

Annual Report

Senfin Financial Services Fund

FY 2024





Trustee and Custodian
HNB Bank PLC

Fund Manager
Senfin Asset Management (Pvt) Ltd

Senfin Financial Services 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 (Private) Limited (“SFAM” or “Fund Manager”) is a Company duly incorporated in Sri Lanka under the Companies Act No. 07 of 2007 on 15th December 2010, bearing Registration No. PV75997 and having its Registered Office at No. 267, Galle Road, Colombo 03, Sri Lanka. SFAM was formerly known as Candor Asset Management (Pvt) Ltd and was acquired by Senkadagala Finance PLC in March 2020, with the former’s name was changed to Senfin Asset Management (Pvt) Ltd in August of the same year.

SFAM will also act as the Registrar to the Fund. The Registrar will maintain records of Unit holders for subscription and cancellation of units. In addition, the Registrars will prepare transaction receipts and dispatch them to the Unit holders and cancel units on receipt of redemption requests by unit holders. The Registrar shall also arrange for mailing of periodic reports and dividends to Unit holders.

Board of Directors

Dr. Prathap Ramanujam | Chairman (Non-Executive / Independent Director)

Dr. Prathap Ramanujam was the former Chairman of Panasian 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 Ceylon Grain Elevators PLC, Three Acre Farm PLC and Iconic Development Pvt. Ltd. He also served as a Director in Panasian Power PLC, Manelwela Hydro Power Pvt. Ltd, Panasian Investment Pvt. Ltd, Paddiyapallela Hydropower Pvt. Ltd, and associated companies.

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. He worked as a Post-Doctoral Fellow at the Faculty of Economics at the University of Glasgow U.K.

Mr. Sanath Divale Bandaranayake – Director | Non-Executive / Non-Independent 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). He is also a director of Senfin Securities Ltd, Senkadagala Insurance Brokers (Pvt) Ltd, Sobhadanavi (Pvt) Ltd & Lakdhanavi (Pvt) Ltd

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

Mr. Sonal Balasuriya | Non-Executive / Independent Director

Mr. Sonal Balasuriya 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. 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.

Mr. Don Tilak Padmanabha Collure | Non-Executive / Independent 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 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. Krishanth Jeevan Sukumaran | Executive /Non-Independent Director

Mr. Jeevan Sukumaran has in total 17 years' experience spanning Finance, Asset Management, Accounting and Operations. His core experience is in Capital Markets covering Mutual Funds/Unit Trusts, Portfolio Management, Equity Analysis and Research, Corporate Finance, Investment Banking and Financial Advisory.

Prior to joining Senfin Asset Management as the Chief Executive Officer, Jeevan was the General Manager/Head of Operations at CT CLSA Asset Management (Pvt) Ltd (CAM) (formerly known as Comtrust Asset Management and CT Fund Management). During which time he also acted as the fund manager for all of CAM's Fixed Income Funds. Prior to which, he worked at CT CLSA Capital (Pvt) Ltd, a leading Investment Banking and Corporate Financial Advisory firm.

In addition to being an Associate member (ACMA CGMA) of the Chartered Institute of Management Accounting (CIMA – UK), Jeevan is also a Certified Practising Accountant holding the CPA (Aus) designation from CPA Australia. He also holds a Professional Diploma in Marketing and is an Associate member (ACIM) of the Chartered Institute of Marketing (CIM – UK).

Key Personnel

Mr. Murugiah Rajendran | Head of Compliance

Mr. Murugiah Rajendran has in total over 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. 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).

Mr. Rajendran has completed '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).

Mr. Nilanka Gamaethige | Head of Client Services & Marketing

Mr. Nilanka Gamaethige has over fifteen years of experience in both international banks and a local bank. While working at both HSBC and Standard Chartered Banks he covered aspects mainly such as Portfolio Management, Proposition Management, PFS Lending, Brand Marketing, Operations, recoveries, branch management, strategic planning. While at Standard Chartered Bank he also worked as a Teller Service Manager and thereafter as the acting Branch Manager at the Negombo branch and a Relationship Manager at the Lipton Circle Branch, Colombo.

In 2016 he moved to DFCC Bank PLC and worked for 5 plus years at retail banking handling the affluent client segment. He was assigned the task of setting up and operating the Negombo Premier center and acquiring affluent clients, which he successfully achieved within a short period of time. He also well contributed to the growth of SME and Corporate sector of the Negombo branch. He also got the opportunity to complete a SME Workshop at JNIBF Hyderabad India. Mr. Gamaethige is in the process of completing Degree in Business Management from the Manchester metropolitan university.

Mr. Surath Perera | Chief Investment Officer / Fund Manager

Mr. Surath Perera is a Senior Fund Manager who has been in the unit trust industry for over eleven (11) years, of which, eight (8) years have been as a Fund Manager. He joined Senfin in January 2021 and was previously employed at CT CLSA Asset Management (Pvt) Ltd. (CAM), a pioneer asset management company during which time he managed the Comtrust Equity Fund, the flagship fund and one of the first mutual funds launched in Sri Lanka. In addition to managing equity mutual funds, he is also experienced in managing high net worth client portfolios and fixed income portfolios etc.



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

Mr. Rajitha Elapata | Senior Fund Manager

Mr. Rajitha Elapata has over 14 years of experience in the financial services sector in the areas of Fund Management, Equity Research and Banking. Prior to joining Senfin, Mr. Elapata worked at Namal Asset Management as the Fund Manager for Equity, Fixed Income & Private Portfolio's. He also worked as an Assistant Fund Manager at Ceybank Asset Management Ltd, managing Equity, Private portfolios & Gilt-Edge funds. He also worked at Capital Trust Securities as an Investment Analyst. Mr. Elapata commenced his career at HSBC Sri Lanka corporate banking division.

Mr. Elapata holds a Bachelor of Business Administration with Economics Degree from the University of Greenwich UK London. He is currently reading for a Master of Financial Economics at the University of Colombo, Sri Lanka.

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. Mahendra Jayasekera

Mr. Mahendra Jayasekera is a 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. 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/Independent Non-Executive Director at Citizens Development Business Finance PLC and an Independent Non-Executive Director in Citizens Development Business Finance PLC



Risk Management Committee

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

FUND MANAGER'S REPORT

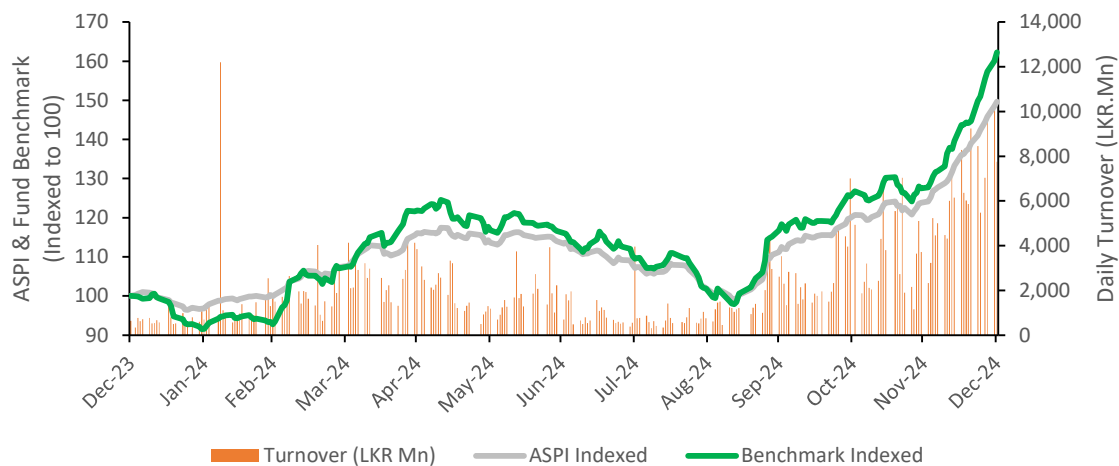
Dear Valued Investors,

I am pleased to present the Integrated Annual Report and the Financial Statements for the financial year ended 31 December 2024 (FY 2024) for the Senfin Financial Services Fund.

The FY2024 marked a historic milestone for the Colombo Stock Exchange (CSE), with both the All Share Price Index (ASPI) and S&P SL20 Index reaching record highs, posting gains of 49.7% and 58.5%, respectively. The Fund's benchmark also delivered an impressive 62.2% increase. During the initial part of FY2024, 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, positive expectations on External Debt Restructuring and largely improved macro-economic fundamentals. During the mid part of the year, indices witnessed some weakness mainly due to profit taking and uncertainty over the outcome of presidential elections. In addition, a substantial number of equity and debt issuances, including rights issues, bank debentures and large Government Security issuances absorbed a significant portion of market liquidity. However, the result of the highly anticipated Presidential Election in September 2024 had a substantial positive impact on the market. The rally was further boosted by the subsequent 2/3 majority victory by the ruling party in General Elections 2024 and significantly improved economic indicators, sustaining strong market performance through year-end. Additionally, Sri Lanka's Long-Term Foreign-Currency Issuer Default Rating received a notable upgrade, moving from Restricted Default (RD) to CCC+ by Fitch and from "Ca" to "Caa1" by Moody's.

The market capitalization of the CSE reached an all-time high, increasing from LKR 4,248.9 billion to LKR 5,695.6 billion during FY 2024. Meanwhile, the PER stood at 8.9x at year-end, lower than the 11.1x recorded at the end of FY 2023. Despite market prices moving up, aforesaid PER decline was primarily driven by the growth in corporate earnings. Overall, FY 2024 was a landmark year for the CSE, supported by robust economic recovery, improved investor sentiment, and a strengthened fiscal outlook.

CSE Performance and Turnover



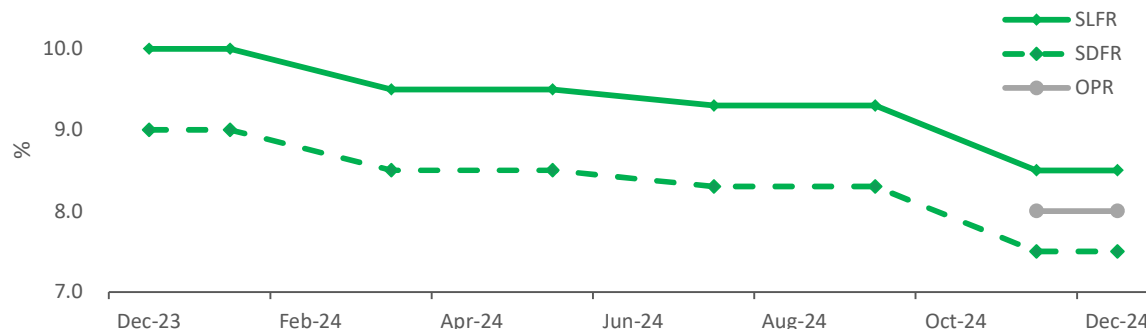
Source: Colombo Stock Exchange

In 2024, Sri Lanka's economy exhibited a significant recovery, achieving a real GDP growth rate of 5.0%, a notable improvement from the -2.3% contraction in 2023. This growth was primarily driven by expansions in the industrial and services sectors, which grew by 11.0% and 2.4% respectively, while the agriculture sector experienced a modest growth of 1.2%. The fourth quarter of 2024 saw a GDP growth of 5.4%, further underscoring the positive economic trajectory.

Throughout 2024, the Central Bank of Sri Lanka (CBSL) implemented a series of monetary policy adjustments to stabilize inflation and support economic growth. In March 2024, the CBSL reduced the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) by 50 basis points to 8.50% and 9.50%, respectively. Further easing occurred in July 2024, with a 25 basis point reduction, bringing the SDFR to 8.25% and the SLFR to 9.25%. In November 2024, the CBSL introduced a single policy rate, setting the Overnight Policy Rate (OPR) at 8.00% with implied Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) tied to the OPR with a margin of ± 50 basis points, effectively simplifying the monetary policy framework. Consequently, the SDFR stood at 7.5% as at 31 Dec 2024 vs 9.0% as at 31 Dec 2023 and the SLFR stood at 8.5% vs 10.0% as at 31 Dec 2023.

Additionally, the Statutory Reserve Ratio (SRR) was maintained at 2.0% throughout 2024, following its reduction in the latter half of 2023, ensuring sufficient liquidity in the banking system to support lending and investment activities.

Movement in Policy Rates

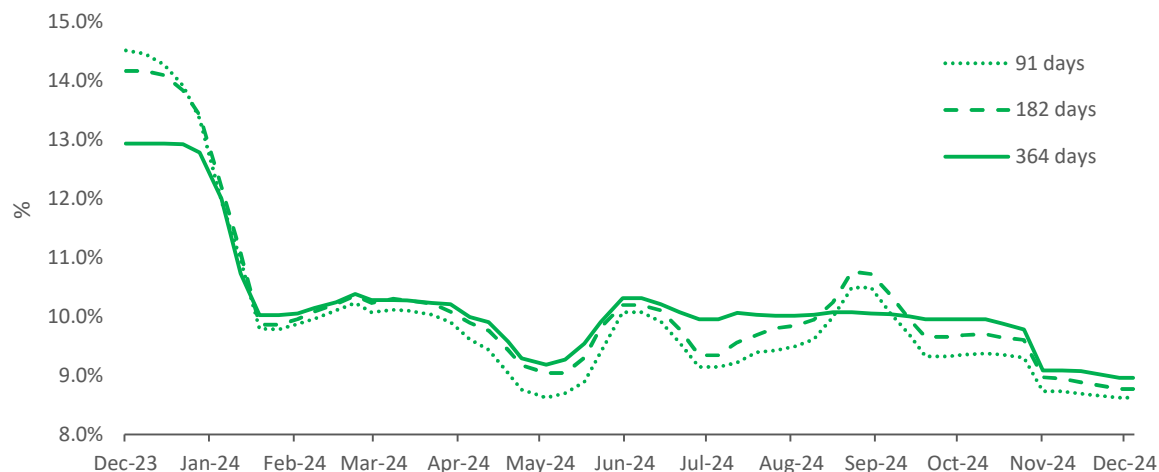


Source: Central Bank of Sri Lanka

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 Dec 2023 to 8.62%, 8.77% and 8.96% respectively as at the end of Dec 2024. During this 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. Similarly, Treasury Bond yields too witnessed a gradual declining trend.

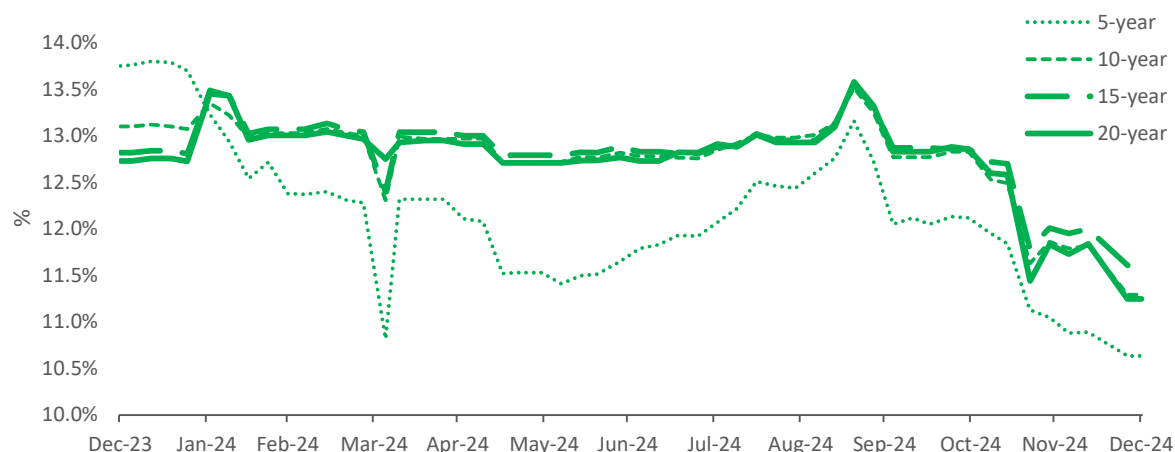


Treasury Bill Rate Movement



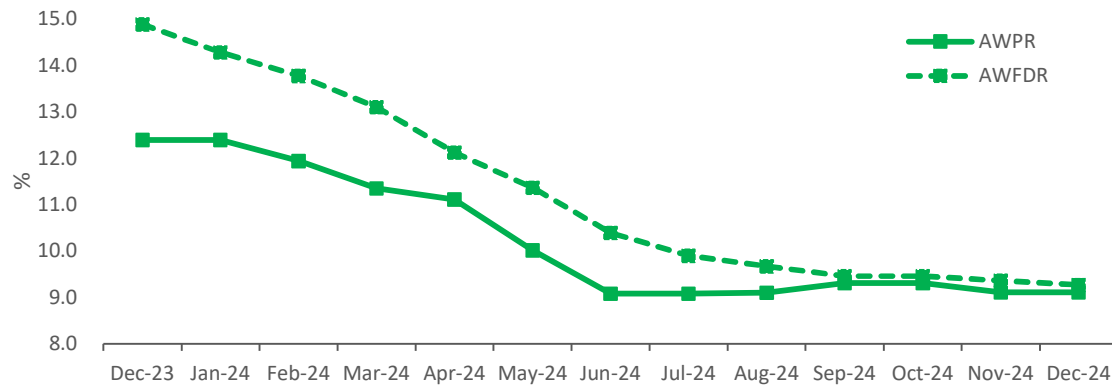
Source: Central Bank of Sri Lanka

Treasury Bond Rate Movement – Secondary Market



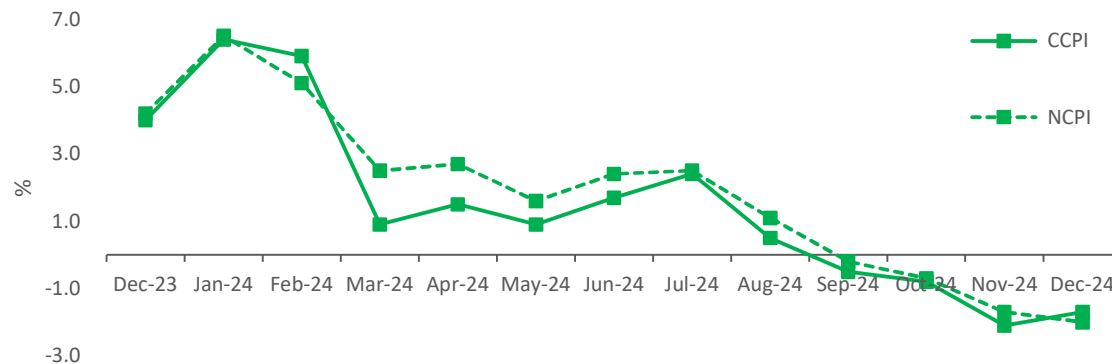
Source: Central Bank of Sri Lanka

In line with the Monetary Policy changes by CBSL, all deposit and lending rates witnessed a gradual decreasing trend, with Average Weighted Prime Lending Rate (AWPR) decreased to 9.1% and Average Fixed Deposit Rate (AWFDR) decreased to 9.3% by the end of December 2024 vs. 12.4% and 14.9% respectively by the end of December 2023.

Movement of AWFDR and AWPR of Commercial Banks (% p.a.) at month-end

Source: Central Bank of Sri Lanka

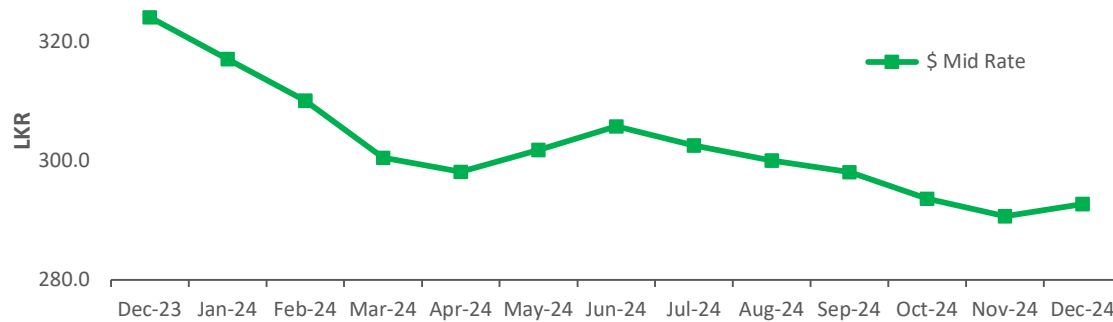
Another key factor in this economic resurgence was the stabilization of inflation. After peaking in 2022, inflation measured by Colombo Consumer Price Index (CCPI) dropped significantly to 0.5% YoY by August 2024, creating a more favourable environment for economic activities. Subsequent to that, the inflation was in the negative territory for the remainder of the subject year and recorded -1.7% YoY by the end of December 2024. The reduction in inflation has been attributed to factors such as reductions in power tariffs, fuel prices, and an appreciating rupee.

Movement in the CCPI and NCPI

Source: Department of Census & Statistics

Movement in the USD/LKR Rate

In 2024, Sri Lanka's Gross Official Reserves (GOR) experienced a significant increase, reaching approximately US\$6.1 billion by the end of December 2024 vs US\$ 4.4 billion by the end of December 2023. Enhanced tourism earnings and increased worker remittances were key contributors for reserve accumulation. Consequently, the Sri Lankan rupee appreciated by 9.7% against the US dollar during the year up to December 31, 2024.



Source: Central Bank of Sri Lanka

Fund Performance

Fund Performance as at 31st Dec 2024

	Six Months Performance	One Year Performance	Cumulative Return since fund inception	Annualized Return since inception (CAGR)
Senfin Financial Services Fund	41.00%	63.42%	61.30%	56.07%
Benchmark Return	39.13%	62.24%	59.04%	54.04%

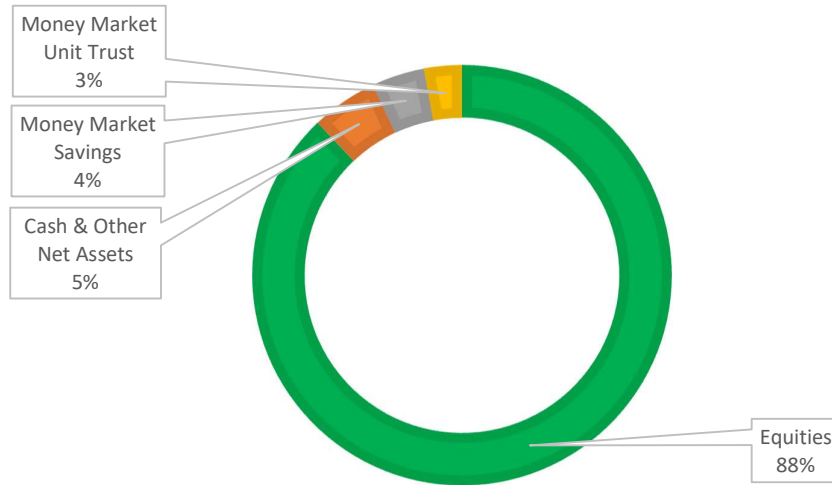
Source: Senfin Asset Management (Pvt) Ltd

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.

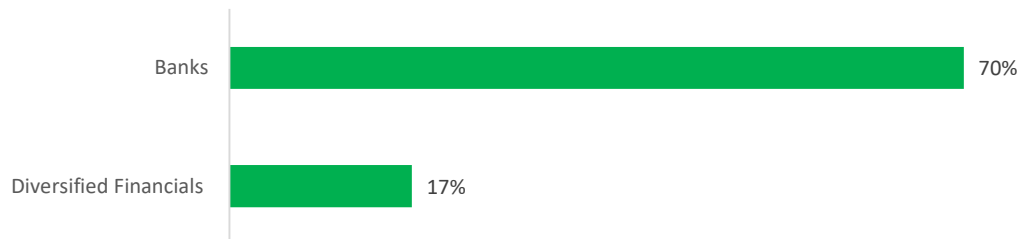


Asset Allocation as a percentage of Net Asset Value as at 31st Dec 2024



Source: Senfin Asset Management (Pvt) Ltd

Equity Holding by Sector as at 31 Dec 2024 (as a percentage of Net Asset Value)



Source: Senfin Asset Management (Pvt) Ltd

We anticipate continued positive sentiment toward equities. FY 2024 highlighted the true potential of the CSE, and moving forward, with key macroeconomic indicators showing sustained improvement; including single-digit inflation, a stable currency, rising tourism earnings, strong remittance inflows, low-interest rate environment and expected growth in corporate earnings, we expect stable and organic growth in equities in FY2025E. We remain committed to analyzing and investing in fundamentally strong counters with the potential for sustained performance in the medium to long term.

Investment Team



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

Tel: + 94 (0) 11 2323571-3
+ 94 (0) 11 2301396-7
Email: audit@kreston.lk
Web: www.kreston.lk

INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF SENFIN FINANCIAL SERVICES FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **SENFIN FINANCIAL SERVICES FUND** (the Fund) which comprise the Statement of Financial Position as at 31st December 2024, and the Statement of Comprehensive Income, Statement of Movement in unit holders Fund and Statement of Cash Flows for the period from 05th December 2023 to 31st December 2024, and notes to the Financial Statements, including a summary of significant accounting policies exhibited on pages 3 to 21.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Fund as at 31st December 2024, and of its financial performance and its cash flows for the period from 05th December 2023 to 31st December 2024 in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

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

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

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

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



Member of Kreston Global UK

Correspondent firm within Grant Thornton International Ltd. (Grant Thornton International)

Grant Thornton International and the member and correspondent firms are not a worldwide partnership.

Partners

S Rajanathan FCA, FCMA (UK) | N K Atukorala FCA, ACMA | Ms. H D S C A Tillekeratne FCA, ACCA (UK), ACMA | K I Skandadasan B.Sc. (Madras), FCA, ACMA | R L R Balasingham FCA, ACCA (UK), ACMA | N K G V Bandara B.Sc.(Acc) Sp, FCA, ACCA (UK), ACMA | Ms.S. Sawumiya BBA (Acc) Sp. FCA, ACCA (UK) | P. Dharshan ACA, ACCA (UK), | M.F.M. Mujahid BBA (Col), MBA (PIM-SJP), FCA, CISA, ACCA (UK)

Branches

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

The Financial Statements are prepared and presented in accordance with and comply with the requirements of the Unit Trust Deed and Collective Investment Scheme Code of 2022 set by Securities and Exchange Commission of Sri Lanka.

Kreston MNS & Co

CHARTERED ACCOUNTANTS

COLOMBO

11TH APRIL 2025

ST/H/sk

ST-Senfin Financial Services Fund(Dec'2024)-C8



SENFIN FINANCIAL SERVICES FUND

STATEMENT OF FINANCIAL POSITION AS AT

31.12.2024
Rs.

ASSETS

Note

Cash & Cash Equivalents	4	7,056,286
Financial Assets		
- Fair Value through Profit or Loss	5	157,052,823
Other Receivables	6	9,162,627
TOTAL ASSETS		173,271,736

UNIT HOLDERS' FUNDS & LIABILITIES

LIABILITIES

Accrued & Other Payables	7	377,519
Total Liabilities (Excluding net assets attributable to Unit Holders)		377,519

UNIT HOLDERS FUNDS

Net Assets Attributable to Unit holders		172,894,217
		173,271,736

The Accounting Policies and the Notes on Pages 7 to 21 form an integral part of these Financial Statements.

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


Director
Senfin Asset Management (Pvt) Ltd.
Fund Management Company


Director
Senfin Asset Management (Pvt) Ltd.
Fund Management Company


Hatton National Bank PLC
Trustee

11th April 2025



SENFIN FINANCIAL SERVICES FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD		05.12.2023 To 31.12.2024 Rs.
	Note	
Investment Income		
Dividend Income	8.1	2,125,556
Interest Income	8.2	720,354
Realised Gains / (Losses) on financial assets held at fair value through profit or loss	9.1	9,290,369
Unrealised (Loss) / Gain on financial assets held at fair value through profit or loss	9.2	51,915,677
Total Investment Income		64,051,956
Less : Expenses		
Management Fees		803,600
Trustee Fees		215,735
Custody Fees		314,074
Audit Fees		127,075
Professional Fee		78,668
Brokerage Fee		3,103,970
Other Expenses		10,600
Withholding Tax		36,018
		4,689,740
Net Profit before Tax	10	59,362,216
Less : Income Tax Expense	11	-
Net Profit after Tax for the period		59,362,216
Other Comprehensive Income		-
Total Comprehensive Income for the period		59,362,216
Increase / (Decrease) in Net Assets Attributable to Unit Holders		59,362,216

The Accounting Policies and the Notes on Pages 7 to 21 form an integral part of these Financial Statements.



SENFIN FINANCIAL SERVICES FUND

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

FOR THE PERIOD FROM 05.12.2023 TO 31.12.2024

	Rs.
Unit Holders Fund as at 05.12.2023	-
Received on Creation of Units	122,470,183
Paid on Redemption of Units	(8,938,182)
	<u>113,532,001</u>
Increase / (Decrease) in net assets attributable to Unit Holders during the period	59,362,216
Net Increase / (Decrease) due to Unitholders' Transactions	<u>172,894,217</u>
Income Distribution for the period	-
Unit Holders Funds as at 31.12.2024	<u><u>172,894,217</u></u>

The Accounting Policies and the Notes on Pages 7 to 21 form an integral part of these Financial Statements.



SENFIN FINANCIAL SERVICES FUND

STATEMENT OF CASH FLOW

		05.12.2023 To 31.12.2024 Rs.
FOR THE PERIOD	Note	
Cash Flow from Operating Activities		
Dividend Received	8.1	1,614,683
Interest Received	8.2	720,354
Proceeds from Sale of Quoted Equity Securities		87,442,137
Payments on Purchase of Quoted Equity Securities		(187,082,136)
Net Investment in Unit Trust		(4,858,532)
Operating Expenses Paid		(4,312,221)
Net Cash used in Operating Activities		<u>(106,475,715)</u>
Cash Flows from Financing Activities		
Cash received on Creation of Units		122,470,183
Cash paid on Redemption of Units		(8,938,182)
Net Cash Generated from Financing Activities		<u>113,532,001</u>
Net Increase / (Decrease) in Cash & Cash Equivalents		<u>7,056,286</u>
Cash and Cash Equivalents at the beginning of the period		<u>-</u>
Cash and Cash Equivalents at the end of the period	4	<u><u>7,056,286</u></u>
Analysis of Cash and Cash Equivalents at the end of the period		
Cash & Bank Balances	4	<u><u>7,056,286</u></u>

The Accounting Policies and the Notes on Pages 7 to 21 form an integral part of these Financial Statements.



**SENFIN FINANCIAL SERVICES FUND****NOTES TO THE FINANCIAL STATEMENTS****NOTE 1 - CORPORATE INFORMATION****NOTE 1.1 - GENERAL INFORMATION**

SENFIN FINANCIAL SERVICES FUND is an open ended unit trust fund approved by the Securities and Exchange Commission of Sri Lanka. The Fund was launched on 05th December 2023.

The Fund is managed by Senfin Asset Management (Pvt) Ltd, which is incorporated and domiciled in Sri Lanka. The registered office of the Management Company is located at No.267, Galle Road, Colombo 03. The Trustee of the fund is Hatton National Bank PLC from 20.11.2023 having its registered office at No 479, T.B. Jayah Mawatha, Colombo 10.

The investment objective of the Fund is to achieve a balance between long term capital appreciation and income by investing in listed shares that have exposure to the broader banking and financial services sector as well in fixed income securities.

NOTE 1.2 - DATE OF AUTHORIZATION FOR ISSUE

The financial statements of the fund for the period of 5th December 2023 to 31st December 2024 were authorized for issue by the fund management company and the trustee on 11th April 2025.

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

The Financial Statements of the Fund for the period from 5th December 2023 to 31st December 2024 have been prepared in accordance with the Sri Lanka Accounting Standards (LKAS & SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka and the requirement of the Trust deed and Collective Investment Scheme Code of 2022 set by the Securities and Exchange Commission of Sri Lanka. They are presented in Sri Lankan Rupees (Rs), which is also the functional currency of the Fund.

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

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

NOTE 3.2 - BASIS OF PREPARATION

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

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

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





SENFIN FINANCIAL SERVICES FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3.3 - REVENUE RECOGNITION



(a) Interest Income

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

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

(b) Dividend Income

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

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

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

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

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

NOTE 3.4 - FINANCIAL INSTRUMENTS - INITIAL RECOGNITION, CLASSIFICATION, SUBSEQUENT MEASUREMENT AND DERECOGNITION**NOTE 3.4.1 - RECOGNITION AND INITIAL MEASUREMENT OF FINANCIAL ASSETS**

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

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

NOTE 3.4.2 - CLASSIFICATION

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

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and



SENFIN FINANCIAL SERVICES FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3.4.2 – CLASSIFICATION (CONTD.)

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

NOTE 3.4.3 - SUBSEQUENT MEASUREMENT AND GAINS OR LOSSES

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

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

NOTE 3.4.4 - DERECOGNITION

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

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

NOTE 3.4.5 - RECOGNITION AND INITIAL MEASUREMENT OF FINANCIAL LIABILITIES

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

Accrued Expenses

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



SENFIN FINANCIAL SERVICES FUND**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****NOTE 3.4 - FINANCIAL INSTRUMENTS - INITIAL RECOGNITION, CLASSIFICATION, SUBSEQUENT MEASUREMENT AND DERECOGNITION (CONTD.)****NOTE 3.4.6 - CLASSIFICATION AND SUBSEQUENT MEASUREMENT**

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

Financial liabilities include accrued expenses and other payables.

NOTE 3.4.7 - DERECOGNITION

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

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

NOTE 3.4.8 - OFFSETTING OF FINANCIAL INSTRUMENTS

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

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

NOTE 3.4.9 - IMPAIRMENT

The fund derecognizes 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.



**SENFIN FINANCIAL SERVICES FUND****NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****NOTE 3.5 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of cash at bank.

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

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

NOTE 3.6 - PROVISIONS

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

NOTE 3.7 - INCOME TAX

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

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

NOTE 3.8 - EXPENSES

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

Management Fees	-	0.75 % p.a of Net Asset Value of the fund
Trustee Fees	-	0.20% p.a of Net Asset Value of the fund
Custodian Fees	-	Flat fee of Rs. 20,000/- per Month

NOTE 3.9 - UNIT HOLDERS' FUNDS

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

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

NOTE 3.10 - DISTRIBUTIONS

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

SENFIN FINANCIAL SERVICES FUND**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****NOTE 3.11 - SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY**

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

Significant management judgments

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

Estimation uncertainty

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

NOTE 3.12 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**a) Financial Instruments:**

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

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

b) Financial risk management objectives, policies and processes:

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

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

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

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

The Manager also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits. These mandate limits reflect the



SENFIN FINANCIAL SERVICES FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)



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

investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties by the Manager on a regular basis as deemed appropriate, including the Fund Manager, other key management, Risk and Investment Committees, and ultimately the Trustees of the Fund.

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

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

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

i) **Interest Rate Risk**

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

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

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

31 December 2024	Floating Interest Rate Rs.	Fixed Interest Rate Rs.	Non- Interest Bearing Rs.	Total Rs.
Financial Assets				
Cash and Cash Equivalents	7,031,286	-	25,000	7,056,286
Financial asset held at fair value through profit or loss	-	-	157,052,823	157,052,823
Other Receivables			9,162,627	9,162,627
Total Exposure	7,031,286	-	166,240,450	173,271,736

ii) **Credit Risk**

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

SENFIN FINANCIAL SERVICES FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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

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.

Counterparty	Credit Rating 2024	Rating Agency
Hatton National Bank PLC	A	Fitch
Senfin Money Market Fund	AAf	Fitch

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

iii) **Market Risk**

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

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

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

iv) **Price Risk**

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

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

	31 December 2024	
	Increases/ (decreases) on profit before tax	Increases/ (decreases) on amounts attributable to unit holders
	Rs.	Rs.
Change in price of the Fund's investment in FVT P & L securities existing as of reporting date:		
+10%	15,705,282	15,705,282
-10%	(15,705,282)	(15,705,282)



SENFIN FINANCIAL SERVICES FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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

vi) Liquidity Risk

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

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

- investing primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash
- investing within established limits to ensure there is no concentration of risk
- Maintaining sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests. The Collective Investment Scheme Code of 2022 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 Collective Investment Scheme Code of 2022 and the Trust Deed, if the redemption value is 3% or more of the net assets value of the fund, the unit holder is required to give a minimum of 14 days prior notice. Further, the fund is also permitted to borrow up to 15% of the deposited property for redemption payouts. No such borrowings have arisen during the period.

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

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



SENFIN FINANCIAL SERVICES FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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

vi) Liquidity Risk (Contd.)

The amounts in the table are the contractual undiscounted cash flows.

31st December 2024	On Demands Rs.	Less than 30 days Rs.	31 - 90 days Rs.	91 – 180 days Rs.	181 – 365 days Rs.	More than 365 days Rs.	Total Rs.
Financial Assets							
- Cash at Bank	7,056,286	-	-	-	-	-	7,056,286
Financial Assets Fair Value through Profit & Loss							
- Investment in Shares	152,026,055	-	-	-	-	-	152,026,055
- Investment in Unit Trust	5,026,768	-	-	-	-	-	5,026,768
Other Receivable	-	9,162,627	-	-	-	-	9,162,627
Financial Liabilities	-	171,776	205,743	-	-	-	377,519

vii. Capital Risk Management

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

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

Following being the disclosures of Unit holders' Funds;

The movement in the Unit holder's Funds for the period ended 31 December 2024.

In term of Value

Rs.

Unit holders' funds as at beginning of the period

-

Creations during the period

122,470,183

Redemptions during the period

(8,938,182)

Increase in net assets attributable to Unit Holders during the period

59,362,216

Income distribution

-

Unit Holders' Funds as at 31 December 2024

172,894,217

In term of No. of Units

Opening number of units as at beginning of the period

-

Unit creations during the period

11,510,090.70

Unit redemptions during the period

(790,052.90)

Closing No of Units as at 31 December 2024

10,720,037.80

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 unit



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

31.12.2024
Rs.

NOTE 4 - CASH & CASH EQUIVALENTS

Cash at Bank

Hatton National Bank - Money Market - 003020924927
 Hatton National Bank - Current Account - 003010552635

7,031,286
 25,000
7,056,286

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

Quoted Equity Securities (5.1)
 Unit Trust Investment (5.2)

152,026,055
 5,026,768
157,052,823

NOTE 5.1 - QUOTED EQUITY SECURITIES

Cost as at 31 st December
 Appreciation/Depreciation of market value quoted equity securities
 Market value as at 31 st December (5.1(a))

100,137,146
 51,888,909
152,026,055

NOTE 5.2 - UNIT TRUST INVESTMENT

Cost as at 31st December
 Appreciation/Depreciation of fair value of unit holdings
 Fair value as at 31st December (5.2(a))

5,000,000
 26,768
5,026,768



NOTE 5.3 - DETERMINATION OF FAIR VALUE AND FAIR VALUES HIERARCHY

Financial Assets at Fair Value through Profit or Loss	Level 1	Level 2	Level 3	Total
Quoted Equity Securities	152,026,055	-	-	152,026,055
Unit Trust	-	5,026,768	-	5,026,768
Total Financial Assets at Fair Value as at 31st December 2024	<u>152,026,055</u>	<u>5,026,768</u>	<u>-</u>	<u>157,052,823</u>

Determination of fair value and fair value hierarchy

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

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

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

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

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

Company	No. of Shares	31.12.2024	
		Market Value	Holding as at % of Net Asset value
Banks, Finance and Insurance			
Commercial Bank Of Ceylon PLC	150,000	21,712,500	13%
Commercial Bank Of Ceylon PLC - Non Voting	80,000	9,240,000	5%
DFCC Bank PLC	90,000	10,237,500	6%
Hatton National Bank PLC	79,500	25,420,125	15%
Hatton National Bank PLC - Non Voting	20,000	5,135,000	3%
Nations Trust Bank PLC	110,000	20,515,000	12%
Pan Asia Banking Corporations PLC	100,000	3,500,000	2%
Sampath Bank PLC	208,000	24,596,000	14%
Seylan Bank PLC - Non Voting	25,000	1,425,000	1%
Total		121,781,125	70%
Diversified Financials			
Central Finance Company PLC	120,000	22,800,000	13%
People's Leasing & Finance PLC	400,000	6,800,000	4%
Vallibel Finance PLC	12,100	644,930	0%
Total		30,244,930	17%
Total Value of Quoted Equity Securities		152,026,055	

NOTE 5.2(a) - FAIR VALUE AS AT 31ST DECEMBER 2024 - UNIT TRUST

Unit Trust	No. of Units	31.12.2024	
		Fair Value	Holding as at % of Net Asset value
Senfin Money Market Fund	192,577.30	5,026,768	3%
Total		5,026,768	3%

NOTE 6 - OTHER RECEIVABLES

CDS Receivable	9,162,627
	9,162,627

NOTE 7 - ACCRUED & OTHER PAYABLES

Accrued Expenses	
Management Fees	116,085
Trustee Fees	31,089
Custody Fees	24,602
Audit Fees	127,075
Professional Fee	78,668
	377,519





NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

05.12.2023
To
31.12.2024
Rs.

NOTE 8 - INVESTMENT INCOME

8.1	Dividend Income	2,125,556
8.2	Interest Income	
	Interest Income on Money Market Savings	720,354
		720,354

NOTE 9.1 - REALISED GAINS / (LOSSES) ON FINANCIAL ASSETS-FAIR VALUE THROUGH PROFIT OR LOSS

9.1.1	Equity Securities	
	Proceeds on Sale of Equity Shares	96,604,765
	Average cost of Equity Shares Sold	(87,455,863)
		9,148,901
9.1.2	Unit Trust Investment	
	Proceeds on Sale of Unit Holdings	17,141,468
	Average Cost of Unit Holdings	(17,000,000)
		141,468
		9,290,369

NOTE 9.2 - UNREALISED GAINS / (LOSSES) ON FINANCIAL ASSETS FAIR VALUE THROUGH PROFIT OR LOSS

Equity Securities	51,888,909
Unit Trust Investment	26,768
	51,915,677

NOTE 10 - NET PROFIT / (LOSS) BEFORE TAXATION

Net Profit / (Loss) is arrived after charging all expenses including the following:-

Management Fees	803,600
Trustee Fees	215,735
Custodian Fees	314,074
Audit Fees	127,075
Brokerage Expense	3,103,970





NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

05.12.2023
To
31.12.2024
Rs.

NOTE 11 - INCOME TAX EXPENSES

Tax expense for the year

-

As per the Inland Revenue Act No. 24 of 2017, 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.

A reconciliation between the tax expense and the product of taxable profit multiplied by the statutory tax rate is as follows:

Net Profit / (Loss) before Tax	59,362,216
Aggregate Disallowable Expenses / Net Gains	-
Income Exempt from Tax	(59,362,216)
Aggregate Allowable Net (Gains) / Losses	-

Income tax at the rate of 10%

Income tax expense reported in the Statement of Comprehensive Income

-

NOTE 12 - CAPITAL COMMITMENTS

There were no material Capital Commitments as at 31st December 2024.

NOTE 13 - EVENTS AFTER THE REPORTING DATE

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

NOTE 14 - CONTINGENCIES

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

NOTE 15 - RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE

	2024 Rs.
Net Asset Value as per Financial Statements	172,894,217
Income Tax Receivable	-
Other Expense over / under provision	1
Published Net Asset Value	172,894,218
Number of units outstanding	10,720,038
Published Net Asset Value per Unit	16.13



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**NOTE 16 - UNITS IN ISSUE AND UNIT PRICE**

Units in issue and deemed to be in issue as at 31st December 2024 is 10,720,037.80 The Net Asset Value per unit as at this date was Rs. 16.13.

NOTE 17 - RELATED PARTY TRANSACTIONS

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

Responsible Entity

The management Company of SENFIN FINANCIAL SERVICES FUND is Senfin Asset Management (Private) Limited.

The Trustee is Hatton National Bank PLC.

Key Management Personnel**i) Directors**

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

Dr. Prathap Ramanujam

Mr. Sonal Balasuriya

Mr. Keshav Balasuriya (Upto 18.10.2024)

Mr. Tilak Collure

Mr. Sanath Bandaranayake

Mr. Jeevan Sukumaran (Executive Director) (From 18.10.2024)

ii) Other Key Management Personnel

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

Mr. Surath Perera - Chief Investment Officer

Mr. Murugiah Rajendran - Head of Compliance

Mr. Nilanka Gamaethige - Head of Client Services & Marketing

Mr. Rajitha Elapatha - Senior Fund Manager

**Key Management Personnel Compensation**

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

Other transactions within the Fund

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 17 - RELATED PARTY TRANSACTIONS (CONTD.)

Related Party Unit Holding

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

As at 31 st December 2024	Relationship	No. of Units	Value of Units held Rs.	Total Interest held as a % of NAV
Senfin Asset Management (Pvt) Ltd	Management Company	174,833	2,792,086	1.61%
Senkadagala Finance PLC	Parent Company of the Management Company	1,395,291	22,282,804	12.89%
Mr. Jeevan Sukumaran	Executive Director	1,250	19,963	0.01%
Mr. Surath Perera	Chief Investment Officer	750	11,978	0.01%
Mr. Murugiah Rajendran	Head of Compliance	750	11,978	0.01%
Mr. Nilanka Gamaethige	Head of Client Services & Marketing	200	3,194	0.01%
Mr. Rajitha Elapatha	Senior Fund Manager	200	3,194	0.01%
Ms. Amina Rehana Mohamed	Spouse of the Executive Director / CEO of the Fund Management Company	500	7,985	0.00%
Ms. Mihiri Perera	Spouse of the Chief Investment Officer of the Fund Management Company	500	7,985	0.00%
		<u>1,574,275</u>	<u>25,141,165</u>	

Transactions with and amounts due to related parties

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

	Payable as at 31.12.2024
Management fees	116,085
Trustee Fees	31,089
Custody Fee	24,602
	Charge from 05.12.2023 to 31.12.2024
Management Fees	803,600
Trustee Fees	215,735
Custody Fees	314,074
	As at 31.12.2024 Rs.
The Bank Balance held at HNB	25,000
The Money Market Account balance held at HNB	7,031,286



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 Financial Service 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

Ernst & Young

Chartered Accountants

Rotunda Towers, No.109, Galle Road

Colombo 3

Lawyers

Nithya Partners

Attorneys-at-Law

No. 97A, Galle Road

Colombo 03

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Senfin Asset Management (Pvt) Ltd

(A fully owned subsidiary of Senkadagala Finance PLC)

Correspondence Address

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