

Annual Report

Senfin Growth Fund

FY 2021

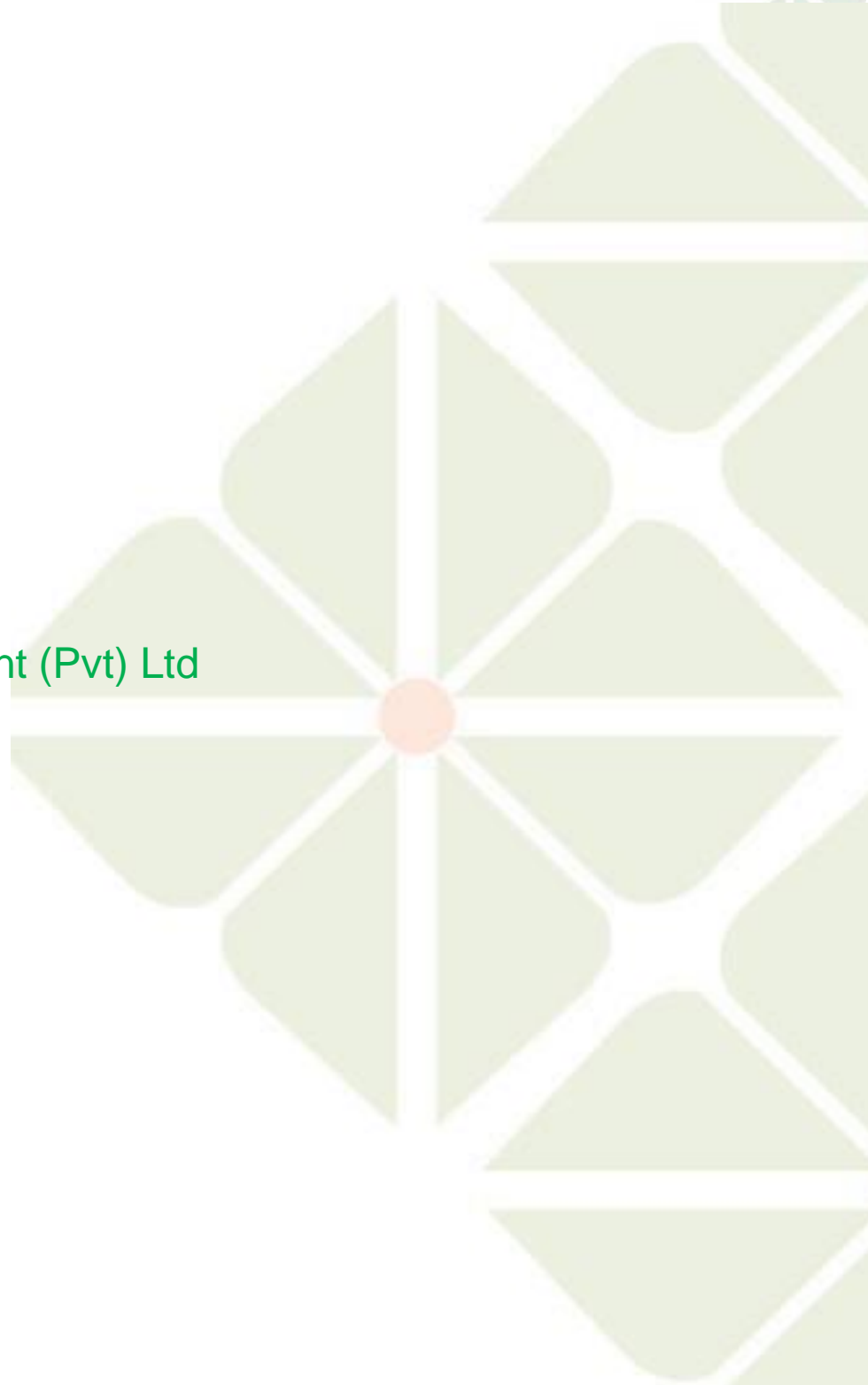


Senfin

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 Growth Fund

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



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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,

We are pleased to present the Annual Report of the Senfin Growth Fund for the year ending 31st December 2021.

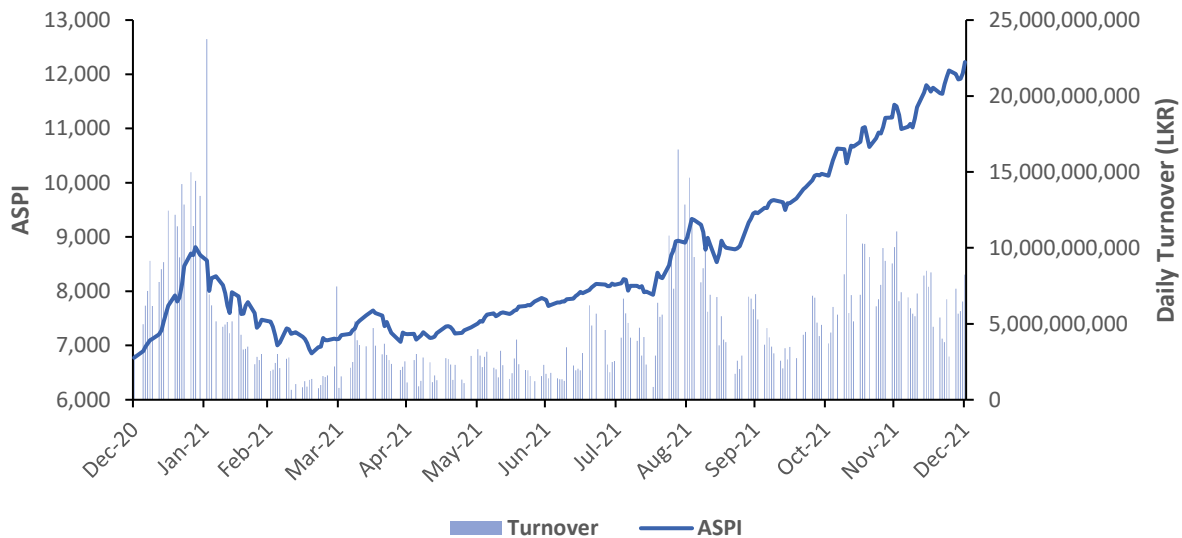
Subsequent to year 2020 being negatively impacted by the Covid-19 Pandemic, year 2021 was largely seen as a year of recovery in economic activities. Despite two Covid waves during 2021, routine economic activities witnessed a gradual upward momentum, with the country getting back to normalcy.

During 2021, the Colombo Stock Exchange's (CSE) indices recorded significant gains with the All Share Price Index (ASPI) gaining 80.5% and S&P SL20 Index gaining 60.5% while the All Share Total Return Index (ASTRI) gained 80.9%. The market was mainly driven by local retail participation on the back of low interest rate environment during 1H2021 and as a way of beating inflation amidst negative real interest rates during 2H2021. 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 52.6 Bn for CY2021 compared to a net foreign outflow of LKR 51.3 Bn in CY2020. The total market turnover was LKR 1,173.2 Bn for CY2021 (vs. LKR 397.3 Bn during CY2020).

With the aforementioned growth, market capitalization of the CSE increased to LKR 5,489 Bn as at 31st Dec 2021 in comparison to LKR 2,961 Bn as at 31st Dec 2020. The Price Earnings Ratio of the CSE to increased to 13.63x as at 31st Dec 2021 from 11.25x as at 31st Dec 2020.



ASPI Performance and Turnover



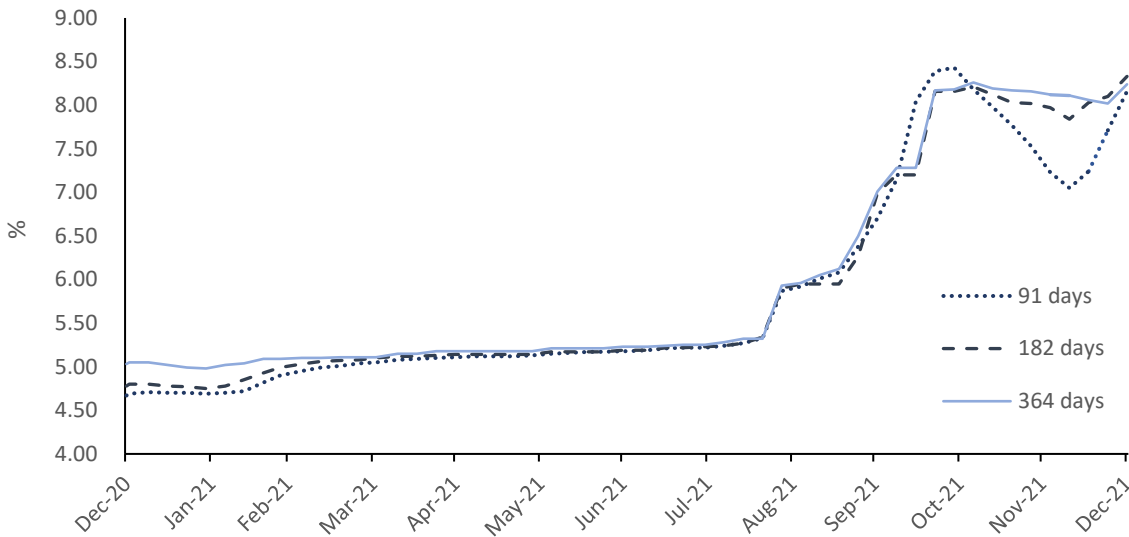
Source: Colombo Stock Exchange

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.

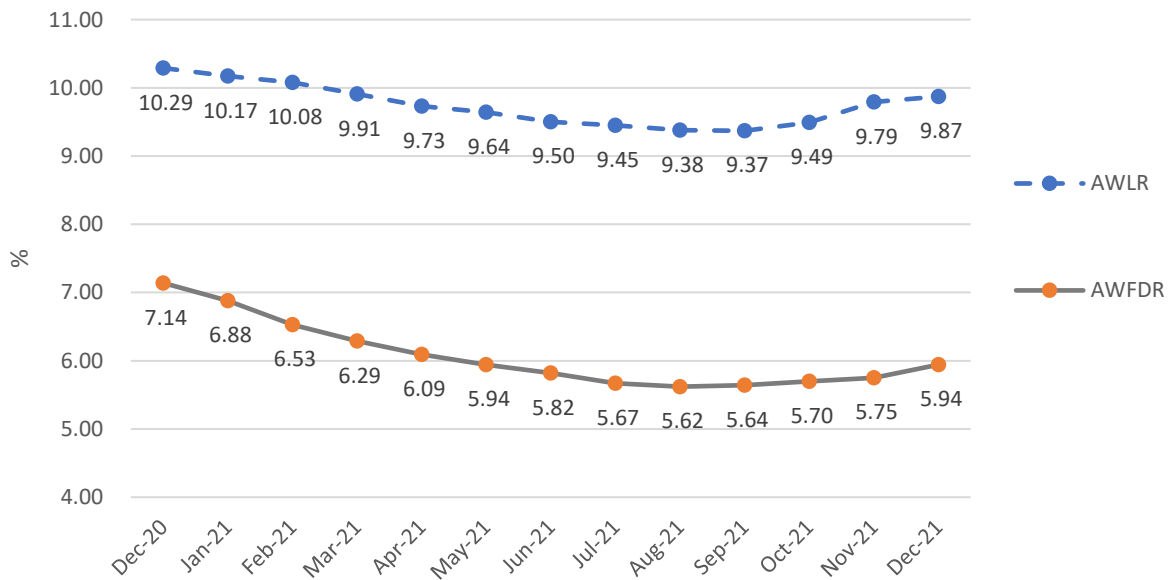


Treasury Bill Rate Movement in 2021



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

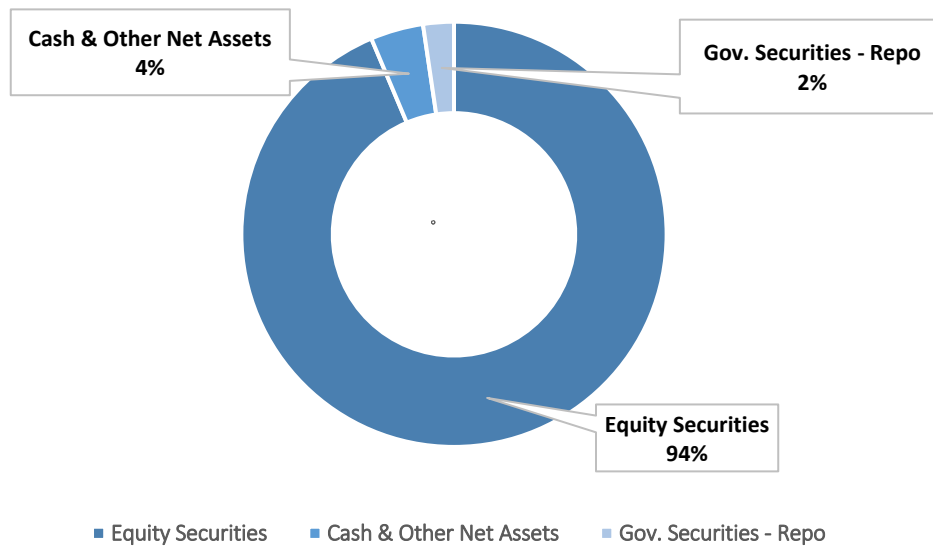


Fund Performance

	Six Months Performance to 31 Dec 2021	One Year Performance to 31 Dec 2021	5-year Performance to 31 Dec 2021	Performance since Fund Inception 3 Feb 2012	Compound Annualized Growth Rate since Inception
Senfin Growth Fund	11.59%	28.30%	-28.09%	1.10%	0.11%
All Share Total Return Index (ASTRI)	56.17%	80.91%	99.50%	142.33%	9.34%

Source: Senfin Asset Management (Pvt) Ltd

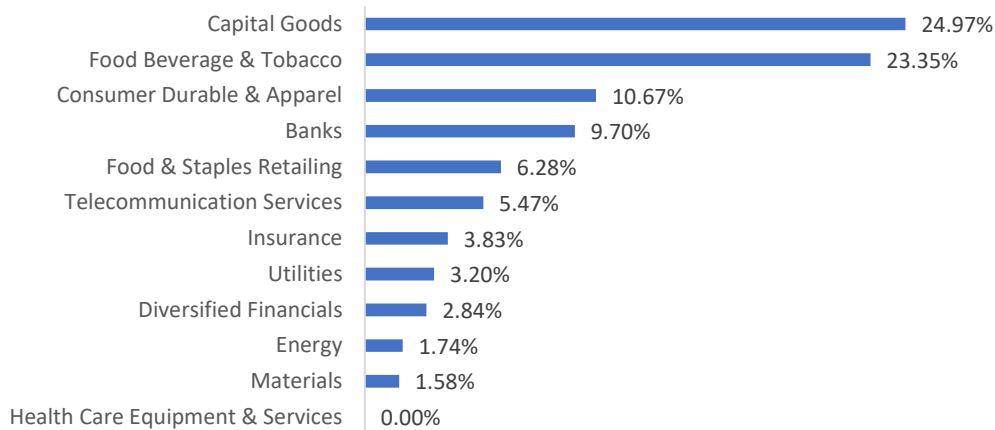
Asset Allocation as a percentage of Net Asset Value as at 31st Dec 2021



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



SJMS Associates
Chartered Accountants
No.11, Castle Lane
Colombo 04
Sri Lanka

Tel: +94 11 2580409, 5444400
Fax: +94 11 2582452
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SENFIN GROWTH FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Senfin Growth Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of movement in unitholders' funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements of the Fund give a true and fair view of the financial position of the Fund as at 31 December 2021, and of its financial performance and its cash flows for the year then ended 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 CA Sri Lanka ("Code of Ethics") 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.

Other Information

The fund management company, ("the management") is responsible for the other information. The other information comprises the information included in the fund manager's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not, express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and the Trustee for the Financial Statements

The 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.

M. Basheer Ismail FCA, S. Lilani Jayasuriya FCA, Gerard J. David FCA, F. Maryam Marikkar FCA, M. Sharnila J. Henry FCA,
R. Hilmy M. Minfaz ACA, Sarala Y. Kodagoda ACA, M. Manzeer M. Muzawwir ACA



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 SLAuSs 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 SLAuSs, 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 the those charged with governance, 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 comply with the requirements of the Unit Trust code of September 2011 issued by the Securities and Exchange Commission of Sri Lanka under the Act No. 36 of 1987 and the Trust deed.

SJMS Associates
SJMS ASSOCIATES
 Chartered Accountants
 Colombo
 24 February 2022



SENFIN GROWTH FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 Rs.	2020 Rs.
Investment income			
Dividend income	4.1	50,315,400	12,456,536
Interest income	4.2	5,036,583	3,780,604
Realised gains on financial assets measured at fair value through profit or loss	7.2	159,999,908	29,433,367
Net change in unrealised gains on financial assets measured at fair value through profit or loss	7.3	99,605,809	165,260,794
Total investment income		314,957,700	210,931,301
Expenses			
Management and registrar fees		(22,622,002)	(4,552,580)
Trustee and custodian fees		(2,353,348)	(680,654)
Audit fees		(236,008)	(226,032)
Other expenses		(14,606,977)	(6,138,562)
		(39,818,335)	(11,597,828)
Profit before tax		275,139,365	199,333,473
Income tax expense	5	-	-
Profit for the year		275,139,365	199,333,473
Other comprehensive income		-	-
Increase in net assets attributable to unit holders		275,139,365	199,333,473

The accounting policies and notes from 1 to 18 form an integral part of the financial statements.



**SENFIN GROWTH FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	31.12.2021 Rs.	31.12.2020 Rs.
Assets			
Cash and cash equivalents	6	91,278,026	68,328,087
Financial assets at fair value through profit or loss	7	1,604,763,681	617,683,304
Financial assets at amortised cost	8	40,056,995	-
Other receivables	9	8,907,257	-
		<u>1,745,005,959</u>	<u>686,011,391</u>
Liabilities			
Accrued expenses and other payable	11	31,269,650	1,392,810
		<u>31,269,650</u>	<u>1,392,810</u>
Net assets		<u>1,713,736,309</u>	<u>684,618,581</u>
Unitholders' funds			
Net assets attributable to unit holders		<u>1,713,736,309</u>	<u>684,618,581</u>

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 Fund Management Company and the Trustee on 24 February 2022.


.....
Director
Senfin Asset Management (Private) Limited
Fund Management Company


.....
Custody and
Hatton National Bank
Trustee


.....
Director
Senfin Asset Management (Private) Limited
Fund Management Company

The accounting policies and notes from 1 to 18 form an integral part of the financial statements.





**SENFIN GROWTH FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 Rs.	2020 Rs.
Unitholders' funds as at 1 January	684,618,581	1,553,702
Increase in net assets attributable to unit holders	275,139,365	199,333,473
Creation of units	761,826,354	483,857,621
Redemption of units	<u>(7,847,991)</u>	<u>(126,215)</u>
Net increase due to creations and redemption of units	753,978,363	483,731,406
Unitholders' funds as at 31 December	<u><u>1,713,736,309</u></u>	<u><u>684,618,581</u></u>

The accounting policies and notes from 1 to 18 form an integral part of the financial statements.



**SENFIN GROWTH FUND
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 Rs.	2020 Rs.
Cashflows from operating activities			
Interest received		5,029,451	3,780,604
Dividend received		50,315,400	12,457,536
Management fees, registrar fees, custodian fees and trustee fees paid		(23,344,621)	(4,199,752)
Other expenses paid		(14,831,811)	(6,305,384)
Net investment in Treasury bill/bond repurchase agreements		(40,049,863)	-
Sale proceeds from sale of equity securities		282,660,358	58,037,082
Purchase of equity securities		(990,807,338)	(479,406,430)
Net cashflow used in operating activities		<u>(731,028,424)</u>	<u>(415,636,344)</u>
Cashflows from financing activities			
Cash received on creation of units		761,826,354	483,857,621
Cash paid on redemption of units		(7,847,991)	(126,215)
Net cash generated from financing activities		<u>753,978,363</u>	<u>483,731,406</u>
Net increase in cash and cash equivalents		22,949,939	68,095,062
Cash and cash equivalents at the beginning of the year	6	<u>68,328,087</u>	<u>233,025</u>
Cash and cash equivalents at the end of the year	6	<u><u>91,278,026</u></u>	<u><u>68,328,087</u></u>

The accounting policies and notes from 1 to 18 form an integral part of the financial statements.



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

1. General information
1.1 General

Senfin Growth Fund (the “fund”) is an open-ended unit trust fund approved by the Securities and Exchange Commission of Sri Lanka. The fund was launched on 02 February 2012.

The fund is managed by Senfin Asset Management (Private) Limited which is incorporated and domiciled in Sri Lanka. The registered office of the management company is located at 267, Galle Road, Colombo 3. The trustee and custodian of the Fund is Hatton National Bank (HNB) having its place of business at No 481, T .B. Jayah Mawatha, Colombo 10.

The investment objective of the fund is to achieve long term capital growth by investing in a well-diversified portfolio of equity securities listed on the Colombo Stock Exchange.

1.2 Date of authorization for issue

The financial statements of the fund for the year ended 31 December 2021 were authorized for issue by the fund management company and the trustee on 24 February 2022.

2. Preparation of financial statements

2.1 Basis of preparation

The financial statements are prepared and presented in accordance with and comply with the relevant Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. 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. The financial statements have been prepared on the historical cost basis unless otherwise indicated. The financial statements are presented in Sri Lankan rupees (LKR).

2.1.1 Statement of compliance

The financial statements which comprise the statement of financial position as at 31 December 2021, statement of profit or loss and other comprehensive income, statement of movement in unit holders’ Funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards.

2.2 Significant accounting judgements, estimated and assumptions

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses.



**SENFIN GROWTH FUND
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2.2 Significant accounting judgements, estimated and assumptions (Contd...)

In the selection and application of the fund's accounting policies, which are described below, the fund management company is required to make judgements and assumptions and use assumptions in measuring items reported in the financial statements. These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates were revised if the revision affects only that period or in the period of the revision and future periods as well, if the revision affects both the current and future periods.

There were no significant accounting estimates, judgments and assumptions made during the year in preparing the financial statements.

Management considers credit, liquidity and market risks and assesses the impact on valuation of investments when determining the fair value.

Fair value of the quoted equity investments are determined by quoted prices (Level 1)

2.3 Summary of significant accounting policies

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.



SENFIN GROWTH FUND
 NOTES TO THE FINANCIAL STATEMENTS
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2.3.1 Financial Assets

(i) Recognition and initial measurement

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

A financial asset is initially measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(ii) 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.

(iii) Subsequent measurement and gains and losses

<i>Financial assets at amortised cost</i>	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.
<i>Financial assets at FVTPL</i>	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 as well, since the realised gain/losses are computed on the difference between weighted average cost of purchase and the selling price.



**SENFIN GROWTH FUND
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2.3.2 Financial liabilities – Classification, subsequent measurement and gains and losses

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.

**2.3.3 Derecognition
Financial assets**

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.

Financial liabilities

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.

2.3.4 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.



**SENFIN GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS
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2.3.5 Impairment

The fund recognises 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.

2.4 Recognition of income

Income is recognized to the extent that it is probable that the economic benefits will flow to the fund and the income can be reliably measured. The following specific criteria must also be met before income is recognized.



**SENFIN GROWTH FUND
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(i) Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

(ii) Dividend income

Dividend income is recognized when the fund's right to receive payment is established.

(iii) 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.

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

Realised gains/(losses) on financial assets at FVTPL includes results of buying and selling of quoted equity securities.

2.5 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position 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.

2.6 Income tax

The fund is not liable to pay income tax as at the reporting date in accordance with Inland Revenue Act No. 24 of 2017 as amended by the Inland Revenue (Amendment) Act No. 10 of 2021. The fund's income generated through investment business are treated as "pass through vehicles" under the provisions of Inland Revenue Act No. 24 of 2017 as amended by the Inland Revenue (Amendment) Act No. 10 of 2021.

2.7 Expenses

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

Management fee	-	1.5% p.a of net asset value of the fund calculated on daily basis
Trustee fee	-	0.15% p.a of net asset value of the fund calculated on daily basis
Registrar fee	-	0.25% p.a of net asset value of the fund calculated on daily basis
Custodian fee	-	Flat fee of Rs. 20,000 per month



**SENFIN GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS
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2.8 Unitholders' funds

Unitholders' funds have 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.

3. Financial risk management

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 credit risk, market 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.

The fund manager is responsible for identifying and controlling the risk that arise from these financial instruments. The fund 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 fund 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 within the fund manager on a regular basis as deemed appropriate, including the fund manager, other key management, investment committee, and ultimately the trustee 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.



**SENFIN GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS
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a) 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.

b) 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. While market risk cannot be eliminated the fund manager will attempt to reduce this risk by diversifying the fund's investment portfolio in line with investment objectives of the fund.



**SENFIN GROWTH FUND
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**c) Price risk**

Price risk is the risk that the fair value 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 profit or loss and other comprehensive income and statement of financial position due to a reasonably possible change in the price of the fund's investment in financial assets held at fair value through profit or loss in note 7, with all other variables held constant:

	2021	2020
	Increase/ (decrease) on profit before tax and amounts attributable to Unitholders Rs.	Increase/ (decrease) on profit before tax and amounts attributable to Unitholders Rs.
Change in price of the fund's investments in financial assets - at fair value through profit or loss		
+10%	160,476,368	61,768,330
-10%	(160,476,368)	(61,768,330)

d). Interest rate risk

Interest rate risk is the risk that the value of a financial instruments 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. Since the fund had not held financial instruments with variable interest rates as at 31 December 2021 and 31 December 2020, it was not exposed to interest rate risk. Hence, a sensitivity analysis has not been presented.



SENFIN GROWTH FUND
NOTES TO THE FINANCIAL STATEMENTS
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d). Interest rate risk (Contd...)

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

31 December 2021	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Cash and cash equivalents	-	91,273,026	5,000	91,278,026
Financial asset held at fair value through profit or loss	-	-	1,604,763,681	1,604,763,681
Financial asset at amortised cost	-	-	-	-
Other receivables	-	40,056,995	-	40,056,995
	-	-	8,907,257	8,907,257
Total exposure	-	131,330,021	1,613,675,938	1,745,005,959

31 December 2020	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Cash and cash equivalents	-	68,323,087	5,000	68,328,087
Financial assets held at fair value through profit or loss	-	-	617,683,304	617,683,304
Total exposure	-	68,323,087	617,688,304	686,011,391



**SENFIN GROWTH FUND
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e) Liquidity risk

Liquidity risk is the risk that the fund will encounter difficulty in raising funds to meet its obligation 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
- 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 summarises the fund's non derivative financial assets and liabilities with contractual maturities into relevant maturity groupings based on the remaining period at the end of the reporting period.



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e) Liquidity risk (Contd..)

31 December 2021	Less than 30 days	31 - 90 days	91 – 180 days	181 – 365 days	More than 365 days	Total
Financial assets	140,242,278	-	-	-	-	140,242,278
Financial liabilities	30,923,642	346,008	-	-	-	31,269,650
31 December 2020						
Financial assets	68,328,087	-	-	-	-	68,328,087
Financial liabilities	1,057,976	334,834	-	-	-	1,392,810

f) Capital risk management

Unit holders' funds has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities.



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f) Capital risk management (Contd..)

Disclosures relevant to unit holders' funds are as follows;

The movement in the unit holders' funds for the year 2021 and 2020:

I. In terms of value

	2021	2020
	Rs.	Rs.
Unit holders' funds as at 01 January	684,618,581	1,553,702
Creations during the year	761,826,354	483,857,621
Redemptions during the year	(7,847,991)	(126,215)
Increase / (Decrease) in net assets attributable to unit holders	275,139,365	199,333,473)
Unit holders' funds as at 31 December	1,713,736,309	684,618,581

II. In terms of number of units

Opening number of units as at 01 January	86,900,229.8	165,937.8
Unit Creations during the year	83,510,197.2	86,748,717.5
Unit Redemptions during the year	(873,337.5)	(14,425.5)
Closing number of units as at 31 December	169,537,089.5	86,900,229.8

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.





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	2021 Rs.	2020 Rs.
4. Investment income		
4.1 Dividend income	<u>50,315,400</u>	<u>12,456,536</u>
4.2 Interest on;		
Treasury bill/bond repurchase agreements	487,425	31,644
Bank deposits	-	617,966
HNB money market account	<u>4,549,158</u>	<u>3,130,994</u>
	<u>5,036,583</u>	<u>3,780,604</u>
5. Income tax expense		
Tax expense for the year	<u>-</u>	<u>-</u>

5.1 As per the Inland Revenue Act No. 24 of 2017 as amended by the Inland Revenue (Amendment) Act No. 10 of 2021, 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.

	31.12.2021 Rs.	31.12.2020 Rs.
5.2 Income tax receivable		
Income tax receivable	206,502	2,055,779
Impairment for income tax receivable	<u>(206,502)</u>	<u>(2,055,779)</u>
	<u>-</u>	<u>-</u>

The net income tax receivable comprised of notional tax credit receivable amounting to Rs. 1,849,277 and Withholding Tax (WHT) of Rs. 206,502. The Fund Manager intends to claim the WHT recoverable by means of a refund. Due to uncertainties in recoverability an impairment provision is made against the WHT receivable balance. Notional Tax credit of Rs. 1,849,277 is written off during the year of assessment 2020/2021 since there was no income tax liability payable for the previous year of assessment from 2018/2019.

	31.12.2021 Rs.	31.12.2020 Rs.
6. Cash and cash equivalents		
Cash at bank :		
HNB Money Market Account	91,273,026	68,323,087
HNB Current Account	5,000	5,000
	<u>91,278,026</u>	<u>68,328,087</u>



SENFIN GROWTH FUND
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	31.12.2021	31.12.2020
	Rs.	Rs.
7. Financial assets at fair value through profit or loss		
7.1 Quoted equity securities		
Cost	1,339,832,498	452,357,930
Unrealised gain on market value quoted equity securities	264,931,183	165,325,374
Market value as at 31 December	1,604,763,681	617,683,304

7.1.1 Quoted equity securities

	2021			2020		
	No. of shares	Market value	Holdings as a % of net asset value	No. of shares	Market value	Holdings as a % of net asset value
Banks						
Sampath Bank PLC	203,900	10,623,190	1%	1,300	176,280	0%
Commercial Bank of Ceylon PLC	1,238,161	98,186,167	6%	311,391	25,191,532	4%
Hatton National Bank PLC	248,959	33,609,465	2%	200,383	25,348,450	4%
Nations Trust Bank PLC	280,000	15,400,000	1%	280,000	16,800,000	2%
Sanasa Development Bank PLC	194,200	8,350,600	0%	-	-	-
Hatton National Bank PLC - Non Voting	-	-	-	210,000	21,126,000	3%
		166,169,422	10%		88,642,262	10%
Capital Goods						
Aitken Spence & Company PLC	1,950,780	160,744,272	9%	193,599	11,190,022	2%
John Keelles Holdings PLC	521,500	78,225,000	5%	151,500	22,664,400	3%
Hemas Holdings PLC	782,553	52,352,796	3%	391,050	39,065,895	6%
Hayleys PLC	1,050,167	136,521,710	8%	-	-	-
Royal Ceramics Lanka PLC	-	-	0%	226,745	40,156,540	6%
Access Engineering PLC	-	-	0%	5,000	123,000	0%
		427,843,778	25%		113,199,857	17%
Consumer Durables & Apparel						
Textured Jersey Lanka PLC	4,119,244	182,894,434	11%	3,000	114,000	0%
		182,894,434	11%		114,000	0%
Diversified Financials						
Central Finance Company PLC	231,500	21,529,500	1%	228,109	18,933,047	3%
Lanka Ventures PLC	493,223	27,127,265	2%	493,223	26,880,654	4%
Capital Alliance PLC	4,600	82,800	0%	-	-	-
		48,739,565	3%		45,813,701	7%
Energy						
Lanka IOC PLC	408,510	29,902,932	2%	-	-	-
		29,902,932	2%		-	-
Foods & Staples Retailing						
Cargills (Ceylon) PLC	500,210	107,670,203	6%	500	102,500	0%
		107,670,203	6%		102,500	0%
Foods Beverages & Tobacco						
Ceylon Grain Elevators PLC	808,822	98,474,079	6%	553,952	61,488,672	9%
Sunshine Holdings PLC	2,019,084	91,666,414	5%	433,028	35,768,113	5%
Lanka Milk Foods (CWE) PLC	186,759	50,191,481	3%	150,000	22,335,000	3%
Kelani Valley Plantation PLC	139,152	12,231,461	1%	300,000	23,730,000	3%
The Lion Brewery Ceylon PLC	43,843	24,113,650	1%	43,843	25,648,155	4%
Ceylon Cold Stores PLC	162,705	86,233,650	5%	61,205	43,125,043	6%
Bairaha Farms PLC	130,000	37,245,000	2%	-	-	-
Melstacorp PLC	-	-	0%	4,000	208,000	0%
		400,155,735	23%		212,302,983	30%



SENFIN GROWTH FUND
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7.1.1 Quoted equity securities (Contd..)

Company	2021			2020		
	No. of shares	Market value	Holdings as a % of net asset value	No. of shares	Market value	Holdings as a % of net asset value
Health Care Equipment & Services						
Asiri Hospitals PLC	2,000	65,000	0%	2,000	69,000	0%
		<u>65,000</u>	<u>0%</u>		<u>69,000</u>	<u>0%</u>
Insurance						
Ceylinco Insurance PLC - Non Voting	54,800	65,595,600	4%	-	-	-
		<u>65,595,600</u>	<u>4%</u>		<u>-</u>	<u>-</u>
Materials						
Haycarb PLC	301,288	23,138,918	1%	85,000	48,331,000	7%
Toykyo Cement Lanka PLC	66,565	3,980,587	0%	617,507	47,054,033	7%
Dipped Products PLC	-	-	0%	50,141	17,413,969	2%
		<u>27,119,505</u>	<u>2%</u>		<u>112,799,002</u>	<u>16%</u>
Telecommunication Services						
Dialog Axiata PLC	8,600,000	93,740,000	5%	3,600,000	44,640,000	7%
		<u>93,740,000</u>	<u>5%</u>		<u>44,640,000</u>	<u>7%</u>
Utilities						
Vidullanka PLC	4,000,000	26,800,000	2%	-	-	-
LVL Energy Fund PLC	2,673,096	28,067,508	2%	-	-	-
		<u>54,867,508</u>	<u>3%</u>		<u>-</u>	<u>-</u>
Total value of quoted equity securities (At Market Value)		<u>1,604,763,681</u>	<u>94%</u>		<u>617,683,304</u>	<u>90%</u>

	2021 Rs.	2020 Rs.
7.2 Realised gains/(losses) on financial assets at fair value through profit or loss		
Proceeds received / receivable on sale of equity shares	291,567,615	58,037,082
Average cost of equity shares sold	(131,567,707)	(28,603,715)
	<u>159,999,908</u>	<u>29,433,367</u>
7.3 Net change in unrealized gains on financial assets at fair value through profit or loss		
Quoted equity securities	<u>99,605,809</u>	<u>165,260,794</u>
	31.12.2021 Rs.	31.12.2020 Rs.
8. Financial asset at amortised cost		
Treasury bill/bond repurchase agreements	40,056,995	-
	<u>40,056,995</u>	<u>-</u>
8.1 Treasury bill/ bond repurchase agreements		
Union Bank of Colombo PLC	40,056,995	-
	<u>40,056,995</u>	<u>-</u>
9. Other receivable		
CDS receivable	8,907,257	-
	<u>8,907,257</u>	<u>-</u>



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10. Fair value of financial instruments

Determination of fair value and fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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 the investment is measured using unobservable inputs at the reporting date.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
As at 31 December 2021				
Financial assets at fair value through profit or loss				
Quoted equity securities	1,604,763,681	-	-	1,604,763,681
As at 31 December 2020				
Financial assets at fair value through profit or loss				
Quoted equity securities	617,683,304	-	-	617,683,304

Financial Assets and Financial Liabilities not carried at fair value

Assets for which fair value approximates carrying value:

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Accordingly, the following is a list of financial instruments whose carrying amount is a reasonable approximation of fair value.

Assets

Other receivables
Financial assets - at amortised cost
Cash and cash equivalents

Liabilities

Accrued expenses and other payable



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	31.12.2021 Rs.	31.12.2020 Rs.
11. Accrued expenses and other payable		
Management fee and registrar fee payable	2,440,747	948,242
Trustee fee and custodian fee payable	247,958	109,734
Audit and tax consultancy fee payable	346,008	334,834
CDS payable	28,234,937	-
	31,269,650	1,392,810
12. Contingencies		
There are no material contingencies existing as at the reporting date that require adjustments to, or disclosure in the financial statements.		
13. Events occurring after reporting date		
There have been no significant events occurring after the reporting date that required adjustments to or disclosures in the financial statements.		
14. Capital commitments		
There were no material capital and financial commitments as at the reporting date.		
15. Units in issue and unit price		
Units in issue and deemed to be in issue as at 31 December 2021 is 169,537,089.5 (2020 - 86,900,229.8). Net Assets Value per unit as at the reporting date is Rs. 10.11 (2020 - Rs. 7.88). Redemption price of unit as at the reporting date is Rs. 10.00 (2020 -Rs. 7.80). Net Assets Value per unit is used to value the units held in note 16.		



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16. Related party disclosures

16.1 The Management Company and the Trustee

The Management Company is Senfin Asset Management (Private) Limited.

The Trustee to the fund is Hatton National Bank (HNB) PLC

16.2 Key management personnel

Key management personnel includes persons who were directors of Senfin Asset Management (Private) Limited during the financial year.

i) Directors

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 w.e.f. 19 May 2021)

Mr. Sanath Bandaranayake (appointed w.e.f. 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 year 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

16.3 Key management personnel compensation

There were no payments made to the directors of Senfin Asset Management (Private) Limited during the year by the fund.

Other 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.

16.4 Other transactions within the Fund

Apart from those details disclosed in note 16.5 and 16.6, key management personnel have not entered any other transactions involving the fund during the financial year.



**SENFIN GROWTH FUND
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16. Related party disclosures (Contd...)

16.5 Related party unit holding

The following are the units held by related parties of Senfin Growth Fund.

As at 31 December 2021	Relationship	No. of Units	Value of units held	Total interest held as a % of NAV	Net Movement of creation / (redemption) during the year
			Rs.		Rs.
Unit holder					
E W Balasuriya & Company (Pvt) Ltd	Ultimate Parent Company of the Management Company	48,107,925.9	486,371,131	28.38%	320,291,422
Senkadagala Finance PLC	Parent Company of the Management Company	25,427,198.5	257,068,977	15.00%	99,694,388
Senfin Asset Management (Pvt) Ltd	Management Company	2,077,439.9	21,002,917	1.23%	8,246,257
Ms. Ineka Dunuwille	Chief Executive Officer	19,913.1	201,321	0.01%	197,029
Ms. Monica Wanigasekara	Fund Manager	1,000.0	10,110	0.00%	-
Number of units held by other related parties		100.0			
Number of units purchased by related parties		47,473,782.9			
Number of units sold by related parties		227,014.8			

As at 31 December 2020

Unit holder					
E W Balasuriya & Company (Pvt) Ltd	Ultimate Parent Company of the Management Company	12,553,110.0	98,918,507	14.45%	81,931,910
Senkadagala Finance PLC	Parent Company of the Management Company	14,626,700.4	230,224,264	16.83%	88,683,596
Senfin Asset Management (Pvt) Ltd	Management Company	1,205,787.7	18,979,098	1.39%	7,391,479
Ms. Ineka Dunuwille	Deputy Chief Executive Officer	111.2	1,750	0.00%	985
Ms. Monica Wanigasekara	Fund Manager	1,000.0	15,740	0.00%	-
Number of units held by other related parties		100			
Number of units purchased by related parties		28,385,709			
Number of units sold by related parties		1,000			



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16.6 Transactions with and amounts due to from related parties

Transactions with related parties are disclosed below:

	Transactions during the year 31 December		Payables as at 31 December	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Management and registrar fees to Senfin Asset Management (Pvt) Ltd	22,622,002	4,552,580	2,440,747	948,242
Trustee and custodian fees to HNB PLC	2,353,348	680,654	247,958	109,734
Interest income on HNB PLC Money Market account	4,549,158	3,130,994	-	-
			31.12.2021	31.12.2020
			Rs.	Rs.
The bank balance held at HNB PLC			5,000	5,000
The Money Market account balance held at HNB PLC			91,273,026	68,323,087
Voting share investment at HNB PLC			33,609,465	25,348,450
Non-voting share investment at HNB PLC			-	21,126,000

17. Reconciliation between the net asset value as per financial statements and the published net asset value

	31.12.2021 Rs.	31.12.2020 Rs.
Net asset value as per financial statements	1,713,736,309	684,618,581
Published net asset value	<u>1,713,736,309</u>	<u>684,618,581</u>
Number of units outstanding	169,537,089.5	86,900,229.8
Published net asset value per unit	<u>10.11</u>	<u>7.88</u>

18. COVID-19 Implication

The Senfin Growth Fund is a growth fund that primarily invest in shares listed on the Colombo Stock Exchange (CSE). The fund size increased from Rs. 685 Mn as at 31 December 2020 to Rs. 1,714 Mn as at 31 December 2021 mainly due to new inflows as well as due to the growth in the equity market. Despite two Covid waves and macro-economic challenges, the fund did not incur significant redemptions during year 2021.

In terms of equity market performance, CSE indices witnessed a significant growth over the subject year with All Share Price Index (ASPI) gaining 80.5% and S&P SL20 Index gaining 60.5% while the All Share Total Return Index (ASTRI) gained 80.9%. The market was mainly driven by local retail participation on the back of low interest rate environment. In addition, positive sentiment was witnessed throughout the year due to Year-on-Year growth in corporate earnings of listed companies especially in sectors that benefitted from the pandemic such as import restricted sectors, logistics sector etc. while pent up demand from Covid-hit 2020 kicked in for many sectors in 2021. The fund was able to partly capitalize on this market growth and the fund performance recorded a growth of 28.3% during year 2021.

Therefore, in conclusion, the fund did not witness much negative impact from the Covid-19 Pandemic.





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 Growth 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.

Senfin Asset Management (Pvt) Ltd

(A fully owned subsidiary of Senkadagala Finance PLC)

Correspondence Address

3rd Floor, No 180, Bauddaloka Mawatha
Colombo 04. Sri Lanka
T: +94 11 2102000
F: +94 11 231 4831
Web: www.senfinassetmanagement.com
Email: Sfam.info@senfin.com

Registered Address

267, Galle Road
Colombo 03. Sri Lanka
T: +94 11 2102000
F: +94 11 231 4831
Web: www.senfinassetmanagement.com
Email: Sfam.info@senfin.com