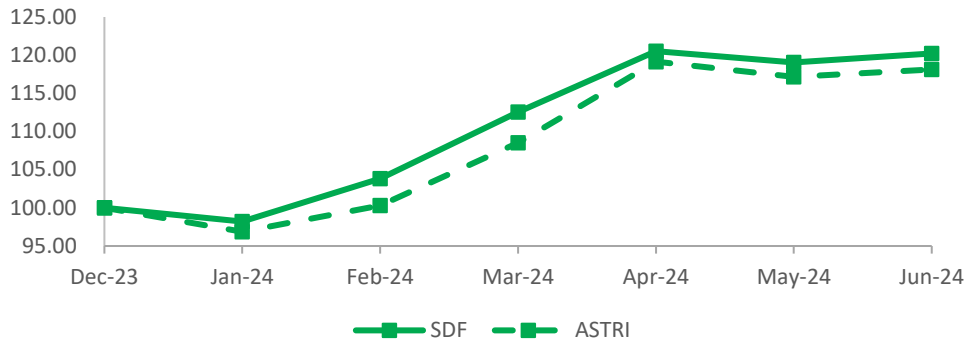
#### Note:

1. All returns in the table are non-annualized, except for the last column which shows the annualized return since inception.
2. Performance data is net of management fees and taxes.

## Fund performance Vs Benchmark

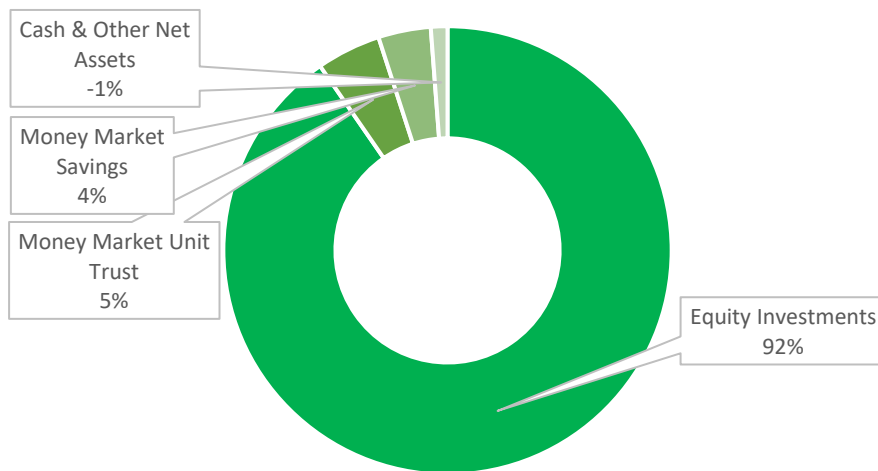
<sup>4</sup> Central Bank of Sri Lanka

### Fund vs ASTRI



Source: Senfin Asset Management (Pvt) Ltd & Colombo Stock Exchange

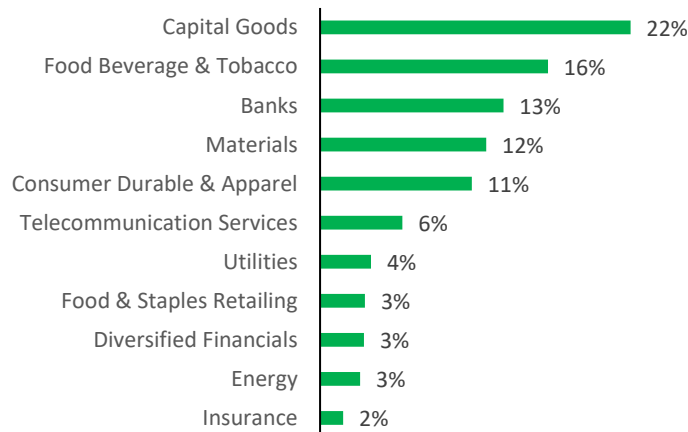
### Asset Allocation as a percentage of NAV as at 30<sup>th</sup> June 2024 (Net of payables)



Source: Senfin Asset Management (Pvt)Ltd

### Equity Holding by Sector as at 30<sup>th</sup> June 2024

The Net Asset Value (NAV) of the Fund was LKR 150.86 Mn as at 30<sup>th</sup> June 2024 while the equity portfolio was LKR 139.68 Mn accounting for 92.6% of NAV.



Source: Senfin Asset Management (Pvt)Ltd

Sri Lanka reached External Debt Restructuring (EDR) agreement by the end of the 1H2024 with the Official Creditor Committee and Export-Import Bank of China. The agreement resulted in a maturity extension, principal moratorium and a coupon reduction. We expect interest rates to bottom out in upcoming months and slightly increase closer to the end of CY2024. Considering largely improved macroeconomic fundamentals including positive developments in EDR front, we continue to remain bullish on equities in the medium term. We continue to analyze and invest in counters that are expected to perform well in the medium / long run, while remaining committed to the overall aim of dividend income and capital appreciation.

Sincerely,

**Investment Team**



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six month period ended 30 June 2024

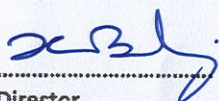
	Notes	6 month ended 30.06.2024 Rs.	6 month ended 30.06.2023 Rs.
<b>INVESTMENT INCOME</b>			
Interest Income	3	229,415	999,634
Dividend Income		6,143,036	2,950,986
Net Change in Unrealised (Depreciation) / Appreciation on Financial Assets Held at Fair Value Through Profit and Loss	4	17,724,102	6,755,339
Net Change in Realised Gains on Financial Assets Held at Fair Value Through Profit and Loss	5	3,088,681	1,470,186
<b>TOTAL INVESTMENT INCOME</b>		<b>27,185,234</b>	<b>12,176,145</b>
<b>OPERATING EXPENSES</b>			
Management Fees		(626,024)	(388,799)
Trustee and Custodian Fees		(270,627)	(232,091)
Audit Fees		(119,600)	(88,271)
Brokerage Expenses on Equity Transactions		(257,854)	(655,683)
Tax Consultation Fees		79,736	(41,746)
With Holding Tax Expense		(565,365)	(274,931)
Other Expenses		(4,070)	(8,689)
		<u>(1,763,804)</u>	<u>(1,690,210)</u>
<b>NET PROFIT BEFORE TAX</b>		<b>25,421,430</b>	<b>10,485,935</b>
Income Tax Expense	6	-	-
<b>NET PROFIT FOR THE PERIOD</b>		<b>25,421,430</b>	<b>10,485,935</b>
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>25,421,430</b>	<b>10,485,935</b>

## STATEMENT OF FINANCIAL POSITION

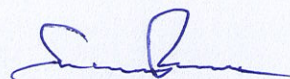
As at 30 June 2024

	Notes	As at 30.06.2024		As at 31.12.2023	
		Rs.	% NAV	Rs. (Audited)	% NAV
<b>ASSETS</b>					
Cash and Cash Equivalents	7	5,880,998	3.9%	5,154,088	4.1%
Financial Assets - Held at Fair Value Through Profit and Loss	8	146,851,917	97.3%	120,391,612	96.3%
Financial Assets - Loans and Receivables	9	-	0.0%	-	-
Other Receivable	10	270,897	0.2%	-	-
Income Tax Receivable		-	0.0%	-	-
		<u>153,003,812</u>	<u>101.4%</u>	<u>125,545,700</u>	<u>100.4%</u>
<b>LIABILITIES</b>					
Accrued Expenses	11	457,171	0.3%	466,375	0.4%
Total Liabilities		<u>2,145,875</u>	<u>1.4%</u>	<u>466,375</u>	<u>0.4%</u>
<b>NET ASSET</b>					
		<u>150,857,937</u>	<u>100.0%</u>	<u>125,079,325</u>	<u>100.0%</u>
<b>UNIT HOLDERS' FUNDS</b>					
Net Assets Attributable to Unit Holders	17	<u>150,857,937</u>		<u>125,079,325</u>	

Signed on behalf of the Management Company



Director  
Management Company



Director  
Management Company

30-09-2024

Date



## STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

for the six month period ended 30 June 2024

	6 month ended 30.06.2024 Rs.	6 month ended 30.06.2023 Rs.
<b>Unit Holders' Fund as at the Beginning of the Period</b>	125,079,327	75,936,717
Total Comprehensive Income for the Period	25,421,430	10,485,935
Received on Creation of Units	4,987,233	24,000,000
Paid on Redemption of Units	-	(71,779)
Net Decrease due to Unit holders' Transactions	4,987,233	23,928,221
Dividend paid	(4,630,053)	-
<b>Unit Holders' Fund as at the End of the Period</b>	<b>150,857,937</b>	<b>110,350,872</b>

## CASH FLOW STATEMENT

for the six month period ended 30 June 2024

	6 month ended 30.06.2024 Rs.	6 month ended 30.06.2023 Rs.
<b>Cash Flows from Operating Activities</b>		
Interest Received	(335,950)	724,703
Dividend Received	5,872,139	2,807,048
Placement fee Income	-	-
Management Fees and Trustee Fees Paid	(698,241)	(601,688)
Brokerage Paid on Equity Transactions	(257,854)	(655,683)
Audit Fees Paid	(164,057)	(142,450)
Professional fees Paid	(83,420)	-
Other Expenses Paid	(4,070)	(8,689)
Investment in Equity Shares	(9,339,235)	-
Investment in Units	(10,000,000)	-
Proceeds from Sale of Equity Shares	12,380,417	(40,312,256)
Proceeds from Sale of Units	3,000,002	18,504,146
<b>Net Cash Flow (Used in) / Generated from Operating Activities</b>	<b>369,730</b>	<b>(19,684,870)</b>
<b>Cash Flows from Financing Activities</b>		
Cash Received on Creation of Units	4,987,233	24,000,000
Cash Paid on Redemption of Units	-	(71,779)
Dividend Distribution	(4,630,053)	-
<b>Net Cash Generated from / (Used in) Financing Activities</b>	<b>357,180</b>	<b>23,928,221</b>
Net Increase / (Decrease) in Cash and Cash Equivalents	726,910	4,243,351
Cash and Cash Equivalents at the Beginning of the Period	5,154,088	4,909,962
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>5,880,998</b>	<b>9,153,313</b>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 June 2024

1. All figures for the six month period ended 30 June 2024 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 2023.

3. INTEREST INCOME	6 month ended 30.06.2024 Rs.	6 month ended 30.06.2023 Rs.
Interest on Bank Deposits	-	-
Interest on Treasury Securities	-	339,827
Placement Fees Income	-	-
Interest on Bank Money Market Bank account	229,415	659,807
	<u>229,415</u>	<u>999,634</u>

### 4. NET CHANGE IN UNREALISED (DEPRECIATION) / APPRECIATION ON FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

Unrealised (Depreciation) / Appreciation of Quoted Equity Securities	17,567,378	6,755,339
Unrealised appreciation of investment in Units	156,724	-
	<u>17,724,102</u>	<u>6,755,339</u>

### 5. NET CHANGE IN REALISED GAINS ON FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

#### Quoted Equity Securities

Proceeds on Sale of Quoted Equity Securities	12,380,417	18,504,146
Average Cost of Quoted Equity Securities Sold	(9,307,097)	(17,033,960)
	<u>3,073,320</u>	<u>1,470,186</u>

#### Investment in Units

Proceeds on Sale of Units	3,000,002	-
Average Cost of Units	(2,984,641)	-
	<u>15,362</u>	<u>-</u>

3,088,681

### 6. INCOME TAX

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.

### 7. CASH AND CASH EQUIVALENTS

	As at 30.06.2024 Rs.	As at 31.12.2023 Rs. (Audited)
HNB Money Market Account	5,855,998	5,129,088
HNB Current Account	25,000	25,000
	<u>5,880,998</u>	<u>5,154,088</u>

### 8. FINANCIAL ASSETS - HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

Quoted Equity Securities		
Cost of Purchases	116,400,242	33,850,769
Unrealised Appreciation of Quoted Equity Securities	23,279,591	(31,914,621)
Market Value as at End of the Period	<u>139,679,833</u>	<u>1,936,148</u>

#### Investment in Units

Cost of Purchases	7,015,359	-
Unrealised Appreciation of Quoted Equity Securities	156,724	-
Market Value as at End of the Period	<u>7,172,083</u>	<u>-</u>

146,851,917

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 June 2024

### 9. FINANCIAL ASSETS - LOANS AND RECEIVABLES

	As at 30.06.2024 Rs.	As at 31.12.2023 Rs. (Audited)
Investment in Treasury Securities	-	-
	<u>-</u>	<u>-</u>

### 10. OTHER RECEIVABLES

Dividend receivable	270,897	-
CDS Receivables	-	-
	<u>270,897</u>	<u>-</u>

### 11. ACCRUED EXPENSES

Fund Manager Fee Payable	226,686	79,849
Trustee Fee and Custodian Fee Payable	94,350	42,777
Audit Fee and Tax Consultation Fee Payable	136,136	131,999
CDS Payable	-	211,750
	<u>457,171</u>	<u>466,375</u>

### 12. Related party unit holding as at 30 June 2024 are as follows

Unit holder	Relationship	No. of units held	Value of the Unit held (Rs.)
E. W. Balasuriya and Company (Pvt) Ltd	Ultimate Parent Company of the Management Company	5,264,252.1	65,611,006.05
Senkadagala Finance PLC	Parent Company of the Management Company	242,008.8	3,016,276.68
Senfin Asset Management (Pvt) Ltd	Management Company	453,188.2	5,648,311.13
Mr. Sanath Bandaranayake	Director of Management Company	954.9	11,901.4
Mr. Surath Perera	Chief Investment Officer	526.4	6,560.79

Net Assets Value per unit is used to value the units held.

### 13. Units in issue as at 30 June 2024 is 11,978,460.6

### 14. There are no material contingencies existing as at the 30 June 2024 that require adjustments to, or disclosure in the Interim Report.

### 15. There have no material events occurring after the 30 June 2024 that require adjustments or disclosure in the Interim Report.

### 16. The Fund does not have significant Capital Commitments as at the 30 June 2024.

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

	As at 30.06.2024 Rs.	As at 31.12.2023 Rs. (Audited)
Net Asset Value (Net Assets Attributable to Unit Holders) as per the Financial Statements	150,857,937	125,079,325
Other Adjustments	-	-
Published Net Asset Value	<u>150,857,937</u>	<u>125,079,325</u>
Number of Units Outstanding	11,978,460.6	11,575,132.0
Published Net Asset Value per Unit	<u>12.59</u>	<u>10.81</u>

## MANAGEMENT COMPANY INFORMATION

### Managing Company (Registered Address)

Senfin Asset Management (Pvt) Ltd  
267, Galle Road,  
Colombo 03.  
Sri Lanka  
T: +94 11 230 1301  
F: +94 11 230 1937  
Web: [senfinassetmanagement.com](http://senfinassetmanagement.com)

### Managing Company (Correspondence Address)

Senfin Asset Management (Pvt) Ltd  
3<sup>rd</sup> Floor, No. 180,  
Bauddaloka Mawatha, Colombo 04.  
Sri Lanka  
T: +94 11 210 2000  
F: +94 11 230 1937  
Web: [senfinassetmanagement.com](http://senfinassetmanagement.com)  
Email: [sfam.info@senfin.com](mailto:sfam.info@senfin.com)

### Bankers

Commercial Bank PLC,  
No.285, Galle Road,  
Colombo 03  
Sri Lanka

### Auditors

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

### 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>

## FUND INFORMATION

<b>Registrar</b>	<b>Senfin Asset Management (Pvt) Ltd</b> <b>267, Galle Road,</b> <b>Colombo 03.</b> <b>Sri Lanka</b> <b>T: +94 11 230 1301</b> <b>F: +94 11 230 1937</b> <b>Web: senfinassetmanagement.com</b>
<b>Trustee and Custodian</b>	<b>Hatton National Bank PLC</b> <b>HNB Towers</b> <b>No 479, T B Jayah Mawatha</b> <b>P O Box 837</b> <b>Colombo 10</b> <b>Sri Lanka</b> <b>T: +94 11 2664664</b> <b>T: +94 11 4764764</b> <b>F: +94 11 2662832</b> <b>Web: www.hnb.lk</b>
<b>Auditors</b>	<b>Kreston MNS &amp; Co</b> <b>Chartered Accountants,</b> <b>Level 1 &amp; 2, Advantage Building,</b> <b>74A, Darmapala Mw,</b> <b>Colombo-07</b> <b>T: +94 11 232 3571</b> <b>F: +94 11 243 3388</b>
<b>Lawyers</b>	<b>Nithya Partners</b> <b>Attorneys-at-Law</b> <b>No. 97A, Galle Road</b> <b>Colombo 03</b> <b>T: +94 11 4712625</b> <b>F: +94 11 2335908</b> <b>Web: <a href="http://www.nithyapartners.com">http://www.nithyapartners.com</a></b>