

**SENFIN ASSET MANAGEMENT (PVT) LTD**

# **SENFIN GROWTH FUND**

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## **INTERIM REPORT**

**FOR THE SIX MONTH PERIOD ENDED 30TH JUNE 2022**



**Fund Manager**



**Trustee and Custodian**

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## FUND MANAGER'S REPORT

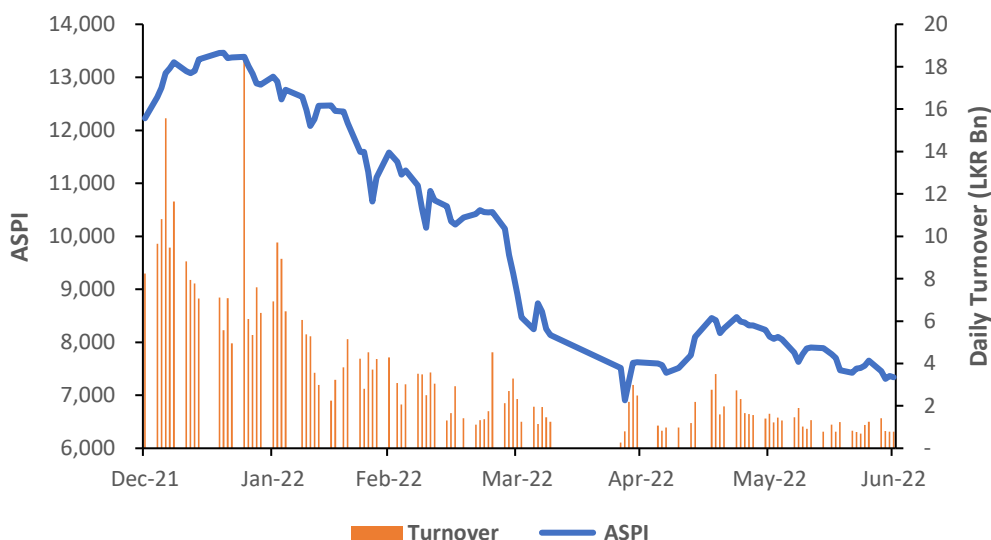
Dear Investor,

We are pleased to present the semi-annual report of Senfin Growth Fund for the six months ending June 2022.

The performance of the share market as measured by the All Share Price Index (ASPI) decreased by a significant 39.95% in the first half of 2022 as opposed to an increase of 15.70% in the first half of 2021. The S&P SL20 index too decreased by 44.86% during the six-month period under review, while it increased 12.52% during the comparative period in 2021. Similarly, the Fund's benchmark, All Share Total Return Index (ASTRI) declined by 39.94% during 1H2022 vs an increase of 15.84% in 1H2021<sup>1</sup>. The substantial downward momentum of indices during 1H2022 was mainly due to country's worsened macro-economic situation, lack of dollar liquidity leading to foreign debt restructuring, fuel shortages and power outages hampering economic activities and aggravated political uncertainty. In addition, forced selling too had a negative impact on indices.

With the weak investor sentiment, the average daily turnover reduced to LKR 3.49 Bn during 1H2022 against LKR 4.01 Bn in 1H2021. Despite low activity levels, foreigners were net buyers during the subject period with a total net foreign inflow of LKR. 1.17 Bn, as opposed to a net foreign outflow of LKR. 26.44 Bn<sup>2</sup> during 1H2021.

### All Share Price Index –Index and Turnover Value



Source: Colombo Stock Exchange

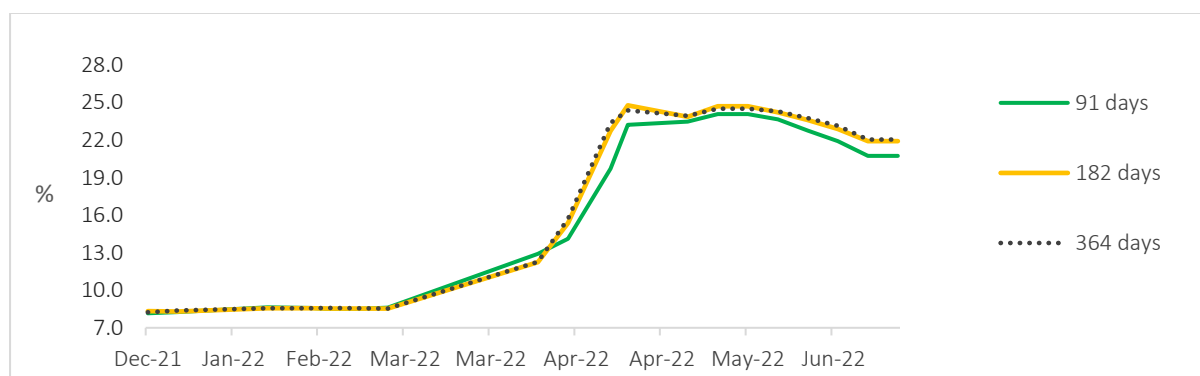
<sup>1</sup> Colombo Stock Exchange.

<sup>2</sup> Colombo Stock Exchange.

During the subject six months, the Monetary Board of the Central Bank of Sri Lanka (CBSL) executed a contractionary monetary policy stance with three rate hikes, out of which the most significant hike came in April 2022 Monetary Policy Review where policy rates were increased by 700 basis points each. This was mainly to curtail underlying demand side pressures in the economy, to stabilize the exchange rate and to correct inconsistencies in the market interest rates. Consequently, the Standing Deposit Facility Rate (SDFR) stood at 13.50% as at 30<sup>th</sup> Jun 2022 compared to 5.00% as at 31<sup>st</sup> Dec 2021 and the Standing Lending Facility Rate (SLFR) stood at 14.50% compared to 6.00% as at 31<sup>st</sup> Dec 2021. Similarly, the Bank Rate was also increased from 9.00% to 17.50% during 1H2022. However, the Statutory Reserve Ratio was maintained at 4.00% throughout the subject period<sup>3</sup>.

Along with the several policy rate hikes as aforementioned, the six-months under review saw Treasury bill yields too significantly increase. The benchmark 03, 06 and 12-month yields increased from 8.16%, 8.33% and 8.24% respectively as at the end of December 2021 to 20.73%, 21.90% and 22.04% respectively as at the end of June 2022<sup>4</sup>.

### Movement in Treasury bill Rates in 1H2022



Source: Central Bank of Sri Lanka

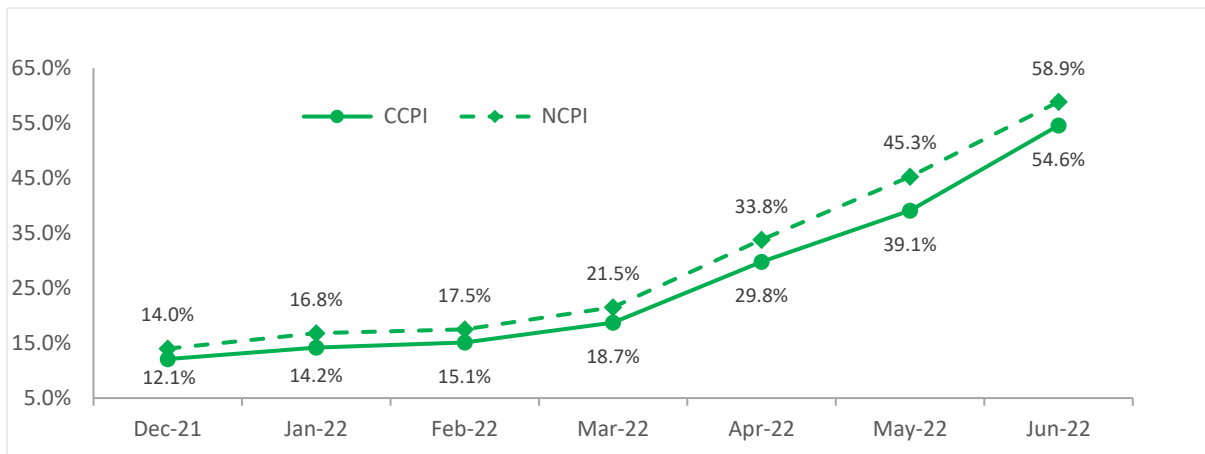
Inflation measured by the point-to-point change in the Colombo Consumer Price Index (CCPI) significantly increased from 12.1% as at the end of Dec 2021 to 54.6% as at the end of Jun 2022. Similarly, Inflation measured by the point-to-point change in the National Consumer Price Index (NCPI) increased from 14.0% to 58.9% during the same period<sup>5</sup>. Inflation was mainly driven by soaring food inflation while the significant rise in fuel prices, gas prices etc. had a major impact on the non-food inflation.

<sup>3</sup> Central Bank of Sri Lanka, Monetary Policy Review

<sup>4</sup> Central Bank of Sri Lanka, Rates on Government Securities

<sup>5</sup> Department of Census and Statistics

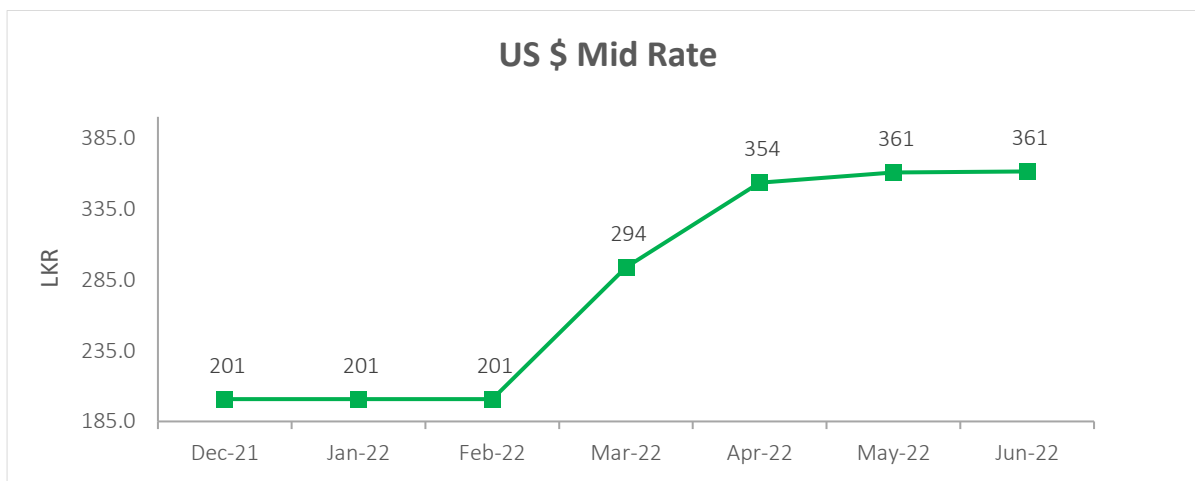
### Movement in the NCPI and CCPI (Base: 2013=100)



Source: Department of Census and Statistics

Subsequent to several months of maintaining the exchange rate around Rs. 203 mark, the Rupee was officially floated by CBSL during March 2022. Following that, amidst mounting pressures on the currency, the Sri Lankan Rupee depreciated by a mammoth 44.46% during 1H2022<sup>6</sup>.

### Movement in Exchange Rate (USD/LKR)



Source: Central Bank of Sri Lanka

<sup>6</sup> Central Bank of Sri Lanka, End of Month Exchange Rates

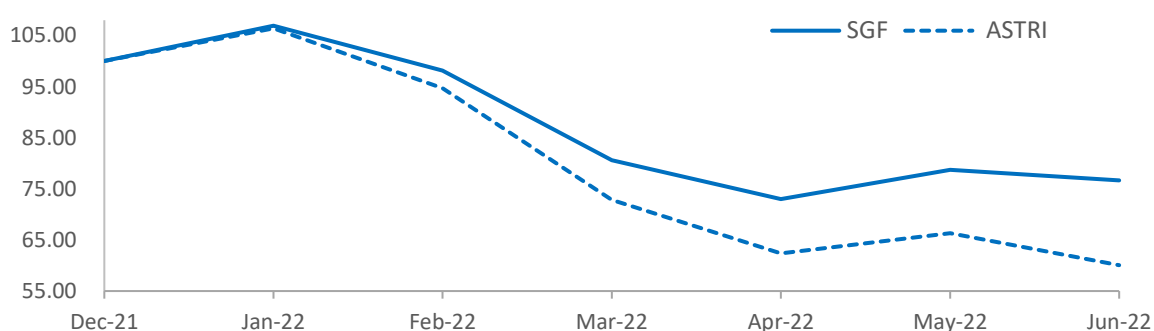
## Performance Review of the Fund

### The Fund Performance as at 30<sup>th</sup> June 2022<sup>7</sup>

Period	Since Inception (03 Feb 2012)	Since Inception (Annualized)	One Year Performance to 30 June 2022	Six months to 30 June 2022
Senfin Growth Fund	-22.50%	-2.42%	-14.46%	-23.34%
All Share Total Return Index (ASTRI)	45.53%	3.67%	-6.21%	-39.94%

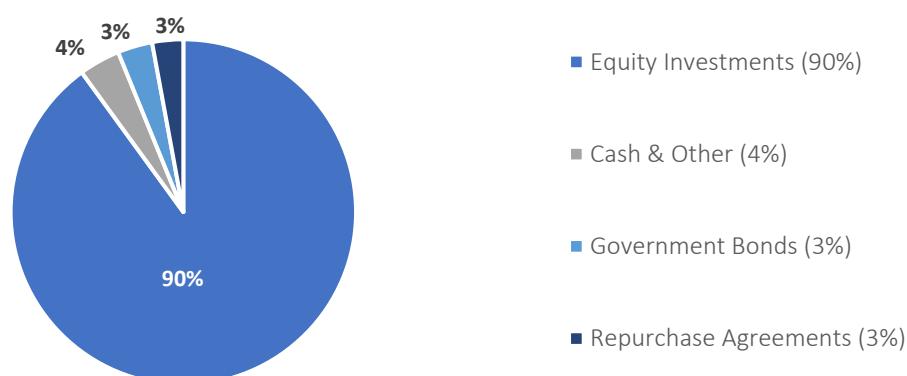
Source: Senfin Asset Management (Pvt) Ltd & Colombo Stock Exchange

### Fund vs ASTRI



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

### Asset Allocation as a percentage of Total Net Assets as at 30<sup>th</sup> June 2022 (Net of payables)<sup>8</sup>



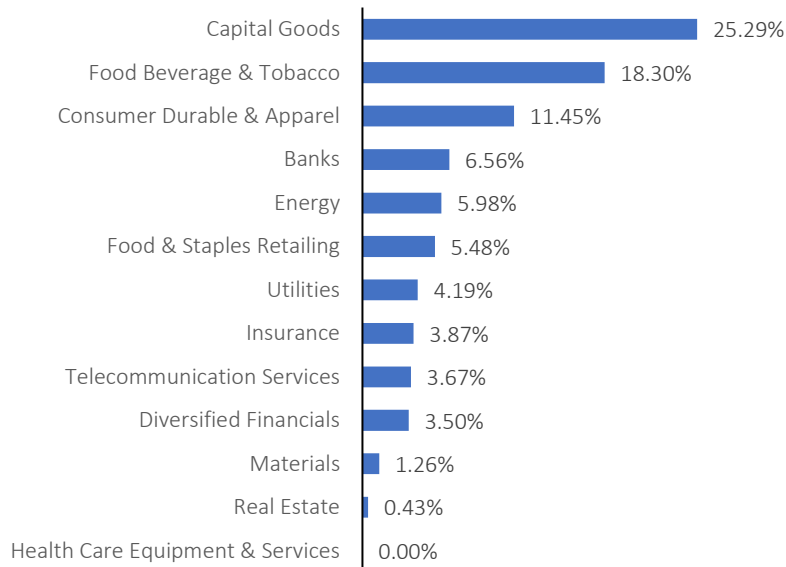
Source: Senfin Asset Management (Pvt)Ltd

### Equity Holding by Sector as at 30<sup>th</sup> June 2022

<sup>7</sup> Senfin Asset Management (Pvt) Ltd

<sup>8</sup> Senfin Asset Management (Pvt) Ltd

The Net Asset Value (NAV) of the Fund was LKR 1,413,715,274.68 as at 30<sup>th</sup> June 2022<sup>9</sup> while the equity portfolio was LKR 1,272,190,943.20 accounting for of 90.0% of NAV.



Source: Senfin Asset Management (Pvt)Ltd

In upcoming months, we anticipate a testing period amidst macro-economic challenges, lack of dollar liquidity, continued fuel shortages, political uncertainty, tax reforms & fiscal consolidation measures directed by IMF and possible decline in corporate earnings. However, indices appear to be already factored in most of the negative news and further downside seems limited. We continue to analyze and invest in counters that are expected to perform well in the medium / long run as well as counters that are expected to survive through the current challenging economic climate, while remaining committed to the overall aim of capital appreciation.

Sincerely,  
**Investment Team**

<sup>9</sup> Senfin Asset Management (Pvt) Ltd

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six month period ended 30 June 2022

	Notes	6 month ended 30.06.2022 Rs.	6 month ended 30.06.2021 Rs.
<b>INVESTMENT INCOME</b>			
Interest Income	3	5,410,991	2,570,936
Dividend Income		54,817,948	33,327,515
Net Change in Unrealised (Depreciation) / Appreciation on Financial Assets Held at Fair Value Through Profit and Loss	4	(460,621,471)	(36,907,098)
Net Change in Realised Gains on Financial Assets Held at Fair Value Through Profit and Loss	5	(329,367)	125,586,422
<b>TOTAL INVESTMENT INCOME</b>		<b>(400,721,899)</b>	<b>124,577,775</b>
<b>OPERATING EXPENSES</b>			
Management Fees		(13,619,629)	(9,116,020)
Trustee and Custodian Fees		(1,397,237)	(972,417)
Audit Fees		(111,399)	(111,574)
Brokerage Expenses on Equity Transactions		(3,335,074)	(9,662,370)
Tax Consultation Fees		(52,333)	(39,120)
Other Expenses		(2,080)	(6,999)
		<u>(18,517,752)</u>	<u>(19,908,500)</u>
<b>NET PROFIT BEFORE TAX</b>		<b><u>(419,239,651)</u></b>	<b><u>104,669,275</u></b>
Income Tax Expense	6	-	-
<b>NET PROFIT FOR THE PERIOD</b>		<b><u>(419,239,651)</u></b>	<b><u>104,669,275</u></b>
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b><u>(419,239,651)</u></b>	<b><u>104,669,275</u></b>

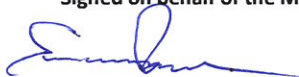


## STATEMENT OF FINANCIAL POSITION

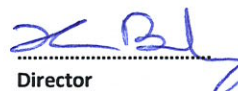
As at 30 June 2022

	Notes	As at 30.06.2022		As at 31.12.2021	
		Rs.	% NAV	Rs.	% NAV
<b>ASSETS</b>				<b>(Audited)</b>	
Cash and Cash Equivalents	7	54,483,296	3.9%	91,278,026	5.3%
Financial Assets - Held at Fair Value Through Profit and Loss	8	1,272,190,944	90.0%	1,604,763,681	93.6%
Financial Assets - Loans and Receivables	9	87,073,302	6.2%	40,056,995	0.02
Other Receivable	10	2,456,036	0.2%	8,907,257	0.01
		<u>1,416,203,577</u>	<u>100.2%</u>	<u>1,745,005,959</u>	<u>101.8%</u>
<b>LIABILITIES</b>					
Accrued Expenses	11	2,488,302	0.2%	31,269,650	1.8%
Total Liabilities		<u>2,488,302</u>	<u>0.2%</u>	<u>31,269,650</u>	<u>1.8%</u>
<b>NET ASSET</b>		<u>1,413,715,275</u>	<u>100.0%</u>	<u>1,713,736,309</u>	<u>100.0%</u>
<b>UNIT HOLDERS' FUNDS</b>					
Net Assets Attributable to Unit Holders	17	<u>1,413,715,275</u>		<u>1,713,736,309</u>	

Signed on behalf of the Management Company



Director  
Management Company



Director  
Management Company

29/09/2022

Date

## STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

for the six month period ended 30 June 2022

	6 month ended 30.06.2022 Rs.	6 month ended 30.06.2021 Rs.
<b>Unit Holders' Fund as at the Beginning of the Period</b>	1,713,736,309	684,618,581
Total Comprehensive Income for the Period	(419,239,651)	104,669,275
Received on Creation of Units	131,773,042	578,257,490
Paid on Redemption of Units	(12,554,425)	(2,750,000)
Net Decrease due to Unit holders' Transactions	119,218,617	575,507,490
<b>Unit Holders' Fund as at the End of the Period</b>	<b>1,413,715,275</b>	<b>1,364,795,346</b>

## CASH FLOW STATEMENT

for the six month period ended 30 June 2022

	6 month ended 30.06.2022 Rs.	6 month ended 30.06.2021 Rs.
<b>Cash Flows from Operating Activities</b>		
Interest Received	4,135,671	2,422,114
Dividend Received	52,361,912	31,276,654
Management Fees and Trustee Fees Paid	(15,405,427)	(8,971,986)
Brokerage Paid on Equity Transactions	(3,335,074)	(9,662,370)
Audit Fees Paid	(226,708)	(224,533)
Other Expenses Paid	(96,953)	(101,872)
Investment in Equity Shares	(237,300,998)	(674,070,048)
Proceeds from Sale of Equity Shares	90,418,802	194,086,094
Net Investment in Treasury Bill/Bond and Repurchase Agreements	(46,564,571)	(80,000,000)
Net Investment in Fixed Deposits	-	-
<b>Net Cash Flow (Used in) / Generated from Operating Activities</b>	<b>(156,013,346)</b>	<b>(545,245,947)</b>
<b>Cash Flows from Financing Activities</b>		
Cash Received on Creation of Units	131,773,041	578,257,490
Cash Paid on Redemption of Units	(12,554,425)	(2,750,000)
<b>Net Cash Generated from / (Used in) Financing Activities</b>	<b>119,218,616</b>	<b>575,507,490</b>
Net Increase / (Decrease) in Cash and Cash Equivalents	(36,794,730)	30,261,543
Cash and Cash Equivalents at the Beginning of the Period	91,278,026	68,328,087
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>54,483,296</b>	<b>98,589,630</b>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 June 2022

1. All figures for the six month period ended 30 June 2022 are provisional and unaudited. Previous year figures have been re-arranged wherever necessary for better presentation and to be comparable with those of the current period.

2. There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2021.

### 3. INTEREST INCOME

	6 month ended 30.06.2022 Rs.	6 month ended 30.06.2021 Rs.
Interest on Bank Deposits	-	-
Interest on Treasury Securities	3,356,188	148,822
Interest on Bank Money Market Bank account	2,054,803	2,422,114
	<u>5,410,991</u>	<u>2,570,936</u>

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

Unrealised (Depreciation) / Appreciation of Quoted Equity Securities	(459,797,886)	(36,907,098)
Unrealised appreciation of investment Treasury Securities	(823,585)	-
	<u>(460,621,471)</u>	<u>(36,907,098)</u>

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

Proceeds on Sale of Quoted Equity Securities	90,418,802	194,086,094
Average Cost of Quoted Equity Securities Sold	(90,748,169)	(68,499,672)
	<u>(329,367)</u>	<u>125,586,422</u>

### 6. INCOME TAX

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

### 7. CASH AND CASH EQUIVALENTS

	As at 30.06.2022 Rs.	As at 31.12.2021 Rs.
HNB Money Market Account	54,478,296	91,273,026
HNB Current Account	5,000	5,000
	<u>54,483,296</u>	<u>91,278,026</u>

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

Cost of Purchases	1,467,057,647	1,339,832,498
Unrealised Appreciation of Quoted Equity Securities	(194,866,703)	264,931,183
Market Value as at End of the Period	<u>1,272,190,944</u>	<u>1,604,763,681</u>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 June 2022

### 9. FINANCIAL ASSETS - LOANS AND RECEIVABLES

	As at 30.06.2022 Rs.	As at 31.12.2021 Rs.
Investment in Treasury Securities	87,073,302	40,056,995
	<b>87,073,302</b>	<b>40,056,995</b>

### 10. OTHER RECEIVABLES

Dividend receivable	2,456,036	-
	<b>2,456,036</b>	-

### 11. ACCRUED EXPENSES

Fund Manager Fee Payable	2,078,513	2,440,747
Trustee Fee and Custodian Fee Payable	221,630	247,958
Audit Fee and Tax Consultation Fee Payable	188,159	346,008
CDS Payable	-	28,234,937
	<b>2,488,302</b>	<b>31,269,650</b>

### 12. Related party unit holding as at 30 June 2022 are as follows

Unit holder	Relationship	No. of units held	Value of the Unit held (Rs.)
E. W. Balasuriya and Company (Pvt) Ltd	Ultimate Parent Company of the Management Company	48,107,925.9	368,987,792
Senkadagala Finance PLC	Parent Company of the Management Company	25,427,198.5	195,026,613
Senfin Asset Management (Pvt) Ltd	Management Company	2,077,439.9	15,933,964
Ms. Ineka Dunuwille	Chief Executive Officer	20,005.5	153,442
Ms. Monica Wanigasekara	Fund Manager	1,000.0	7,670

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

### 13. Units in issue as at 30 June 2022 is 182,406,559.90

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

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

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

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

	As at 30.06.2022 Rs.	As at 31.12.2021 Rs. (Audited)
Net Asset Value (Net Assets Attributable to Unit Holders) as per the Financial Statements	1,413,715,275	1,713,736,309
Other Adjustments	-	-
Published Net Asset Value	<b>1,413,715,275</b>	<b>1,713,736,309</b>
Number of Units Outstanding	182,406,559.9	169,537,089.5
Published Net Asset Value per Unit	<b>7.75</b>	<b>10.11</b>

## MANAGEMENT COMPANY INFORMATION

### Managing Company (Registered Address)

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

### Managing Company (Correspondence Address)

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Bauddaloka Mawatha, Colombo 04.  
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F: +94 11 230 1937  
Web: [senfinassetmanagement.com](http://senfinassetmanagement.com)  
Email: [sfam.info@senfin.com](mailto:sfam.info@senfin.com)

### Bankers

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

### Auditors

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

### Lawyers

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Attorneys-at-Law  
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## FUND INFORMATION

<b>Registrar</b>	<b>Senfin Asset Management (Pvt) Ltd</b> <b>267, Galle Road,</b> <b>Colombo 03.</b> <b>Sri Lanka</b> <b>T: +94 11 230 1301</b> <b>F: +94 11 230 1937</b> <b>Web: senfinassetmanagement.com</b>
<b>Trustee and Custodian</b>	<b>Hatton National Bank PLC</b> <b>HNB Towers</b> <b>No 479, T B Jayah Mawatha</b> <b>P O Box 837</b> <b>Colombo 10</b> <b>Sri Lanka</b> <b>T: +94 11 2664664</b> <b>T: +94 11 4764764</b> <b>F: +94 11 2662832</b> <b>Web: www.hnb.lk</b>
<b>Auditors</b>	<b>SJMS Associates</b> <b>Chartered Accountants</b> <b>No 11, Castle Lane</b> <b>Colombo-04</b> <b>T: +94 11 2580409</b> <b>F: +94 11 2582452</b>
<b>Lawyers</b>	<b>Nithya Partners</b> <b>Attorneys-at-Law</b> <b>No. 97A, Galle Road</b> <b>Colombo 03</b> <b>T: +94 11 4712625</b> <b>F: +94 11 2335908</b> <b>Web: <a href="http://www.nithyapartners.com">http://www.nithyapartners.com</a></b>

# Senfin Asset Management (Pvt) Ltd

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