

SENFIN ASSET MANAGEMENT (PVT) LTD

SENFIN SHARIAH BALANCED FUND

INTERIM REPORT

FOR THE SIX MONTH PERIOD ENDED 30TH JUNE 2024



Fund Manager



Trustee and Custodian

CONTENTS

Page

Fund Manager’s Report.....	1
Statement of Comprehensive Income.....	7
Statement of Financial Position.....	8
Statement of Movement in Unit Holders’ Fund.....	9
Statement of cash flows.....	10
Notes To The Interim Financial Statements.....	11
Management Company and Fund Information.....	13

FUND MANAGER'S REPORT

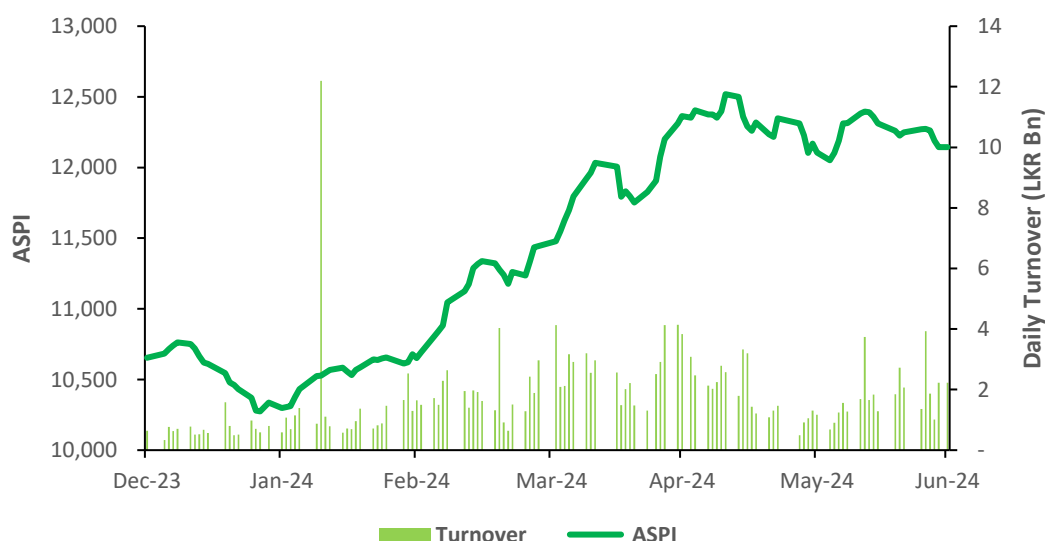
Dear Investor,

We are pleased to present the semi-annual report of Senfin Shariah Balanced Fund for the six months ending 30 June 2024.

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

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

All Share Price Index (ASPI) Performance and Turnover

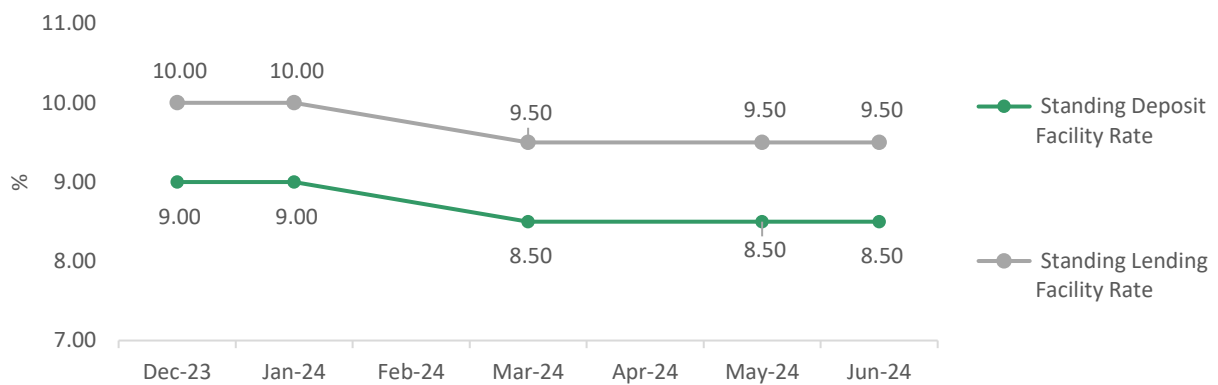


Source: Colombo Stock Exchange

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

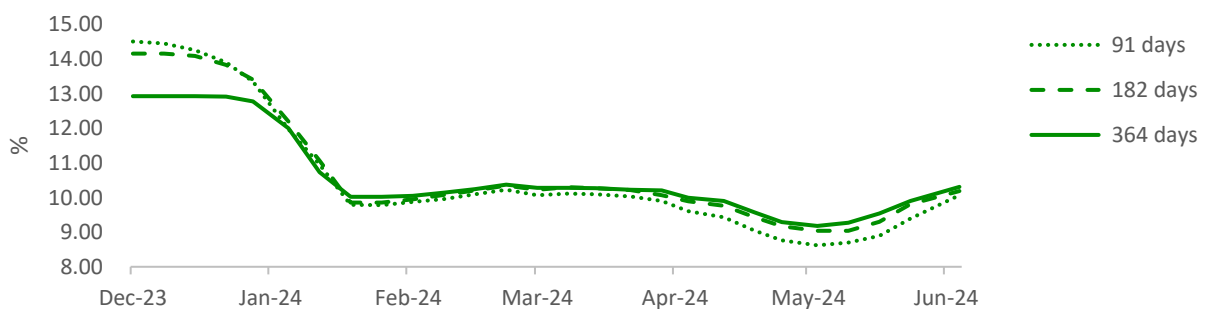
The period under review saw Treasury bill yields gradually easing. The benchmark 03, 06 and 12-month yields decreased from 14.51%, 14.16% and 12.93% respectively as at the end of December 2023 to 8.62%, 9.04% and 9.18% respectively as at the end of May 2024. Thereafter, the yields were seen moving up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

Movement in Policy Rates¹



Source: Central Bank of Sri Lanka

Treasury Bill Rate Movement²

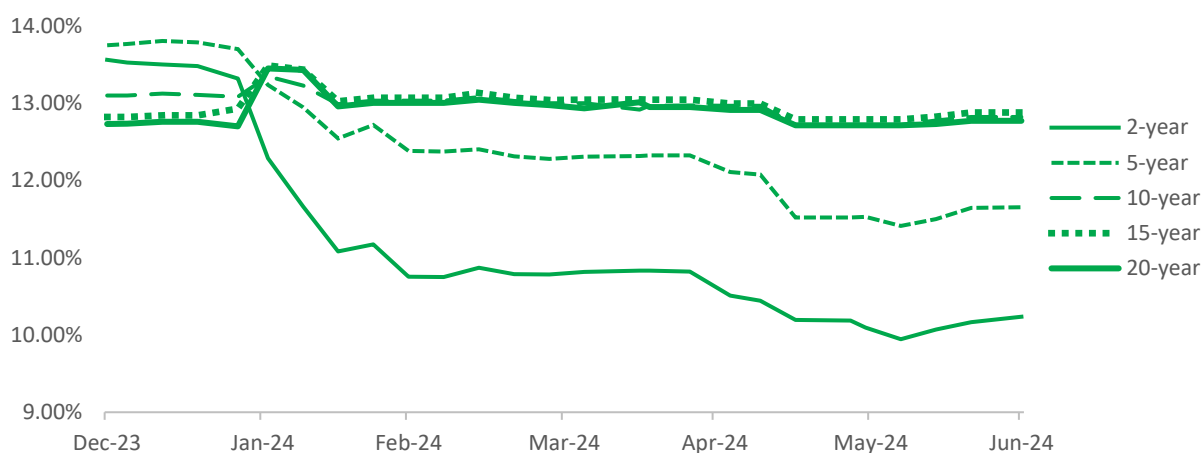


Source: Central Bank of Sri Lanka

¹ Central Bank of Sri Lanka, Monetary Policy Review

² Central Bank of Sri Lanka, Rates on Government Securities

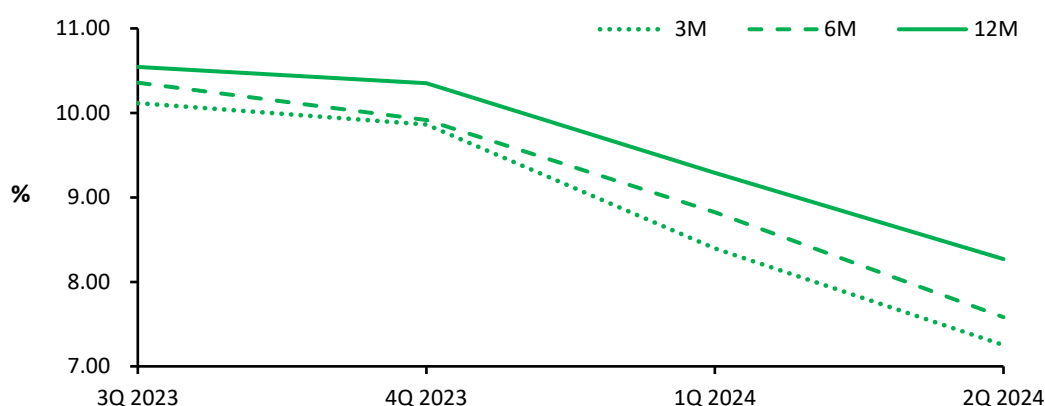
Treasury Bond Rate Movement



Source: Central Bank of Sri Lanka

On Shariah front, Mudarabah and Wakala rates have declined in line with conventional rate drop witnessed during 1H2024.

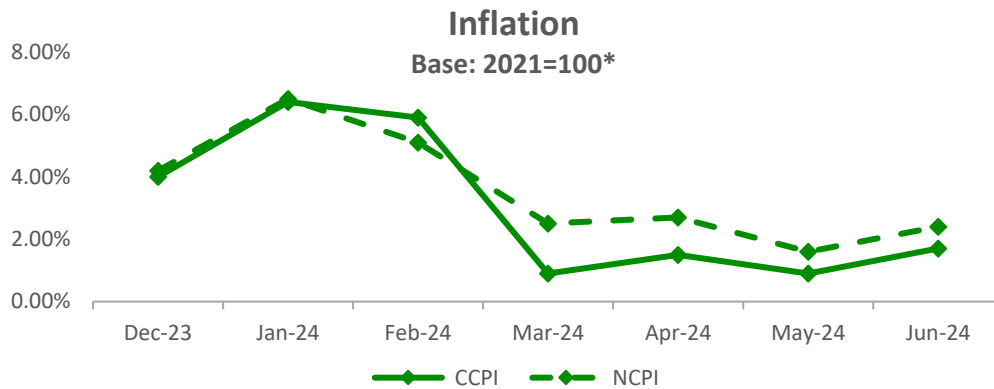
Average Return on Mudarabah Term Deposits



Source: Senfin Asset Management (Pvt)Ltd

Inflation measured by the year-on-year change in the Colombo Consumer Price Index (CCPI) accelerated to 6.4% in Jan 2024 from 4.0% in Dec 2023, mainly due to tax adjustments implemented at the beginning of the month and weather-related disruptions to food supply. Similarly, inflation measured by the year-on-year change in the National Consumer Price Index (NCPI) too increased to 6.5% in Jan 2024 from 4.2% in Dec 2023. However, during subsequent months, inflation witnessed a decline and during March – June 2024 months, it remained well below the targeted of 5.0% level. Notable slowdown of Food Inflation was witnessed during the subject period while the decline of Non-Food Inflation was mainly driven by the drop in prices of fuel, gas etc. In addition, the higher base effect coming from the previous year assisted the overall slowdown of inflation.

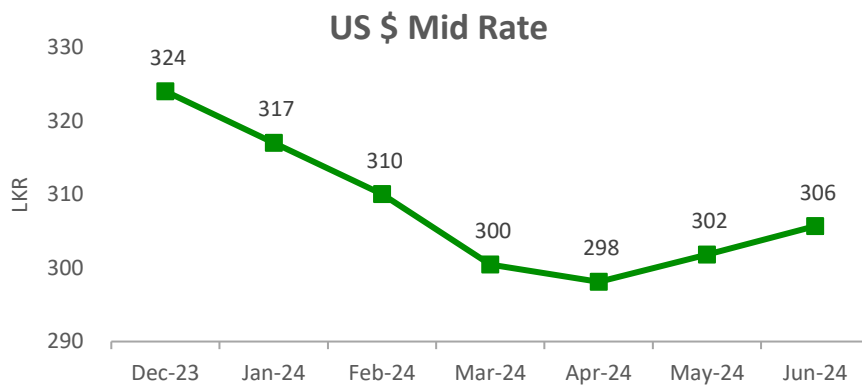
Movement in the CCPI and NCPI³



Source: Central Bank of Sri Lanka

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

Movement in the USD/LKR Rate⁴



Source: Central Bank of Sri Lanka

Fund Performance

During the period under review, Senfin Shariah Balanced Fund posted a return of 15.89% against the benchmark return of 18.13%.

³ Central Bank of Sri Lanka

⁴ Central Bank of Sri Lanka

The Fund Performance as at 30th June 2024

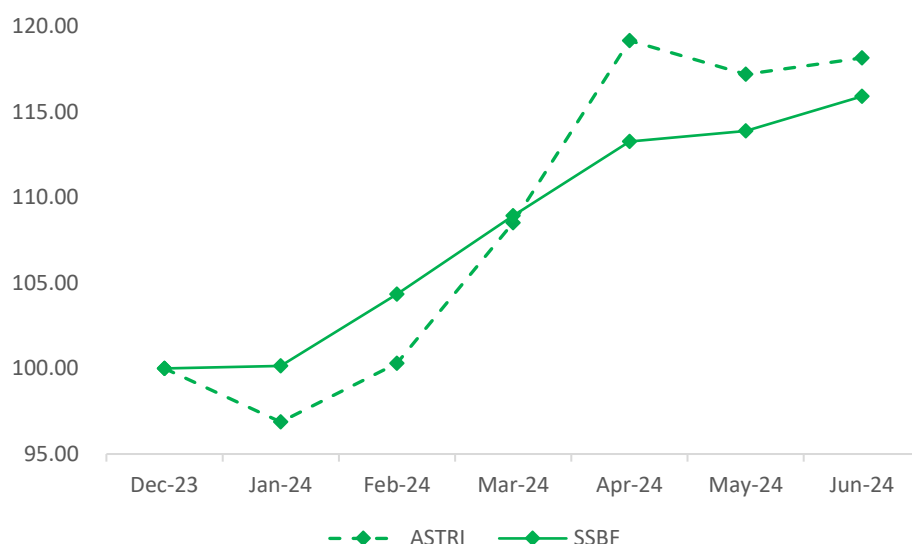
	Six months to 30 June 2024	One Year Performance to 30 June 2024	Since Inception (03 Dec 2012)	Since Inception (Annualized)
Senfin Shariah Balanced Fund	15.89%	23.05%	89.20%	5.66%
All Share Total Return Index (ASTRI)	18.13%	35.48%	159.85%	8.60%

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

Note:

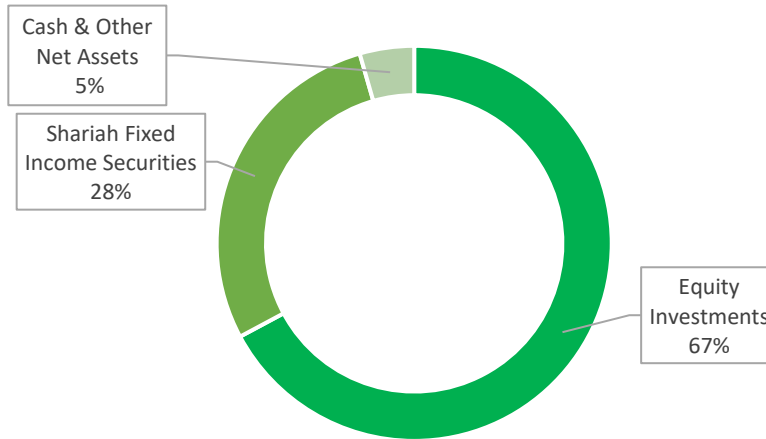
1. All returns in the table are non-annualized, except for the last column which shows the annualized return since inception.
2. Performance data is net of management fees and taxes.

Fund performance Vs Benchmark



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

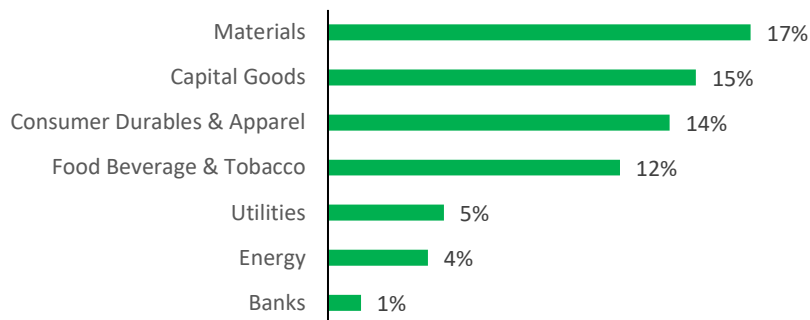
Asset Allocation as a percentage of NAV as at 30th June 2024



Source: Senfin Asset Management (Pvt)Ltd

Equity Holding by Sector as at 30th June 2024

The Net Asset Value (NAV) of the Fund was LKR 87.2 Mn as at 30th June 2024 while the equity portfolio was LKR 58.6 Mn accounting for of 67.2% of NAV.



Source: Senfin Asset Management (Pvt)Ltd

Sri Lanka reached External Debt Restructuring (EDR) agreement by the end of the 1H2024 with the Official Creditor Committee and Export-Import Bank of China. The agreement resulted in a maturity extension, principal moratorium and a coupon reduction. We expect interest rates to bottom out in upcoming months and slightly increase closer to the end of CY2024. Mudarabah and Wakala rates are also expected to follow a similar pattern.

Considering largely improved macroeconomic fundamentals including positive developments in EDR front, we continue to remain bullish on equities in the medium term. We continue to analyze and invest in counters that are expected to perform well in the medium / long run, while remaining committed to the overall aim of capital appreciation and income generation. On the Shariah compliant fixed income front, the fund has locked in mid tenure Shariah instruments amidst declining interest rate environment.

Sincerely,
Investment Team

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six month period ended 30 June 2024

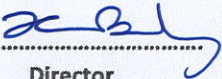
	Notes	6 month ended 30.06.2024	6 month ended 30.06.2023
		Rs.	Rs.
INVESTMENT INCOME			
Finance income from Mudaraba Investments	3	14,816	32,504
Finance income from Wakala Investments		1,240,355	2,174,024
Finance Income from Unquoted Shariah Compliant Debenture		-	-
Dividend Income		1,867,156	1,441,823
Net Change in Unrealised (Depreciation) / Appreciation on Financial Assets Held at Fair Value Through Profit and Loss	4	9,588,445	2,314,409
Net Change in Realised Loss on Financial Assets Held at Fair Value Through Profit and Loss	5	719,062	(126,153)
TOTAL INVESTMENT INCOME		13,429,834	5,836,607
OPERATING EXPENSES			
Management and Registrar Fees		(842,802)	(573,095)
Trustee and Custodian Fees		(216,677)	(198,314)
Audit Fees		(149,080)	(108,634)
Brokerage Expense on Equity Transactions		(144,938)	(254,678)
Tax Consultation fees		(61,392)	(52,790)
Non Permissible Income		(149,589)	(273,670)
WHT Expenses		(181,955)	(233,547)
Other Expenses		(4,304)	(2,017)
		(1,750,738)	(1,696,744)
LOSS BEFORE INCOME TAX		11,679,096	4,139,863
Income Tax Expense	6	-	-
NET LOSS AFTER TAX FOR THE PERIOD		11,679,096	4,139,863
Fair Value gain / (loss) on investment in un-quoted debentures		-	-
DECREASE IN NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		11,679,096	4,139,863

STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

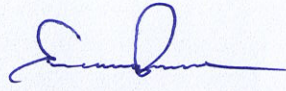
	Notes	As at 30.06.2024		As at 31.12.2023	
		Rs.	% NAV	Rs.	% NAV
ASSETS					
Cash and Cash Equivalents	7	8,973,996	10%	5,529,786	7.57%
Financial Assets Held at Fair Value Through Profit and Loss	8	58,578,457	67%	49,507,320	67.80%
Financial Assets - Financing and Receivables	9	20,589,565	24%	19,411,227	26.58%
Other Receivables	10	358,782	0%	-	0.00%
		88,500,797	101.5%	74,448,333	102.0%
LIABILITIES					
Accrued Expenses	11	1,297,999	1.5%	1,427,318	2.0%
Total Liabilities		1,297,999	1.5%	1,427,318	2.0%
NET ASSETS					
		87,202,798	100.0%	73,021,015	100.0%
UNIT HOLDERS' FUNDS					
Net Assets Attributable to Unit holders		87,202,798		73,021,015	

Signed on behalf of the Management Company


.....

Director

Management Company


.....

Director

Management Company

30.09.2024

Date

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

for the six month period ended 30 June 2024

	6 month ended 30.06.2024	6 month ended 30.06.2023
	Rs.	Rs.
Unit Holders' Fund as at the Beginning of the Period	72,751,015	63,755,662
Total Comprehensive Income for the Period	11,679,096	4,139,863
Received on Creation of Units	2,815,457	-
Paid on Redemption of Units	(42,770)	(15,000)
Net Increase due to Unit Holders' Transactions	2,772,687	(15,000)
Unit Holders' Fund as at the End of the Period	87,202,798	67,880,525

CASH FLOW STATEMENT

for the six month period ended 30 June 2024

	6 month ended 30.06.2024	6 month ended 30.06.2023
	Rs.	
Cash Flows from Operating Activities		
Finance Income on Mudaraba Investment	19,536	47,508
Finance Income on Wakala Investment	705,155	2,525,664
Dividend Received	1,508,374	1,221,823
Management Fees and Trustee Fees Paid	(825,157)	(773,904)
Brokerage Paid on Equity Transactions	(144,938)	(254,678)
Audit Fees Paid	(204,696)	(176,812.50)
Professional fees paid	(106,436)	-
WHT Paid	(181,955)	(233,546.70)
Net Other Expenses Paid	(4,304)	(426,919)
Investment in Equity Shares	(6,264,833)	(13,960,762)
Proceeds from Sale of Equity Shares	7,088,634	8,775,669
Net Investment in Walaka Investments	(643,137)	11,394,409
Net Cash Flow Generated from Operating Activities	946,243	8,138,449
Cash Flows from Financing Activities		
Dividend Distribution to Unit Holders	-	-
Cash Received on Creation of Units	2,815,457	-
Cash Paid on Redemption of Units	(42,770)	(15,000)
Net Cash Used in Financing Activities	2,772,687	(15,000)
Net Decrease in Cash and Cash Equivalents	3,718,930	8,123,449
Cash and Cash Equivalents at the Beginning of the Period	5,255,065	5,284,456
Cash and Cash Equivalents at the End of the Period	8,973,996	13,407,905
Cash and Cash Equivalents at the end of the Period Comprises of		
Cash at Bank	3,560,216	670,376
Mudaraba Saving accounts	5,413,780	1,369,215
Wakala Investments (less than three months)	-	11,368,314
	8,973,996	13,407,905

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 June 2024

1. All figures for the six month period ended 30 June 2024 are provisional and unaudited. Previous year figures have been re-arranged wherever necessary for better presentation and to be comparable with those of the current period.

2. There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2023.

3. FINANCE INCOME FROM MUDARABA INVESTMENTS	6 month ended 30.06.2024 Rs.	6 month ended 30.06.2023 Rs.
Finance Income from Mudaraba Saving accounts	<u>14,816</u>	<u>32,504</u>

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

Unrealised Depreciation of Quoted Equity Securities	<u>9,588,445</u>	<u>2,314,409</u>
---	------------------	------------------

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

Proceeds on Sale of Quoted Equity Securities	7,088,634	8,775,669
Average Cost of Quoted Equity Securities	<u>(6,369,572)</u>	<u>(8,901,821)</u>
	<u>719,062</u>	<u>(126,153)</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 30.06.2024 Rs.	As at 31.12.2023 Rs.
0		
Cash at Bank	3,560,216	3,859,495
Mudaraba Saving accounts (less than three months)	5,413,780	1,400,291
Wakala Investments (less than three months)	-	-
	<u>8,973,996</u>	<u>5,259,786</u>

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

Quoted Equity Securities

Cost of Purchases	50,214,911	50,732,220
Unrealised Depreciation of Quoted Equity Securities	<u>8,363,546</u>	<u>(1,224,900)</u>
Market Value as at End of the period	<u>58,578,457</u>	<u>49,507,320</u>

MANAGEMENT COMPANY INFORMATION

Managing Company (Registered Address)

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

Managing Company (Correspondence Address)

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

Bankers

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

Auditors

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

Lawyers

Nithya Partners
Attorneys-at-Law
No. 97A, Galle Road
Colombo 03
T: +94 11 4712625
F: +94 11 2335908
Web: <http://www.nithyapartners.com>

FUND INFORMATION

Registrar	Senfin Asset Management (Pvt) Ltd 267, Galle Road, Colombo 03. Sri Lanka T: +94 11 230 1301 F: +94 11 230 1937 Web: senfinassetmanagement.com
Trustee and Custodian	Hatton National Bank PLC HNB Towers No 479, T B Jayah Mawatha P O Box 837 Colombo 10 Sri Lanka T: +94 11 2664664 T: +94 11 4764764 F: +94 11 2662832 Web: www.hnb.lk
Auditors	Kreston MNS & Co Chartered Accountants Level 1 & 2, Advantage Building, 74A, Dharmapala Mawatha, Colombo 07 T: +94 11 2323571 F: +94 11 2433388
Lawyers	Nithya Partners Attorneys-at-Law No. 97A, Galle Road Colombo 03 T: +94 11 4712625 F: +94 11 2335908 Web: http://www.nithyapartners.com