

SENFIN ASSET MANAGEMENT (PVT) LTD

SENFIN GROWTH FUND

INTERIM REPORT

FOR THE SIX MONTH PERIOD ENDED 30TH JUNE 2023



Fund Manager



Trustee and Custodian

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FUND MANAGER'S REPORT

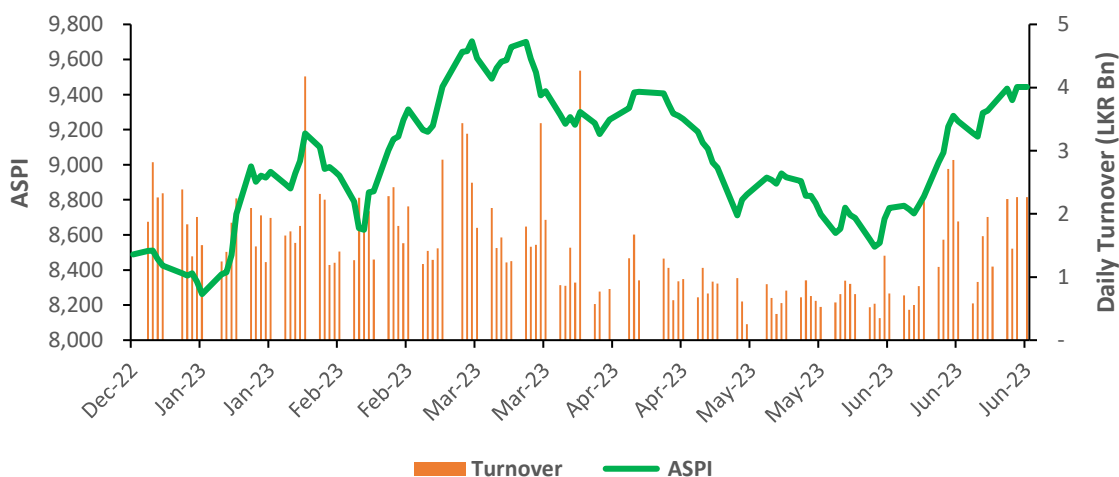
Dear Investor,

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

The performance of the share market as measured by the All Share Price Index (ASPI) increased by 11.23% during the first half of 2023 as opposed to a significant decrease of 39.95% in the first half of 2022. The S&P SL20 index gained 2.96% during the six-month period under review, while it decreased by a mammoth 44.86% during the comparative period in 2022. Similarly, the Fund's benchmark, All Share Total Return Index (ASTRI) gained 11.76% during 1H2023 vs a decrease of 39.94% in 1H2022¹. During the initial part of the subject 6 months, indices displayed a positive momentum due to the expectation of the IMF Board Level Agreement. However, following the confirmation of the Board Level Agreement, the uncertainty over the possible Domestic Debt Optimization (DDO) took a toll on the indices, but indices recovered in the last part of 1H2023, once it was expected to be done with minimal impact to the banking sector. In addition, the overall sentiment on equity largely improved on the back of the decline in market interest rates which is likely to direct fund inflows to equity from fixed income, seeking better returns.

The average daily turnover reduced to LKR 1.48 Bn during 1H2023 against LKR 3.49 Bn in 1H2022. Foreigners were net buyers during the subject period with a total net foreign inflow of LKR. 1.07 Bn, as opposed to a net foreign outflow of LKR. 1.17 Bn² during 1H2022.

All Share Price Index (ASPI) Performance and Turnover



Source: Colombo Stock Exchange

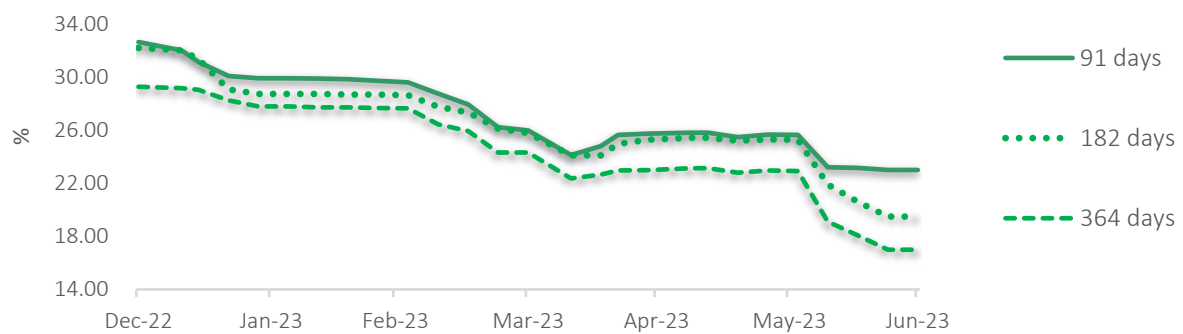
¹ Colombo Stock Exchange

² Colombo Stock Exchange

During 1H2023, the Monetary Board of the Central Bank of Sri Lanka (CBSL) further increased policy rates by 100 basis points prior to IMF Board Level Agreement in March 2023. However, as the decline in inflation is faster than anticipated and with the intention of providing impetus to the economic growth to rebound, CBSL relaxed their monetary policy stance by reducing policy rates by 250 basis points during its June 2023 Monetary Policy Review. Consequently, the Standing Deposit Facility Rate (SDFR) stood at 13.00% as at 30th Jun 2023 compared to 14.50% as at 31st Dec 2022 and the Standing Lending Facility Rate (SLFR) stood at 14.00% compared to 15.50% as at 31st Dec 2022. However, the Statutory Reserve Ratio was maintained at 4.00% throughout the subject period.³

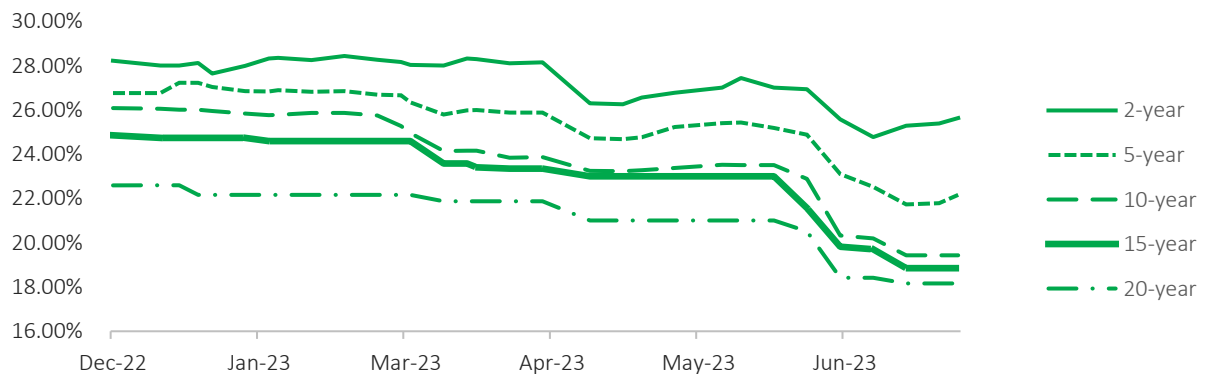
Despite the policy rate increases in March 2023, the six-months under review saw Treasury bill yields gradually easing throughout from the highs of 2022. The benchmark 03, 06 and 12-month yields decreased from 32.64%, 32.20% and 29.27% respectively as at the end of December 2022 to 23.00%, 19.49% and 16.99% respectively as at the end of June 2023⁴. However, yields on long term government bonds remained volatile across the medium to long term maturities ahead of the government's announcement on the debt restructure program.

Treasury Bill Rate Movement



Source: Central Bank of Sri Lanka

Treasury Bond Rate Movement



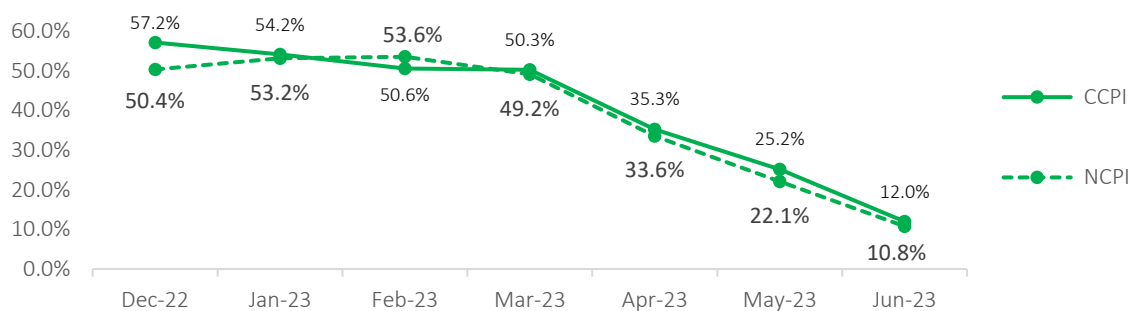
Source: Central Bank of Sri Lanka

³ Central Bank of Sri Lanka, Monetary Policy Review

⁴ Central Bank of Sri Lanka, Rates on Government Securities

The base year of inflation was changed to 2021 by the Statistics Department during Feb 2023. Inflation measured by the year-on-year change in the Colombo Consumer Price Index (CCPI) significantly eased to 12.0% as at the end of Jun 2023 (Base year 2021) from high as 57.2% as at the end of Dec 2022 (Base year 2013). Similarly, Inflation measured by the year-on-year change in the National Consumer Price Index (NCPI) too decreased to 10.8% (Base year 2021) from high as 50.4% (Base year 2013) during the same period⁵. Notable slowdown of Food Inflation was witnessed during the subject period while the decline of Non-Food Inflation was mainly driven by the drop in prices of fuel, gas etc. In addition, the higher base effect coming from the previous year assisted the overall slowdown of inflation as a whole.

Movement in the CCPI and NCPI (Base: 2021=100)

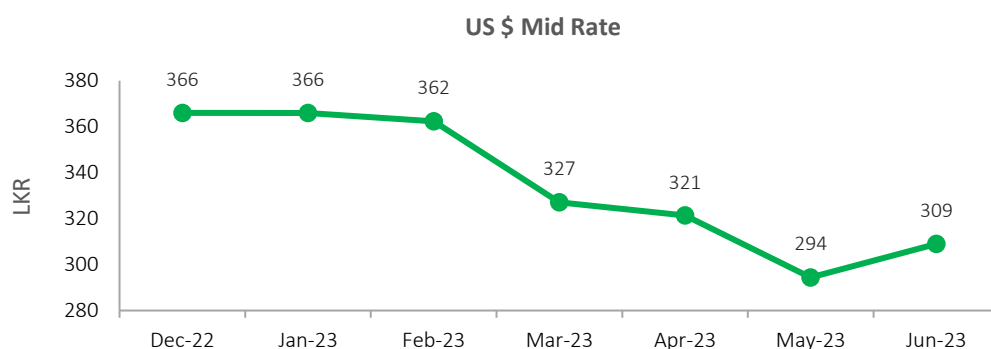


* CCPI Dec 2022, CCPI Jan 2023 & NCPI Dec 2022 are based on 2013=100 Base year

Source: Statistics Department

The exchange rate witnessed a gradual appreciation during 1H2023, with the assistance of improved worker remittances, improved tourism inflows and the overall improvement in sentiment due to IMF Board Level Approval and the receipt of its first tranche. However once some of the import restrictions were released by the government, a slight depreciation of the LKR was observed⁶.

Movement in the USD/LKR Rate



Source: Central Bank of Sri Lanka

⁵ Statistics Department

⁶ Central Bank of Sri Lanka, End of Month Exchange Rates

Fund Performance

During the period under review, Senfin Growth Fund posted a return of 12.00% against the benchmark return of 11.76%, thereby outperforming the benchmark by 0.24%.

The Fund Performance as at 30th June 2023

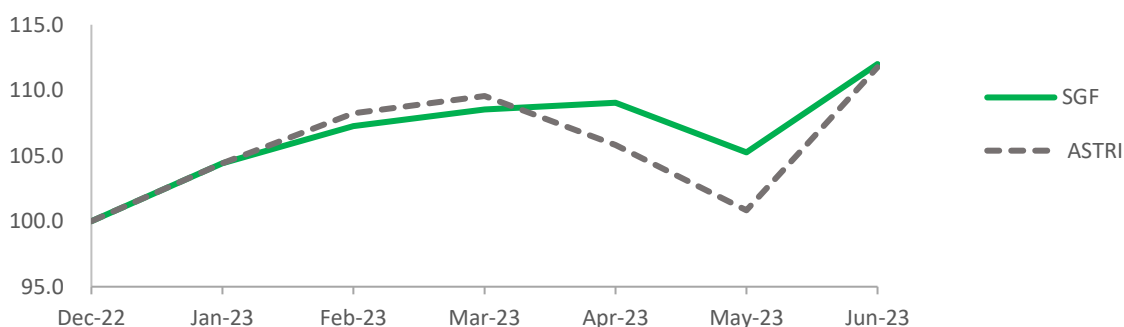
Periods	Six months to 30 June 2023	One Year Performance to 30 June 2023	Since Inception (03 Feb 2012)	Since Inception (Annualized)
Senfin Growth Fund	12.00%	37.29%	6.40%	0.55%
All Share Total Return Index (ASTRI)	11.76%	29.22%	88.06%	5.69%

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

Note:

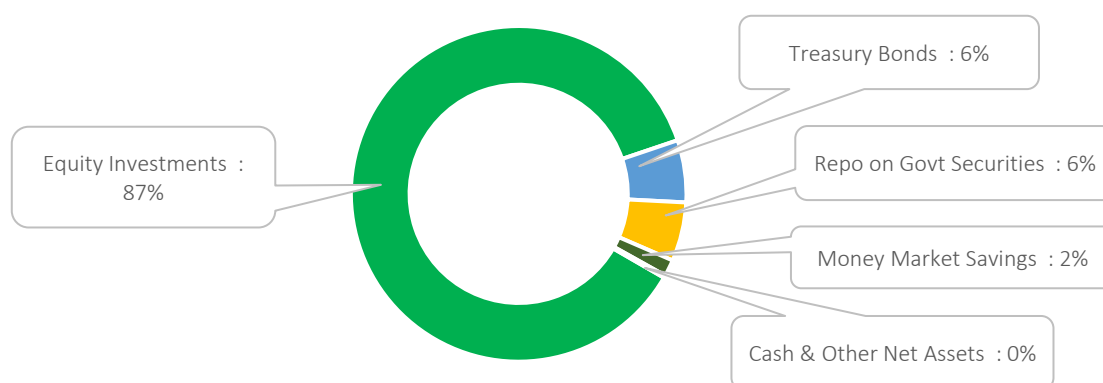
1. All returns in the table are non-annualized, except for the last column which shows the annualized return since inception.
2. Performance data is net of management fees and taxes.

Fund performance Vs Benchmark



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

Asset Allocation as a percentage of NAV as at 30th June 2023 (Net of payables)⁷

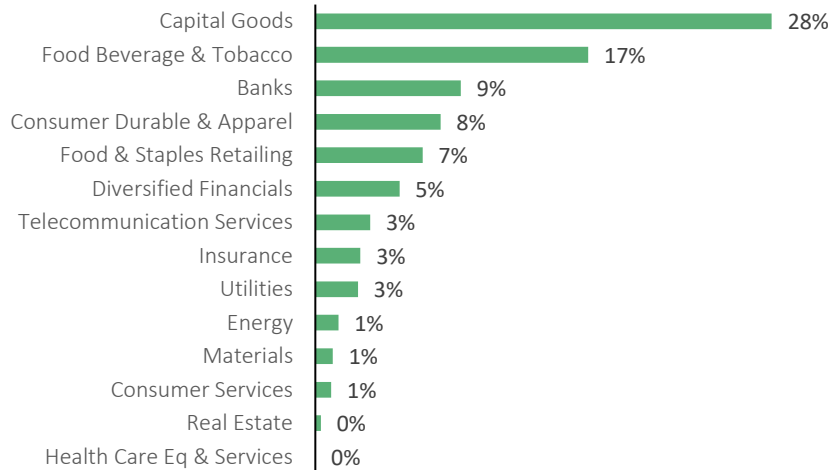


⁷ Senfin Asset Management (Pvt) Ltd

Source: Senfin Asset Management (Pvt)Ltd

Equity Holding by Sector as at 30th June 2023⁸

The Net Asset Value (NAV) of the Fund was LKR 1,961,773,612.09 as at 30th June 2023⁹ while the equity portfolio was LKR 1,704,895,335.30 accounting for of 86.9% of NAV.



Source: Senfin Asset Management (Pvt)Ltd

Subsequently, the DDO was announced at the end of the 1H2023 with mainly impacting CBSL Treasury Bill holdings and Superannuation Funds. Since the severity of DDO is less than anticipated with least impact to the banking system, it is expected to be positive on equities. We expect interest rates to decline further with another policy rate cut, as the risk premium of DDO is no longer exist, and hence to shift some fund inflows to equity from fixed income. Therefore, we look forward positively on equity in the medium run. We continue to analyze and invest in counters that are expected to perform well in the medium / long run, while remaining committed to the overall aim of capital appreciation.

Sincerely,
Investment Team

⁸ Senfin Asset Management (Pvt) Ltd

⁹ Senfin Asset Management (Pvt) Ltd

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six month period ended 30 June 2023

	Notes	6 month ended 30.06.2023 Rs.	6 month ended 30.06.2022 Rs.
INVESTMENT INCOME			
Interest Income	3	32,790,254	5,410,991
Dividend Income		36,655,845	54,817,948
Net Change in Unrealised (Depreciation) / Appreciation on Financial Assets Held at Fair Value Through Profit and Loss	4	141,679,401	(460,621,471)
Net Change in Realised Gains on Financial Assets Held at Fair Value Through Profit and Loss	5	24,100,005	(329,367)
TOTAL INVESTMENT INCOME		235,225,505	(400,721,899)
OPERATING EXPENSES			
Management Fees		(16,296,133)	(13,619,629)
Trustee and Custodian Fees		(1,787,802)	(1,397,237)
Audit Fees		(145,905)	(111,399)
Brokerage Expenses on Equity Transactions		(3,499,616)	(3,335,074)
Tax Consultation Fees		(60,617)	(52,333)
With Holding Tax		(1,848,388)	-
Other Expenses		(45,520)	(2,080)
		<u>(23,683,981)</u>	<u>(18,517,752)</u>
NET PROFIT BEFORE TAX		<u>211,541,524</u>	<u>(419,239,651)</u>
Income Tax Expense	6	-	-
NET PROFIT FOR THE PERIOD		<u>211,541,524</u>	<u>(419,239,651)</u>
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>211,541,524</u>	<u>(419,239,651)</u>

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at 30.06.2023		As at 31.12.2022	
		Rs.	% NAV	Rs. (Audited)	% NAV
ASSETS					
Cash and Cash Equivalents	7	31,520,958	1.6%	59,972,083	3.4%
Financial Assets - Held at Fair Value Through Profit and Loss	8	1,704,895,336	86.9%	1,552,325,356	88.6%
Financial Assets - Loans and Receivables	9	235,913,016	12.0%	142,828,127	8.2%
Other Receivable	10	15,400,017	0.8%	-	-
		<u>1,987,729,327</u>	<u>101.3%</u>	<u>1,755,125,566</u>	<u>100.2%</u>
LIABILITIES					
Accrued Expenses	11	3,342,028	0.2%	3,320,631	0.2%
CDS payable		22,613,686	1.2%	-	-
Total Liabilities		<u>25,955,714</u>	<u>1.3%</u>	<u>3,320,631</u>	<u>0.2%</u>
NET ASSET		<u>1,961,773,613</u>	<u>100.0%</u>	<u>1,751,804,935</u>	<u>100.0%</u>
UNIT HOLDERS' FUNDS					
Net Assets Attributable to Unit Holders	17	<u>1,961,773,613</u>		<u>1,751,804,935</u>	

Signed on behalf of the Management Company


 Director
 Management Company


 Director
 Management Company

25/09/2023
 Date

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

for the six month period ended 30 June 2023

	6 month ended 30.06.2023 Rs.	6 month ended 30.06.2022 Rs.
Unit Holders' Fund as at the Beginning of the Period	1,751,859,436	1,713,736,309
Total Comprehensive Income for the Period	211,541,524	(419,239,651)
Received on Creation of Units	49,280	131,773,042
Paid on Redemption of Units	(1,676,627)	(12,554,425)
Net Decrease due to Unit holders' Transactions	(1,627,348)	119,218,617
Unit Holders' Fund as at the End of the Period	<u>1,961,773,613</u>	<u>1,413,715,275</u>

CASH FLOW STATEMENT

for the six month period ended 30 June 2023

	6 month ended 30.06.2023 Rs.	6 month ended 30.06.2022 Rs.
Cash Flows from Operating Activities		
Interest Received	29,257,781	4,135,671
Dividend Received	36,503,124	52,361,912
Management Fees and Trustee Fees Paid	(17,987,211)	(15,405,427)
Brokerage Paid on Equity Transactions	(3,499,616)	(3,335,074)
Audit Fees Paid	(236,750)	(226,708)
Professional fees Paid	-	-
Other Expenses Paid	(45,520)	(96,953)
Investment in Equity Shares	(180,467,411)	(237,300,998)
Proceeds from Sale of Equity Shares	100,385,383	90,418,802
Refunds received from Initial Public Offer		
Net Investment in Treasury Bill/Bond and Repurchase Agreements	9,266,432	(46,564,571)
Net Investment in Fixed Deposits	-	-
Net Cash Flow (Used in) / Generated from Operating Activities	(26,823,789)	(156,013,346)
Cash Flows from Financing Activities		
Cash Received on Creation of Units	49,280	131,773,041
Cash Paid on Redemption of Units	(1,676,626)	(12,554,425)
Net Cash Generated from / (Used in) Financing Activities	(1,627,347)	119,218,616
Net Increase / (Decrease) in Cash and Cash Equivalents	(28,451,135)	(36,794,730)
Cash and Cash Equivalents at the Beginning of the Period	59,972,093	91,278,026
Cash and Cash Equivalents at the End of the Period	31,520,958	54,483,296

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 June 2023

1. All figures for the six month period ended 30 June 2023 are provisional and unaudited. Previous year figures have been re-arranged wherever necessary for better presentation and to be comparable with those of the current period.

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

3. INTEREST INCOME

	6 month ended 30.06.2023 Rs.	6 month ended 30.06.2022 Rs.
Interest on Bank Deposits	-	-
Interest on Treasury Securities	29,135,012	3,356,188
Interest on Bank Money Market Bank account	3,655,241	2,054,803
	<u>32,790,254</u>	<u>5,410,991</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	129,394,669	(459,797,886)
Unrealised appreciation of investment Treasury Securities	12,284,732	(823,585)
	<u>141,679,401</u>	<u>(460,621,471)</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	115,632,679	90,418,802
Average Cost of Quoted Equity Securities Sold	(91,532,673)	(90,748,169)
	<u>24,100,005</u>	<u>(329,367)</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 30.06.2023 Rs.	As at 31.12.2022 Rs.
HNB Money Market Account	31,515,958	59,967,083
HNB Current Account	5,000	5,000
	<u>31,520,958</u>	<u>59,972,083</u>

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

Cost of Purchases	1,615,461,496	1,503,913,072
Unrealised Appreciation of Quoted Equity Securities	89,433,840	(39,960,829)
Market Value as at End of the Period	<u>1,704,895,336</u>	<u>1,463,952,243</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 June 2023

9. FINANCIAL ASSETS - LOANS AND RECEIVABLES

	As at 30.06.2023 Rs.	As at 31.12.2022 Rs.
Investment in Treasury Securities	235,913,016	88,373,113
	235,913,016	88,373,113

10. OTHER RECEIVABLES

Dividend receivable	152,721	-
CDS Receivable	15,247,296	-
	15,400,017	-

11. ACCRUED EXPENSES

Fund Manager Fee Payable	2,751,948	2,655,093
Trustee Fee and Custodian Fee Payable	298,349	298,470
Audit Fee and Tax Consultation Fee Payable	291,731	367,068
	3,342,028	3,320,631

12. Related party unit holding as at 30 June 2023 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	34,835,030	367,161,216
Senkadagala Finance PLC	Parent Company of the Management Company	25,682,822.2	270,696,946
Senfin Asset Management (Pvt) Ltd	Management Company	2,077,439.9	21,896,217
Mr. Jeevan Sukumaran	Chief Executive Officer	5,144	54,218
Ms. Monica Wanigasekara	Fund Manager	1,000.0	10,540

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

13. Units in issue as at 30 June 2023 is 184,299,608.40

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

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

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

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

	As at 30.06.2023 Rs.	As at 31.12.2022 Rs. (Audited)
Net Asset Value (Net Assets Attributable to Unit Holders) as per the Financial Statements	1,961,773,613	1,751,804,935
Other Adjustments	-	54,501
Published Net Asset Value	1,961,773,613	1,751,859,436
Number of Units Outstanding	184,299,608.4	184,464,333.8
Published Net Asset Value per Unit	10.64	9.50

MANAGEMENT COMPANY INFORMATION

Managing Company (Registered Address)

Senfin Asset Management (Pvt) Ltd
267, Galle Road,
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Web: senfinassetmanagement.com

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FUND INFORMATION

Registrar

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