

Annual Report

Senfin Dividend Fund

FY 2021

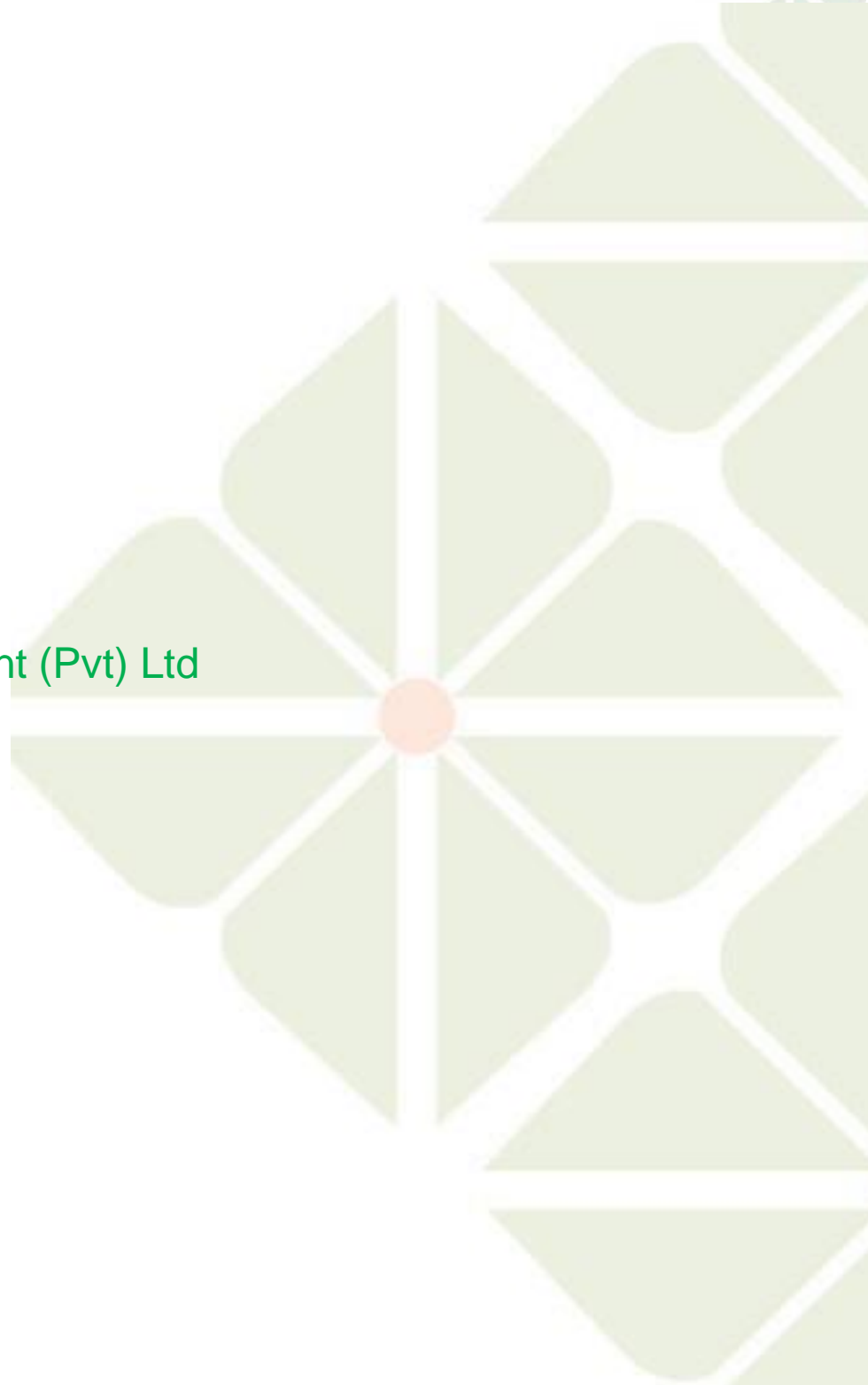


Senfin

Senfin Asset Management (Pvt) Ltd
A SUBSIDIARY OF SENKADAGALA FINANCE PLC

Trustee and Custodian
HNB Bank PLC

Fund Manager
Senfin Asset Management (Pvt) Ltd



Senfin Dividend Fund

is Licensed and Regulated by the Securities & Exchange
Commission of Sri Lanka

Contents

	Page No.
1. Profile of the Fund Management Company	4
2. Fund Manager's Report	10
3. Auditors' Report	14
4. Statement of Profit or Loss and Other Comprehensive Income	18
5. Statement of Financial Position	19
6. Statement of Movement in Unit Holders' Funds	20
7. Statement of Cash Flow	21
8. Notes to the Financial Statements	22
9. Declaration of Compliance by Trustee & Management Company	41
10. Management Company and Fund Information	42

Profile of the fund management company

The Company

Senfin Asset Management (Pvt) Ltd (SFAM) (formally Candor Asset Management (Pvt) Ltd) is a company incorporated in Sri Lanka and licensed by the Securities & Exchange Commission of Sri Lanka (SEC) to manage unit trust funds and third-party portfolios/private portfolios for institutional clients, private provident funds, insurance funds, and high net worth individuals. SFAM also provides advisory services to high net-worth clients. With the acquisition of Candor Asset Management (Pvt) Ltd by Senkadagala Finance PLC in March 2020, the latter's name was changed to Senfin Asset Management (Pvt) Ltd in August of the same year.

SFAM is an ICRA [SL] BBB+ rated company

Senkadagala Finance PLC commenced operations in the city of Kandy in 1968 and has steadily gained momentum to be one of the most trusted Non-banking Financial Institutions, with a staff strength of 797 employees and a network of 100 customer touch points across the Nation.

Board of Directors

Dr. Prathap Ramanujam - Chairman

Dr. Prathap Ramanujam is the Chairman of Pan Asia Power PLC and has extensive experience in the public sector. During the last 14 years in the Public Sector, he was the Permanent Secretary to several Ministries and was responsible for the establishment of the Secretariat for Infrastructure Development & Investments (SIDI), which was instrumental in initiating the first mini hydro project as a Public Private sector project as far back as 1993. Dr. Ramanujam has previously served on the Boards of several financial services institutions including the National Savings Bank, the State Mortgage and Investment Bank and Senkadagala Finance PLC. during his career.

He currently serves as director of Panasian Power PLC, Ceylon Grain Elevators PLC, Three Acre Farm PLC, Manelwela Hydro Power Pvt. Ltd, Padiyapelella Hydro Power Ltd.

Dr. Ramanujam has a First Class B.Sc. (Hons.) degree from the University of Peradeniya Sri Lanka, a M.Sc. degree in Economics from the University of Bristol, U.K and a Ph.D in Economics from the Australian National University , Canberra, Australia.

Mr. Ravindra Abeysuriya - Director

Mr. Ravindra Abeysuriya has over two decades of experience in top management positions in private equity investments, investment banking, credit rating and investment research outsourcing, and has a distinctive track record of establishing highly successful companies from inception in the financial sector in Sri Lanka. He was the Head - Strategic Business Development and Shared Services of Hayleys Group, Managing Director of Amba Research Lanka – a pioneer investment research outsourcing company, Managing Director/CEO of Fitch Ratings Lanka, the Island's first global credit rating agency, and the Head of Corporate Finance at JP Morgan. He was appointed twice as a commission member of the Securities and Exchange Commission of Sri Lanka and was a director of Sri Lanka Insurance, the Island's largest insurance company. He currently serves as director of Seylan Bank PLC, HNB Assurance PLC, Bio Foods (Private) Limited, Candor Equities Limited, Candor Shared Services (Private) Limited, CFA Society Sri Lanka, The Sri Lanka Institute of Directors and Straight Sale (Private) Limited.

Mr. Abeysuriya is a Fellow Member of the Chartered Institute of Management Accountants, UK, and a Chartered Financial Analyst and has an MBA from Monash University, Melbourne, Australia.



Mr. Sonal Balasuriya -Director

Mr. Sonal Balasuriya holds a First-Class B.Sc. (Hons) degree from the University of Westminster and a Distinction in MA. Architecture from the Bartlett School of Architecture, University College London. He is also a SLIA qualified Chartered Architect. He has gained 3 years of work experience in both the United Kingdom and Sri Lanka before starting his own practice Sonal Balasuriya Architects in 2016. He is the principal architect at Sonal Balasuriya Architects and Design Studio.

Mr. Tilak Collure - Director

Mr. Tilak Collure is a former public officer from the Sri Lanka Administrative Service Special Grade who has held a number of senior positions during 35 years in Government service mainly in the areas of trade, commerce, and logistics. He has served as the Secretary to the following Cabinet level Ministries: Ministry of Industry and Commerce, Ministry of Transport, Ministry of Shipping, Ports and Aviation. During his career, Mr. Collure has also headed several major public sector corporate institutions as their CEO/ Chairman. He has served as an Independent Non-Executive Director at Senkadagala Finance PLC.

Mr. Collure holds a BSc in Natural Sciences (Colombo) and a Master's in Public Administration with a Merit Award (PIM/University of Sri Jayewardenepura).

Mr. Sanath Divale Bandaranayake – Executive Director

Mr. Bandaranayake currently serves as an Executive Director / Additional CEO of Senkadagala Finance PLC.

Mr. Bandaranayake served at Commercial Bank of Ceylon PLC, the largest and the most awarded bank in Sri Lanka, for 36 years. He has served Commercial Bank in various capacities such as Branch Manager (Kandy, City Office), Chief Manager, Assistant General Manager and Deputy General Manager (Operations) and was a core member of the Management teams which led the Bank to important milestones such as introducing Banking Software to improve the bank's operations (which is very successfully used even today), Holiday Banking and Supermarket Banking. During his career at the Commercial Bank, he was appointed as Director at LankaClear and also served as Director of Commex Sri Lanka S R L (subsidiary of Commercial Bank based in Italy) and ONEzero Company Ltd., (subsidiary of Commercial Bank engaged in the business of Information Technology).

Mr. Bandaranayake holds a Bachelor's Degree in Physical Sciences from the University of Sri Lanka, Vidyodaya Campus.



Mr. Keshav Balasuriya – Director

Mr. Keshav Balasuriya is an Investment/Portfolio Manager at E.W. Balasuriya & Co (Pvt) Ltd., covering Listed Equities, Fixed Income and Real Estate asset classes since 2013. He is also a member of the Treasury Department at Senkadagala Finance PLC, since 2016 covering funding and proprietary investments of Senkadagala Finance PLC which has been operating over 50 years.

Mr. Keshav Balasuriya has been instrumental in initiating and acquiring Candor Asset Management (Pvt) Ltd from Eagle Proprietary Investment Limited in 2020. He also serves as a member of the Investment Committee of Senfin Asset Management (Pvt) Ltd.

Mr. Keshav Balasuriya holds an MSc (Hons) degree in Computer Science from the University of Bristol and a Master of Finance (MFin) from the University of Cambridge.

Key Personnel

Ms. Ineka Dunuwille – Chief Executive Officer

Ms. Dunuwille is the Chief Executive Officer of Senfin Asset Management (Pvt) Ltd and has been with the company since 2010. She also functions as a Fund Manager at SFAM and has been in the asset management industry for a period of 15 years. Prior to joining the Company, she was an analyst at National Asset Management Limited (NAMAL), during which time she was the fund manager for three of NAMAL's unit trust funds – a growth fund, an income fund and a gilt-edge fund. Her other work experience includes an analyst's position at Ceylinco Stockbrokers (Pvt) Limited and as a Branch Manager at Nations Trust Bank. Ms. Dunuwille has a Master of Business Administration from the University of Wales and a BSc in Finance from the University of Wisconsin, USA. She has 20 years' experience in the local financial services industry.

Mr. Murugiah Rajendran – Head of Compliance

Mr. Rajendran started banking career with Commercial Bank of Ceylon Ltd, the largest and most awarded bank in SL and served the bank for 16 years mainly in Corporate Banking. He then moved to overseas and worked as Marketing Manager, National Bank of Oman, Abu Dhabi (for 2 years), Director, Standard Chartered Bank, Dubai (12 years) and Vice President Mashreq bank plc, Dubai (11 years). He has in total 41 years of experience in banking. He has acquired a skill sets in Risk Management (including Credit Approval, Credit Monitoring, Remedial Management etc.), Client Coverage, Operational Risk Management, Business Compliance Management and Internal Audit. He had completed 14 modules of 'The Credit Skills Component' of the Standard Chartered Bank Credit Programme conducted by the external agency and designated a 'Credit Professional'. Mr. Rajendran is an Associate Member of the Chartered Institute of Management Accountants – UK (ACMA), Chartered Global Management Accountant (CGMA) and an Associate Member in the Institute of Bankers, Sri Lanka (AIB).

Ms. Monica Wanigasekara - Fund Manager

Ms. Wanigasekara has a Bachelor of Commerce (Special) (Hons) Degree and a Post Graduate Diploma in Applied Finance from the University of Sri Jayewardenepura, Sri Lanka. She is also a Certified Business Accountant of the Institute of Chartered Accountants of Sri Lanka. She has been employed in the Company from 2011. Prior to joining the SFAM, she was employed at Employees' Provident Fund, the largest Social Security Scheme in Sri Lanka with total assets of Rs. 772 billion at end 2009 as a fund manager for eight years. Prior to this period, she was employed at Jayasinghe & Co, Chartered Accountants. She has 21 years' experience in the local accounting and finance industries of which 18 years are in fund management.



Mr. Surath Perera – Fund Manager

Mr. Surath Perera is a Senior Fund Manager who has been in the unit trust industry for over nine (9) years, of which, more than six (6) years has been as a Fund Manager. His previous employment was with Comtrust Asset Management (Pvt) Ltd., which is one of the oldest Unit Trust Management and Investment Management Companies in the country. During his term as Fund Manager at Comtrust Asset Management (Pvt) Ltd, he has been managing both equity and fixed income unit trust funds as well as discretionary/private portfolios.

Mr. Perera has a Second-Class Upper Business Administration (Hons) degree specializing in Accounting from the University of Colombo, Sri Lanka, and is also an Associate Member (ACMA) of the Chartered Institute of Management Accountants (CIMA-UK) and a Chartered Global Management Accountant (CGMA). He also has a Dip.M (CIM) from the Chartered Institute of Marketing (CIM- UK) and has completed the Level 1 of the Chartered Financial Analysts (CFA) exam.

Ms. Dulmini Ponnampereuma - Finance Manager

Ms. Dulmini Ponnampereuma is an associate member of the Institute of Chartered Accountants of Sri Lanka and has a BSc Degree in Accountancy and Financial Management (Special) (Hons) from the University of Sri Jayewardenepura, Sri Lanka. She joined the Company in September 2011, prior to which she was employed at National Asset Management Limited (NAMAL) as a Compliance Officer and Fund Accountant. Ms. Ponnampereuma has over five years cumulative Accounting and Auditing experience at Ernst & Young Sri Lanka and PricewaterhouseCoopers, Botswana. She has also worked as an Accountant for the Colombo Stock Exchange.

Mr. Ravinath Weerakoon – Fund Manager

Mr. Weerakoon accounts for fifteen (15) years in the wealth management industry ranging from equity & fixed income trading to portfolio management. His previous employment was with NDB Wealth Management Ltd., which is one of the largest private asset management companies in the island. He has over ten (10) years of experience in portfolio management and during his tenure at NDB Wealth Management, he has been managing both fixed income and equity portfolios of private provident funds, societies as well as other discretionary private portfolios ranging from corporates to high-net-worth individuals. Mr. Weerakoon is passed finalist of the Chartered Institute of Management Accountants (CIMA-UK).

Ms. Methmila Pelawatta- Assistant Registrar

Ms. Methmila Pelawatta has a Bachelor of Science (Honours) degree in Business Management from the University of Northumbria United Kingdom, and a Graduate Diploma in Business Management from the Business Management School Sri Lanka. She has also completed the Diploma in Business Management from London Tech, City Campus.

She has been employed by Senfin Asset Management from August 2021. Prior to joining as the Assistant Registrar at SFAM, she was employed at NDB Wealth Management (Pvt) Ltd as a Junior Management Associate in the registry department. She has also worked as an intern at Hatton National Bank PLC, Aluthkade Branch.

Investment Committee

SFAM's investment philosophy is based on fundamental research, long-term focus and strong price discipline. The principle of intelligent investing, through quality decisions based on thorough research and knowledge means that the investment approach is simple and based on understanding fundamentals. SFAM also utilizes the expertise of the investment committee to make industry and entity investment decisions. The Investment Committee consists of experts in the field of asset management and includes the following external members:

Mr. Alastair Corera, CFA

Mr. Alastair Corera is an Executive Director of Orion Fund Management (Pvt) Ltd., a position he has held since 2006. Previously, he was at Fitch Ratings Lanka Ltd. where he headed the Financial Institutions team and was its Country Head from 2004 to 2006. Prior to that he was General Manager at Forbes ABN AMRO Securities (Pvt) Ltd. Mr. Corera is a Chartered Financial Analyst, USA and a Fellow of the Chartered Institute of Management Accountants, UK. He is the chairman of Citizens Development Business Finance PLC.

Mr. Mahendra Jayasekera

Mr. Mahendra Jayasekera is the Managing Director of Lanka Walltiles PLC, Lanka Tiles PLC, Swisstek (Ceylon) PLC, Lanka Ceramic PLC and Swisstek Aluminium Limited. He is also a Director of Uni Dil Packaging Limited and Uni Dil Packaging Solutions Limited. Mr. Jayasekera holds a BSc Special (Hons) degree in Business Administration from the University of Sri Jayawardenapura and is a Fellow of the Institute of Chartered Accountants of Sri Lanka.

Mr. Keshav Balasuriya

see profile above

Risk Management Committee

1. Mr. Sanath Divale Bandaranayake – Chairman of the Risk Management Committee
2. Mr. Murugiah Rajendran
3. Mr. Keshav Balasuriya
4. Ms. Ineka Dunuwille

FUND MANAGER'S REPORT

Dear Investor,

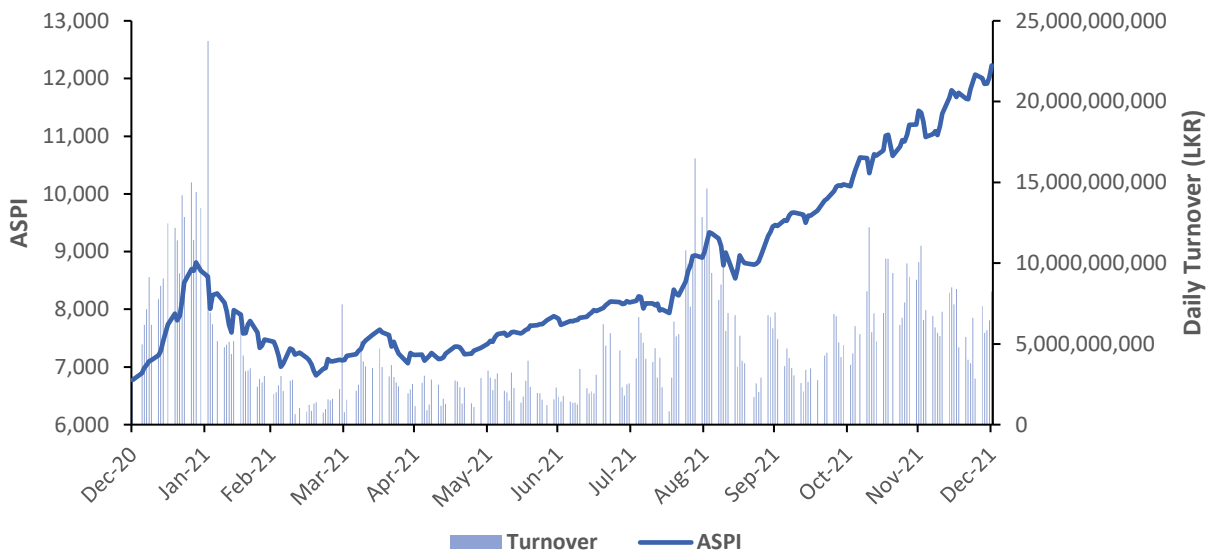
The Senfin Dividend Fund was launched on 6th May 2021 with the objective of generating income by way of dividends and capital gains. We are pleased to present the Periodic Report of the Senfin Dividend Fund for the period starting from 6th May 2021 to 31st December 2021.

Subsequent to year 2020 being negatively impacted by the Covid-19 Pandemic, year 2021 was largely seen as a year of recovery in economic activities. Despite two Covid waves during 2021, routine economic activities witnessed a gradual upward momentum, with the country getting back to normalcy.

During the subject period, the Colombo Stock Exchange's (CSE) indices recorded significant gains with the All Share Price Index (ASPI) gaining 70.1% and S&P SL20 Index gaining 49.1% while the All Share Total Return Index (ASTRI) gained 70.3%. The market was mainly driven by local retail participation on the back of low interest rate environment during early part of the subject period and as a way of beating inflation amidst negative real interest rates during the part of the subject period. In addition, positive sentiment was witnessed throughout the year due to Year on Year growth in corporate earnings of listed companies. Foreign investors continued to be net sellers with a net foreign outflow of LKR 30.1 Bn for the period between 6th May 2021 to 31 Dec 2021. The total market turnover was LKR 789.2 Bn and the average daily turnover was LKR 4.9 Bn during the same period.

With the aforementioned growth, market capitalization of the CSE increased to LKR 5,489 Bn as at 31st Dec 2021 in comparison to LKR 3,170.3 Bn as at 6th May 2021. The Price Earnings Ratio of the CSE slightly dipped to 13.63x from 14.52x during the same period, largely due to the accelerated earnings growth of listed corporates.

ASPI Performance and Turnover

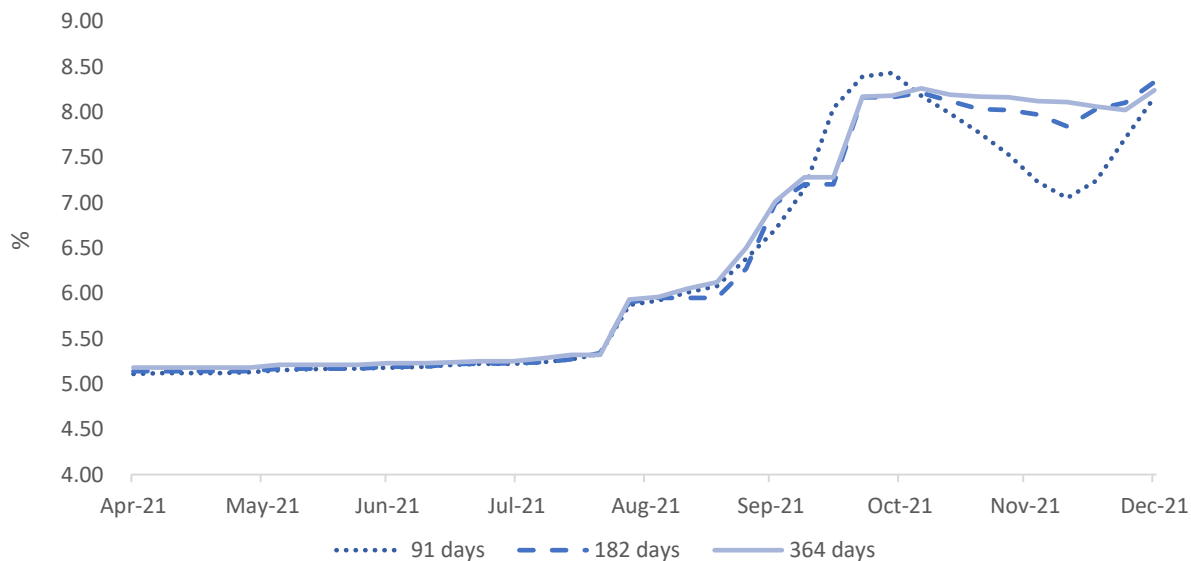


Source: Colombo Stock Exchange

During 1H2021, the Monetary board of the Central Bank of Sri Lanka (CBSL) continued a loose monetary policy by maintaining Standard Deposit Facility Rate (SDFR) and Standard Lending Facility Rate (SLFR) as low as 4.5% and 5.5% respectively in order to boost economic activity amidst the spread of the Covid-19 Pandemic. However, during the August 2021 Monetary Policy Review, the rates were increased by 50 bps each while the Statutory Reserve Ratio too was increased to 4.0% from 2.0%. Rates were maintained at these levels in the two subsequent Monetary Policy Reviews.

Treasury bill rates witnessed a significant increase following the Policy Rate increase in August 2021.

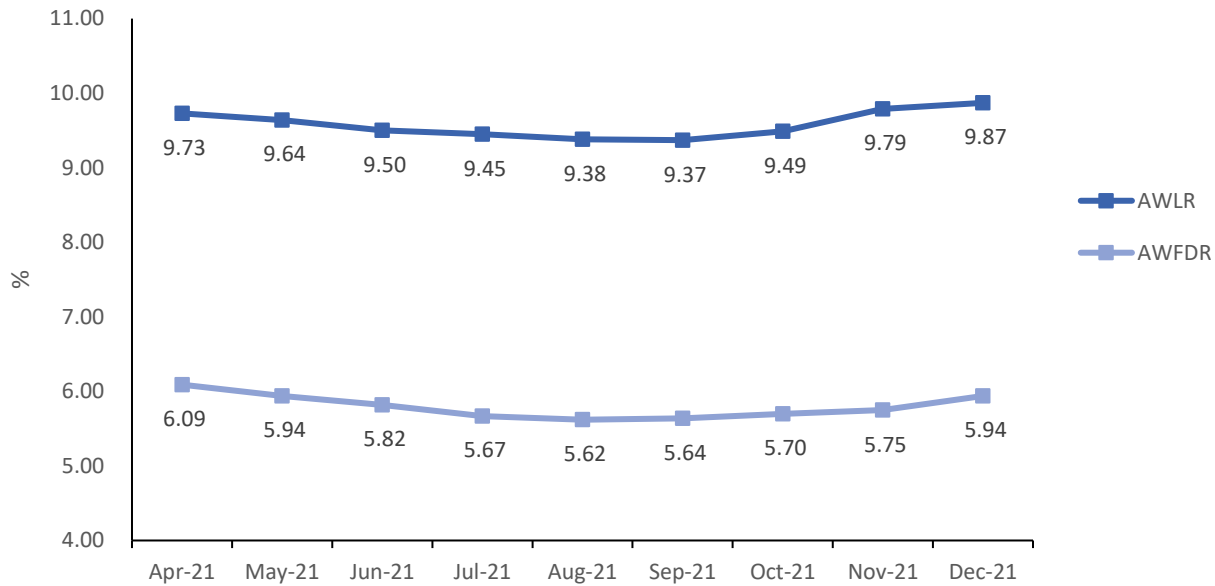
Treasury Bill Rate Movement during Apr-Dec 2021



Source: Central Bank of Sri Lanka



Movement of Average Weighted Fixed Deposit Rate (AWFDR) and Average Weighted Lending Rates (AWLR) of Commercial Banks (% p.a.) at month-end



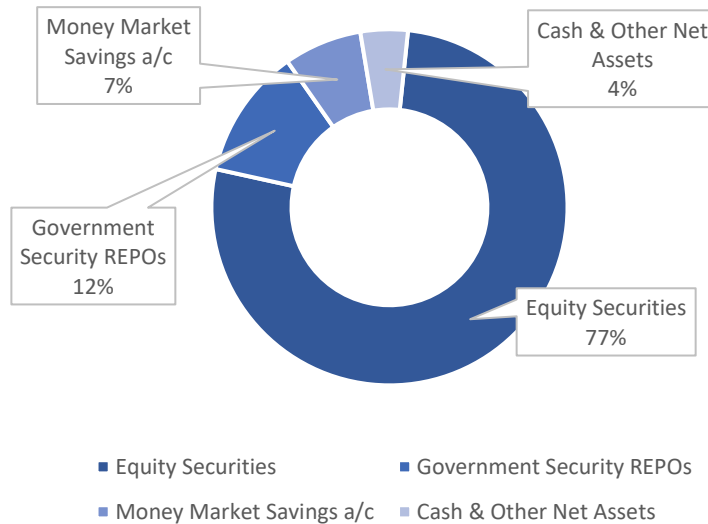
Source: Central Bank of Sri Lanka

Fund Performance

	Three Months Performance to 31 Dec 2021	Six Months Performance to 31 Dec 2021	Performance since Fund Inception 06 May 2021
Senfin Dividend Fund	7.88%	9.31%	11.33%
All Share Total Return Index (ASTRI)	29.38%	56.17%	70.32%

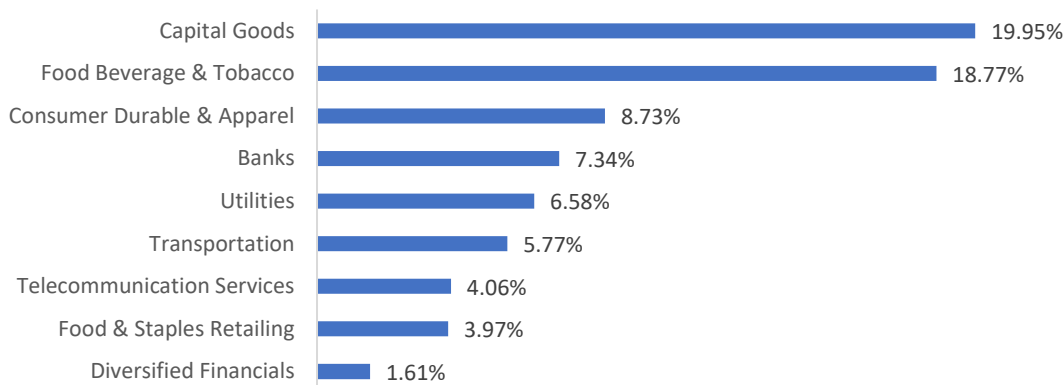
Source: Senfin Asset Management (Pvt) Ltd

Asset Allocation as a percentage of Net Asset Value as at 31st Dec 2021



Source: Senfin Asset Management (Pvt) Ltd

Equity Holding by Sector as at 31 Dec 2021 (as a percentage of Net Asset Value)



Source: Senfin Asset Management (Pvt) Ltd

In 2022E, we anticipate the equity market to face a challenging period following the initial positivity during 1Q2022E on the back of strong December quarter earnings and active retail participation seeking returns above inflation. Possible Monetary Policy tightening measures by CBSL would give rise to increased interest rates; as a result, if interest rates adjust to give positive real returns, some funds in the equity market may shift towards fixed income. Furthermore, possible Year on Year decline in corporate earnings driven by supply side shocks, margin pressures, declining purchasing power due to high inflationary environment and macro-economic concerns such as LKR depreciation and foreign debt repayment may have a negative impact on the equity market in 2022. Therefore, taking into account aforementioned challenges, the Fund will remain invested in defensive shares and in undervalued counters with long term growth potential.

Investment Team



Kreston MNS & Co
Chartered Accountants
Level 1 & 2, Advantage Building
74A, Dharmapala Mawatha
Colombo 07

Knowing you.

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INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF SENFIN DIVIDEND FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **SENFIN DIVIDEND FUND** (the Fund) which comprise the Statement of Financial Position as at 31st December 2021, and the Statement of Comprehensive Income, Statement of Movement in unit holders Fund and Statement of Cash Flows for the period from 7th May 2021 to 31st December 2021, and notes to the Financial Statements, including a summary of significant accounting policies exhibited on pages 3 to 24.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Fund as at 31st December 2021, and of its financial performance and its cash flows for the period from 7th May 2021 to 31st December 2021 in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements of the Code of Ethics issued by Chartered Accountants of Sri Lanka that are relevant to our audit of the Financial Statements and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.



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Partners

S Rajanathan FCA, FCMA (UK) | N K Atukorala FCA, ACMA | Ms. H D S C A Tillekeratne FCA, ACMA | K I Skandadasan B.Sc. (Madras), FCA, ACMA
R L R Balasingham FCA, ACMA | N K G V Bandara B.Sc.(Acc) Sp, ACA, ACMA

Branches

Anuradhapura, Badulla, Batticaloa, Hatton, Jaffna, Kandy, Negombo, Nuwara Eliya, Trincomalee

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an Audit in accordance with Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the Audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Financial Statements are prepared and presented in accordance with and comply with the requirements of the Unit Trust Deed and Unit Trust Code of Securities and Exchange Commission of Sri Lanka.

Kreston MNS & CO
CHARTERED ACCOUNTANTS
COLOMBO
24TH FEBRUARY 2022
SR/ST/bn
SR-Senfin Dividend Fund(2021)-C8





SENFIN DIVIDEND FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD

		From 07.05.2021 to 31.12.2021 Rs.
	Note	
Investment Income		
Dividend Income	9.1	1,442,402
Interest Income	9.2	372,276
Realised Gains / (Losses) on financial assets held at fair value through profit or loss	10.1	1,355,816
Unrealised (Loss) / Gain on financial assets held at fair value through profit or loss	10.2	4,840,981
Total Investment Income		<u>8,011,475</u>
Less : Expenses		
Management Fees		297,410
Trustee Fees		64,240
Custody Fees		169,721
Audit Fees		113,401
Professional Fee		54,002
Brokerage Fee		799,587
Other Expenses		3,309
		<u>1,501,670</u>
Net Profit / (Loss) Before Tax	11	<u>6,509,805</u>
Less : Income Tax Expense	12	-
Net Profit / (Loss) after Tax for the period		<u>6,509,805</u>
Other Comprehensive Income		-
Total Comprehensive Income for the period		<u><u>6,509,805</u></u>
Increase / (Decrease) in Net Assets Attributable to Unit Holders		6,509,805

The Accounting Policies and the Notes on Pages 7 to 24 form an integral part of these Financial Statements.



SENFIN DIVIDEND FUND

STATEMENT OF FINANCIAL POSITION AS AT

31.12.2021
Rs.

	Note	
ASSETS		
Cash & Cash Equivalents	4	6,040,557 ✓
Financial Assets		
- Fair Value through Profit or Loss	5	64,935,420 ✓
- Debt Instruments at Amortized Cost	6	10,007,123 ✓
Other Receivables	7	3,834,898 ✓
TOTAL ASSETS		84,817,998
UNIT HOLDERS' FUNDS & LIABILITIES		
LIABILITIES		
Accrued & Other Payables	8	250,695
Total Liabilities (Excluding net assets attributable to Unit Holders)		250,695
UNIT HOLDERS FUNDS		
Net Assets Attributable to Unit holders		84,567,303 ✓
		84,817,998

The Accounting Policies and the Notes on Pages 7 to 24 form an integral part of these Financial Statements.

The Fund Management Company and the Trustee are responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka Accounting Standards. These Financial Statements were approved by the Management Company, and adopted by the Trustee.


Director
Management Company


Director
Management Company


Trustee


24th February 2022





SENFIN DIVIDEND FUND

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

FOR THE PERIOD ENDED 31.12.2021

	Rs.
Received on Creation of Units	78,067,500
Paid on Redemption of Units	(10,002)
Increase / (Decrease) in net assets attributable to Unit Holders during the period	6,509,805
Net Increase / (Decrease) due to Unitholders' Transactions	84,567,303
Income Distribution for the year	-
Unit Holders Funds as at 31.12.2021	84,567,303

The Accounting Policies and the Notes on Pages 7 to 24 form an integral part of these Financial Statements.





SENFIN DIVIDEND FUND

STATEMENT OF CASH FLOW

FOR THE PERIOD

		From 07.05.2021 to 31.12.2021 Rs.
	Note	
Cash Flow from Operating Activities		
Dividend Received	9.1	1,442,402
Interest Received	9.2	365,153
Net investment from treasury bill repurchase agreements	6	(10,000,000)
Proceeds from sale of quoted equity securities		2,707,983
Payments on purchase of quoted equity securities		(65,281,504)
Operating expenses paid		(1,250,975)
Net Cash Generated from / (used in) Operating Activities		<u>(72,016,941)</u>
Cash Flows from Financing Activities		
Cash received on Creation of Units		78,067,500
Cash paid on redemption of units		(10,002)
Net Cash Generated from / (used in) Financing Activities		<u>78,057,498</u>
Net Increase / (Decrease) in Cash & Cash Equivalents		<u>6,040,557</u>
Cash and Cash Equivalents at the beginning of the period		<u>-</u>
Cash and Cash Equivalents at the end of the period	4	<u><u>6,040,557</u></u>
Analysis of Cash and Cash Equivalents at the end of the period		
Cash & Bank Balances		<u><u>6,040,557</u></u>

The Accounting Policies and the Notes on Pages 7 to 24 form an integral part of these Financial Statements.





**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 1 - CORPORATE INFORMATION**NOTE 1.1 - GENERAL INFORMATION**

SENFIN DIVIDEND FUND is an open-ended unit trust fund approved by the Securities and Exchange Commission of Sri Lanka. The Fund was launched on 07th May 2021.

The Fund is managed by Senfin Asset Management (Pvt) Ltd, which is incorporated and domiciled in Sri Lanka. The registered office of the Management Company is located at No.267, Galle Road, Colombo 03. The Trustee of the fund is Hatton National Bank PLC from 25.03.2021 having its registered office at No 479, T.B. Jayah Mawatha, Colombo 10.

The investment objective of the Fund is to achieve current income whilst providing an opportunity for capital appreciation by investing in a well-diversified portfolio of equity securities listed on the Colombo Stock Exchange.

NOTE 1.2 – DATE OF AUTHORIZATION FOR ISSUE

The financial statements of the fund for the period from 07th May 2021 to 31st December 2021 were authorized for issue by the fund management company and the trustee on 24th February 2022.

NOTE 2 - GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH SRI LANKA ACCOUNTING STANDARD

The Financial Statements of the Fund for the period from 07th May 2021 to 31st December 2021 have been prepared in accordance with the Sri Lanka Accounting Standards (LKAS & SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka and the requirement of the Trust deed and Unit Trust code of the Securities and Exchange Commission of Sri Lanka. They are presented in Sri Lankan Rupees (Rs), which is also the functional currency of the Fund.

NOTE 3 - SUMMARY OF ACCOUNTING POLICIES**NOTE 3.1 - OVERALL CONSIDERATIONS**

The significant accounting policies that have been used in the preparation of these Financial Statements are summarised below.





**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3.2 - BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards under the historical cost convention except for following financial statement line item.

Financial Assets at fair value through profit & loss, which are measured at fair value.

The statement of financial position is presented on a liquidity basis and assets and liabilities are presented in decreasing order of liquidity and are not distinguished between the current and non-current.

NOTE 3.3 - REVENUE RECOGNITION**(a) Interest Income**

Interest income for all interest-bearing financial instruments is recognised within interest income in the statement of comprehensive income using the effective interest method.

The effective interest rate method is the method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(b) Dividend Income

Dividend income is recognised at the time the right to receive payment is established.

(c) Realised gains/(losses) on financial assets at FVTPL

Net gains on sale of trading securities are accounted for on the date of sale by deducting the carrying value of the securities from the sale proceeds.

(d) Unrealised gains/(losses) on financial assets at FVTPL

Unrealised gains/(losses) on financial assets at FVTPL includes all gains and losses that arise from changes in fair value of the financial assets at FVTPL as at the reporting date.





**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3.4 - FINANCIAL INSTRUMENTS - INITIAL RECOGNITION, CLASSIFICATION, SUBSEQUENT MEASUREMENT AND DERECOGNITION

NOTE 3.4.1 – RECOGNITION AND INITIAL MEASUREMENT OF FINANCIAL ASSETS

Debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the fund becomes a party to the contractual provisions of the instrument.

Except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from this amount.

NOTE 3.4.2 – CLASSIFICATION

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes derivative financial assets if any.

NOTE 3.4.3 – SUBSEQUENT MEASUREMENT AND GAINS OR LOSSES

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL These assets are subsequently measured at their fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Net change in unrealised gains/losses on equity investments includes the accumulated gains/losses on realised equity investments, since the realised gain/losses are computed on the difference between weighted average cost of purchase and the selling price.





**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3.4 - FINANCIAL INSTRUMENTS - INITIAL RECOGNITION, CLASSIFICATION, SUBSEQUENT MEASUREMENT AND DERECOGNITION (CONTD.)

NOTE 3.4.4 – DERECOGNITION

The fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The fund enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

NOTE 3.4.5 - RECOGNITION AND INITIAL MEASUREMENT OF FINANCIAL LIABILITIES

Financial Liabilities are measured initially at fair value and recognized on the trade date at which the Fund becomes a party to the contractual provisions of the instrument.

Accrued Expenses

Payables are initially recognised at fair value, which is the fair value of the consideration to be paid in the future for service received, whether or not billed to the fund, and subsequently at amortised cost.

NOTE 3.4.6 – CLASSIFICATION AND SUBSEQUENT MEASUREMENT

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities include accrued expenses and other payables.

NOTE 3.4.7 – DERECOGNITION

The fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.





**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3.4 - FINANCIAL INSTRUMENTS - INITIAL RECOGNITION, CLASSIFICATION, SUBSEQUENT MEASUREMENT AND DERECOGNITION (CONTD.)

NOTE 3.4.8 – OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTE 3.4.9 – IMPAIRMENT

The fund derecognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The fund measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the fund is exposed to credit risk.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

WRITE OFFS

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery).

NOTE 3.5 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash at bank.

The cash flow statement has been prepared using the direct method.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.





**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3.6 - PROVISIONS

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

NOTE 3.7 - INCOME TAX

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of Inland Revenue Act.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The Fund is not liable to pay income tax as at the reporting date in accordance with Chapter V Division III of the Inland Revenue Act No. 24 of 2017. The fund's income generated through eligible investment business are treated as "pass through vehicles" under the provisions of Inland Revenue Act No. 24 of 2017.

NOTE 3.8 - EXPENSES

The management, trustee and custodian fees of the fund as per the trust deed are as follows,

Management Fees	-	0.75 % p.a of Net Asset Value of the fund
Trustee Fees	-	0.15% p.a of Net Asset Value of the fund
Custodian Fees	-	Flat fee of Rs. 20,000/- per Month

NOTE 3.9 - UNIT HOLDERS' FUNDS

Unit holders' funds has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to Unit holders as at the reporting date.

Units can be issued and redeemed based on the fund's net asset value per unit, calculated by dividing the net assets of the fund calculated in accordance with the Trust Deed valuation guidelines adopted by the Unit Trust Association of Sri Lanka and directives issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue. Income not distributed is included in net assets attributable to unit holders.

NOTE 3.10 - DISTRIBUTIONS

In accordance with the trust deed, the fund distributes income, to unit holders by cash or reinvestment in units. The distributions are recorded in the statement of movement in unit holders' funds.





**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3.11 - SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgments

The following are significant management judgments when applying the accounting policies of the Fund that have the most significant effect on the financial statements.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

NOTE 3.12 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial Instruments:

The Fund's principal financial assets comprise investments in Quoted Equity Securities, Government securities repurchase agreements and cash at bank. The main purpose of these financial instruments is to generate a return on the investment made by Unit holders. The Fund's Net Asset Value comprises amounts attributable to Unit holders, which are the amounts owed to Unit holders of the Fund. The Fund also has other financial instruments such as, accrued expenses and other payables which arise directly from its operations.

In accordance with SLFRS 9 Financial Instruments: Recognition and Measurement, the Fund's investments in Quoted Equity Securities and Government securities repurchase agreements are classified as 'Financial Assets at Fair Value through Profit or Loss' and 'Debt Instrument at Amortised Cost' respectively. Accrued expenses and other payables are designated as 'other financial liabilities' at amortized cost.

b) Financial risk management objectives, policies and processes:

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Fund is exposed to various risk, including credit risk, market risk, interest rate risk and liquidity risk.

Financial instruments of the Fund comprise investments in quoted equity securities and short term fixed income securities for the purpose of generating a return on the investment made by Unit holders, in addition to cash at bank, and other financial instruments such as receivables and payables, which arise directly from its operations.





**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3.12 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD.)

The Manager is responsible for identifying and controlling the risk that arise from these financial instruments. The Manager agrees policies for managing each of the risks identified below.

The risks are measured using a method that reflects the expected impact on the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

The Manager also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties by the Manager on a regular basis as deemed appropriate, including the Fund Manager, other key management, Risk and Investment Committees, and ultimately the Trustees of the Fund.

Concentration of risk arises when a number of financial instruments or contracts are entered in to with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions.

The SENFIN DIVIDEND FUND bears certain risks that are normally associated with making investments in securities. The value of the Units of this Fund and the income accruing to the Fund rise and fall based on the interest rate in the market. Unlike bank savings and fixed deposits, there can be no assurance or guarantee of fixed returns in relation to investments made in Units.

The Fund's ability to achieve its investment objectives is substantially dependent on the overall performance of the economy and environmental factors. The Fund is also subject to various degrees of regulatory, fiscal, liquidity, inflation, interest rate and re-investment risks.

i) Interest Rate Risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis. However, due to the short-term nature of the instruments of repurchase agreements and fixed deposits it is reasonably expected that the fluctuation in interest rate will not materially impact the net assets value of the fund.





**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3.12 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD.)

The table below summarises the fund's exposure to interest rate risks.

31 December 2021	Floating interest rate Rs.	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
Financial assets				
Cash and cash equivalents	-	6,035,557	5,000	6,040,557
Financial asset held at fair value through profit or loss	-	-	64,935,420	64,935,420
Financial asset at amortised cost	-	10,007,123	-	10,007,123
Other receivables	-	-	3,834,898	3,834,898
Total exposure	-	16,042,680	68,775,318	84,817,998

ii) Credit Risk:

Credit risk is the risk that the counterparty to the financial instruments will fail to discharge an obligation and cause the fund to incur a financial loss of interest and/or principal.

The fund's exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the carrying amount of financial assets as at the reporting date. It is the fund's policy to enter into contracts with reputable counterparties.

2021 Counterparty	Credit rating	Rating agency
Hatton National Bank PLC	AA-	Fitch
Union Bank of Colombo PLC	BBB	ICRA

The fund is also subject to credit risk on its bank balance and bank money market balances. The credit risk exposure on these instruments is not deemed to be significant.

iii) Market risk

Market risk represents the risk that the value of the Fund's investments portfolios will fluctuate as a result of changes in market prices.

This risk is managed by ensuring that all investment activities are undertaken in accordance with established mandate limits and investments strategies.

Within the underlying investment portfolio, diversification is achieved by investing across a range of investment sectors. Within each sector, the Fund manager invests in a variety of stocks.



**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3.12 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD.)

iv) Price risk

Price risk is the risk that the fair values of the Fund's investment in trading securities will fluctuate as a result of changes in the price of the Fund's investments in trading securities. Price risk exposure arises from the Fund's investment portfolios.

The table below shows the impact on the statement of Comprehensive Income and Statement of Financial Position due to a reasonably possible change in the price of the Fund's investment in trading equity securities in Note 5, with all other variables held constant:

	31 December 2021	
	Increases/ (decreases) on profit before tax	Increases/ (decreases) on amounts attributable to unit holders
	Rs.	Rs.
Change in price of the Fund's investment in trading securities existing as of reporting date:		
+10%	6,493,542	6,493,542
-10%	(6,493,542)	(6,493,542)

vi) Liquidity Risk:

Liquidity risk is the risk that the Fund will encounter difficulty in raising Funds to meet its obligations to pay unitholders. Exposure to liquidity risk arises because of the possibility that the fund could be required to pay its liabilities or redeem its units earlier than expected. Units are redeemable at the unit holder's option based on the fund's net asset value per unit at the time of redemption.

The fund manages its obligation when required to do so and its overall liquidity risk by:

- investing primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash
- investing within established limits to ensure there is no concentration of risk
- Maintaining sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests. The unit trust code requires a minimum of 3% of the deposited property to be maintained in cash or near cash. (near cash means investments such as bank/call deposits, repurchase agreements with maturities of less than 3 months, commercial paper endorsed or guaranteed by a Licensed Commercial Bank or Licensed Specialized Bank with maturities of less than 3 months and government securities including government bonds with maturities of less than one year which can be readily convertible into cash.)
- Requiring a at least 14 days prior written notice for Unit holder redemption equal to or greater than 3% of the net asset value of the fund



**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3.12 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD.)

- Searching for new investors
- The time frame for return of cash to investors is five business days in which time investments may be recalled for redemption payouts. In addition, as per the Unit Trust Code and the Trust Deed, if the redemption value is 3% or more of the net assets value of the fund, the unit holder is required to give a minimum of 14 days prior notice. Further, the fund is also permitted to borrow up to 15% of the deposited property for redemption payouts. No such borrowings have arisen during the period.

Other Financial liabilities have no contractual maturities. Due to the short-term nature of these financial instruments, carrying value approximates fair value.

The table below analyses the Fund's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period.

31st December 2021	Less than 30 days	31 - 90 days	91 – 180 days	181 – 365 days	More than 365 days	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets	84,817,998	-	-	-	-	84,817,998
Financial Liabilities	83,292	167,403	-	-	-	250,695

vii. Capital risk management

The Fund considers its net assets attributable to unit holders as capital, notwithstanding net assets attributable to unit holders are classified as a liability. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions.

Daily subscriptions and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company.



**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3.12 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD.)

Following being the disclosures of Unit holders' Funds;

The movement in the Unit holder's Funds for the period from 07th May 2021 to 31 December 2021.

In term of Value	Rs.
Unit holders' funds as at beginning of the period	-
Creations during the period	78,067,500
Redemptions during the period	(10,002)
Increase in net assets attributable to Unit Holders during the period	6,509,805
Unit Holders' Funds as at 31 December 2021	<u>84,567,303</u>

In term of No. of units	
Opening number of units as at beginning of the period	-
Unit creations during the period	7,596,976.7
Unit redemptions during the period	(979.9)
Closing no of units as at 31 December 2021	<u>7,595,996.8</u>

As stipulated within the Trust Deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.





**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	31.12.2021 Rs.
NOTE 4 - CASH & CASH EQUIVALENTS	
Cash at Bank	
Hatton National Bank - Money Market - 003020860027	6,015,557
Hatton National Bank - Current Account - 003010540214	25,000
	<u>6,040,557</u>

NOTE 5 - FINANCIAL ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS

Quoted Equity Securities (5.1)	<u>64,935,420</u>
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NOTE 5.1 - QUOTED EQUITY SECURITIES

Cost as at 31 st December	60,094,439
Appreciation/Depreciation of market value quoted equity securities	4,840,981
Market value as at 31 st December (5.1(a))	<u>64,935,420</u>

NOTE 5.2 - DETERMINATION OF FAIR VALUE AND FAIR VALUES HIERARCHY

Financial Assets at Fair Value through Profit or Loss	Level 1	Level 2	Level 3	Total
Quoted Equity Securities	64,935,420	-	-	64,935,420
Total Financial Assets at Fair Value as at 31st December 2021	64,935,420	-	-	64,935,420

Determination of fair value and fair value hierarchy

SLFRS 7 Financial Instruments : Disclosures require fair value measurements to be disclosed by the source of inputs, using a three level hierarchy. The hierarchy for measuring fair value consists of Level 1 to 3.

Level 1 - An investment in a fund is classified in Level 1 of the hierarchy when that investment is quoted in an active market and measured at the unadjusted quoted price at the reporting date

Level 2 - An investment in a fund is classified in Level 2 of the hierarchy when that investment is measured using inputs that are directly observable at the reporting date

Level 3 - An investment in a fund is classified in Level 3 of the hierarchy when that investment is measured using unobservable inputs at the reporting date





SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 5.1(a) MARKET VALUE AS AT 31ST DECEMBER

31.12.2021

Company	No. of Shares	Market Value	Holding as at % of Net Asset value
Banks, Finance and Insurance			
Commercial Bank Of Ceylon PLC	41,500	3,290,950	4%
Sampath Bank PLC	56,000	2,917,600	3%
Total		6,208,550	7%
Capital Goods			
ACL Cables PLC	30,000	3,007,500	4%
Hemas Holdings PLC	60,000	4,014,000	5%
John Keells Holdings PLC	29,000	4,350,000	5%
Lanka Tiles PLC	50,000	5,500,000	7%
Total		16,871,500	20%
Diversified Holdings			
LB Finance PLC	20,000	1,360,000	2%
Total		1,360,000	2%
Consumer Durables & Apparel			
Hayleys Fabric PLC	50,062	2,062,554	2%
Textured Jersey Lanka PLC	119,798	5,319,031	6%
Total		7,381,586	8%
Foods & Staples Retailing			
Cargills (Ceylon) PLC	15,600	3,357,900	4%
Total		3,357,900	4%
Foods Beverages & Tobacco			
Bairaha Farms PLC	10,000	2,865,000	3%
Ceylon Cold Stores PLC	5,000	2,650,000	3%
Ceylon Tobacco Company PLC	3,459	3,037,002	4%
Distilleries Company Of Sri Lanka Ltd	120,000	2,040,000	2%
Ceylon Grain Elevators PLC	22,500	2,739,375	3%
Nestle Lanka PLC	2,094	2,545,257	3%
Total		15,876,634	18%
Telecommunication Services			
Dialog Axiata PLC	315,000	3,433,500	4%
Total		3,433,500	4%
Utilities			
LVL Energy Fund PLC	150,000	1,575,000	2%
Vidullanka PLC	275,000	1,842,500	2%
Vallibel Power Erathna PLC	250,000	2,150,000	3%
Total		5,567,500	7%
Transport			
Expo Lanka Holdings PLC	13,000	4,878,250	6%
Total		4,878,250	6%
Total Value of Quoted Equity Securities		64,935,420	76%





**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

**31.12.2021
Rs.**

NOTE 6 - FINANCIAL ASSETS - DEBT INSTRUMENTS AS AT AMORTIZED COST

Presentation under SLFRS 9

Debt Instruments at Amortised Cost	10,007,123
Treasury Bill Repurchase agreements (6.1)	<u>10,007,123</u>

NOTE 6.1 - TREASURY BILL REPURCHASE AGREEMENTS

Treasury bill repurchase agreements	10,007,123
	<u>10,007,123</u>

NOTE 7 - OTHER RECEIVABLES

Share Disposal Proceeds Receivable - HNB PLC - Non Voting	3,619,043
- LOLC General Insurance Limited	215,855
	<u>3,834,898</u>

NOTE 8 - ACCRUED & OTHER PAYABLES

Accrued Expenses

Management Fees	50,393
Trustee Fees	10,885
Custody Fees	22,014
Audit Fees	113,401
Professional Fee	54,002
	<u>250,695</u>



SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	From 07.05.2021 31.12.2021 Rs.
NOTE 9 - INVESTMENT INCOME	
9.1 Dividend Income	1,442,402
9.2 Interest Income	
Interest Income on Treasury Bill Repurchase Agreement	7,123
Interest Income on Money Market Savings	365,153
	<u>372,276</u>
NOTE 10.1 - REALISED GAINS / (LOSSES) ON FINANCIAL ASSETS-FAIR VALUE THROUGH PROFIT OR LOSS	
Equity Securities	
Proceeds on sale of equity shares	6,542,881
Average cost of equity shares sold	(5,187,065)
	<u>1,355,816</u>
NOTE 10.2 - UNREALISED GAINS / (LOSSES) ON FINANCIAL ASSETS FAIR VALUE THROUGH PROFIT OR LOSS	
Equity Securities	<u>4,840,981</u>
NOTE 11 - NET PROFIT / (LOSS) BEFORE TAXATION	
Net Profit / (Loss) is arrived after charging all expenses including the following:-	
Management Fees	297,410
Trustee Fees	64,240
Custodian Fees	169,721
Audit Fees	113,401
Brokerage Expense	<u>799,587</u>
NOTE 12 - INCOME TAX EXPENSES	
Tax expense for the period	<u>-</u>
As per the Inland Revenue Act No. 24 of 2017, the fund is deemed as conducting "Eligible Investment Business"	
A reconciliation between the tax expense and the product of taxable profit multiplied by the statutory tax rate is as follows:	
	31.12.2021 Rs.
Net Profit / (Loss) before tax	6,509,805
Aggregate disallowable expenses / net gains	-
Income Exempt from tax	(6,509,805)
Aggregate allowable net (gains) / Losses	-
Statutory Income / (Loss)	-
Loss claimed 35% of Statutory Income	-
Total statutory income	<u>-</u>
Income tax at the rate of 10%	
Income tax expense reported in the Statement of Comprehensive Income	<u>-</u>





**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 13 - CAPITAL COMMITMENTS

There were no material Capital Commitments as at 31st December 2021.

NOTE 14 - EVENTS AFTER THE REPORTING DATE

No circumstance has arisen since the reporting date which would require adjustment to or disclosure in the financial statements.

NOTE 15 - CONTINGENCIES

There are no material contingencies existing as at the reporting date that require adjustments to or disclosure in the Financial Statements.

**NOTE 16 - RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS
AND THE PUBLISHED NET ASSET VALUE**

	2021 Rs.
Net Asset Value as per Financial Statements	84,567,303
Income Tax Receivable	-
Other Expense over / under provision	-
Published Net Asset Value	<u>84,567,303</u>
Number of units outstanding	7,595,996.80
Published Net Asset Value per Unit	<u>11.13</u>

NOTE 17 - UNITS IN ISSUE AND UNIT PRICE

Units in issue and deemed to be in issue as at 31st December 2021 is 7,595,996.80. The Net Asset Value per unit as at this date was Rs. 11.13.





**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 18 - RELATED PARTY TRANSACTIONS

The following institutions have been identified as related parties to the Fund in accordance with Sri Lanka Accounting Standards LKAS 24 - Related Party Disclosures.

Responsible entity

The management Company of SENFIN DIVIDEND FUND is Senfin Asset Management (Private) Limited. The Trustee is Hatton National Bank PLC.

Key management personnel

i) Directors

Key management personnel includes persons who were Directors of Senfin Asset Management (Private) Limited at any time during the financial period.

Dr. Prathap Ramanujam
Mr. Lakshman Balasuriya (resigned w.e.f. 11 June 2021)
Mr. Darshan Ravindra Abeysuriya
Mr. Sonal Balasuriya
Mr. Keshav Balasuriya (appointed w.e.f. 19 May 2021)
Mr. Tilak Collure (appointed 19 May 2021)
Mr. Sanath Bandaranayake (appointed 12 July 2021)

ii) Other key management personnel

Other persons with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial period are given below:

Ms. Ineka Dunuwille - Chief Executive Officer/Fund Manager
Ms. Monica Wanigasekara - Fund Manager
Mr. Surath Perera - Fund Manager
Mr. Ravinath Weerakoon - Fund Manager

Key management personnel compensation

Key management personnel are paid by Senfin Asset Management (Private) Limited. Payments made from the Fund to Senfin Asset Management (Private) Limited do not include any amounts directly attributable to the compensation of key management personnel.

Other transactions within the Fund

No key management personnel have entered into a material contract with the Fund during the financial period and there were no material contracts involving key management personnel's interest existing at end of the period.





**SENFIN DIVIDEND FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 19 - RELATED PARTY TRANSACTIONS (CONTD.)

Related party unit holding

The following are the unit held by related parties of Senfin Dividend Fund.

As at 31 st December 2021	Relationship	No. of Units	Value of units held Rs.	Total interest held as a % of NAV
E W Balasuriya & Company (Pvt) Ltd	Ultimate Parent Company of the Management Company	5,000,000.0	55,650,000	65.81%
Senkadagala Finance PLC	Parent Company of the Management Company	242,008.8	2,693,558	3.19%
Ms. Ineka Dunuwille	Chief Executive Officer	3,000.0	33,390	0.04%
Mr. Surath Perera	Fund Manager	500.0	5,565	0.01%
Mr. Ravinath Weerakoon	Fund Manager	9,254.0	102,997	0.12%
		5,254,762.8	58,485,510	

Transactions with and amounts due to related parties

The fees were charged by the Management Company and trustee for services provided during the year and the balances outstanding from such dues as at year end are as disclosed below:

Payable as at 31 December 2021	
Management fees	50,393
Trustee Fees	10,885
Custody Fee	22,014
Charge for the period	
Management Fees	297,410
Trustee Fees	64,240
Custody Fees	169,721
As at 31.12.2021 Rs.	
The Bank Balance held at HNB	25,000
The Money Market Account balance held at HNB	6,015,557





Declaration by Trustees and Management Company as per SEC Circular No: 02/2009 on Guidelines for Trustees and Managing Companies of Unit Trusts Funds.

Hatton National Bank PLC, the Trustee and Senfin Asset Management (Private) Limited, the Managers of the **Senfin Dividend Fund** hereby declare that

1. the requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been complied with during the year.
2. the transactions were and will be carried out at an arm's length basis and on terms which are best available for the fund, as well as act, at all times, in the best interest of the fund's unit holders.

Director
Management Company

Director
Management Company

Trustee of the Fund

Management Company Information

Managing Company

Senfin Asset Management (Pvt) Ltd
267, Galle Road
Colombo 03. Sri Lanka
T: +94 11 2102000
F: +94 11 231 4831
Web: www.senfinassetmanagement.com

Bankers

Commercial Bank of Ceylon PLC
Kollupitiya Branch
285, Galle Road,
Colombo- 03.

Hatton National Bank PLC
Head Office Branch, HNB Towers
No 479, T B Jayah Mawatha
P O Box 837
Colombo 10.

Nations Trusts Bank PLC
No 242, Union Place
Colombo 02.

Auditors

KPMG Sri Lanka
Chartered Accountants
32A Sir Mohomad Macan Markar Mawatha,
Colombo 03.

Lawyers

Nithya Partners
Attorneys-at-Law
No. 97A, Galle Road
Colombo 03.

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Senfin Asset Management (Pvt) Ltd

(A fully owned subsidiary of Senkadagala Finance PLC)

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