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WEALTH MANAGEMENT

# Asia Securities Money Market Fund

Interim Report

*For the six months ended  
30th September 2021*



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## MID YEAR FUND REVIEW for the 6M ending 30th September 2021

### Dear Investor,

It is with great pleasure; we present our mid – year review for the Asia Securities Money Market Fund.

### Fund Review for 1H FY21/22 – Asia Securities Money Market Fund

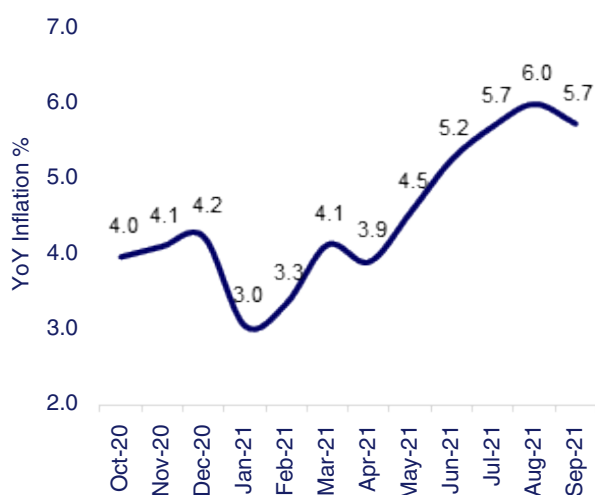
Your fund successfully grew to a record Net Asset Value of LKR 5,038mn by the end of Sep 2021, despite a challenging environment, returning an annualized return of 7.64% for 1H FY21/22.

The 6M period under review was a challenging year for the entire economy, in line with what was experienced in FY20/FY21 – as COVID - 19 continued to disrupt activity across a multitude of sectors. During the same period, 2 Island wide lockdowns were implemented which continued to fracture a fragile economy. However, economic growth for the quarter ending June 2021 was 12.3%, coming from an extremely low base.

Concerns on rising inflation have materialized, with CCPI inflation picking up to 5.7% in September 2021, vs. 4.1% in March 2021. The pick – up in inflation was largely driven by food inflation, which we believe was due to supply side disruptions and shortage in food supplies due to low crop yields driven by a ban on fertilizer imports.

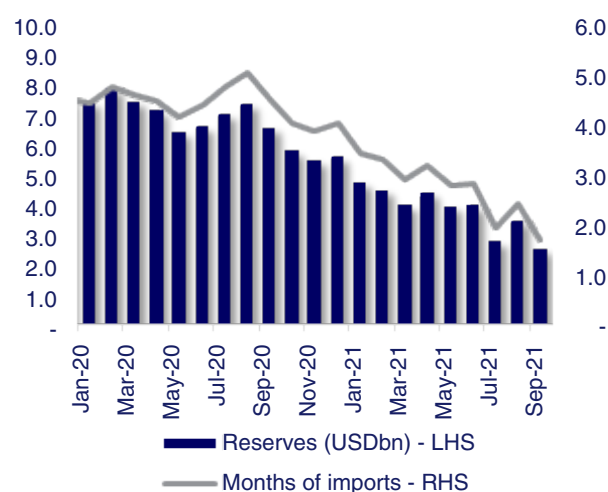
Credit to the private sector show cased a notable pickup – increasing by 15.0% YoY in August 2021 vs. YoY growth of 5.0% in August 2020. Notably, credit to the government sector continues to burgeon – growth in credit to the government sector in Aug 2021 was 41.9% YoY - indicating severe fiscal slippage.

Fig 1: CCPI Inflation on an upward trend



source - Department of census and statistics

Fig 2: Foreign currency reserves are at historic lows



source - CBSL

## MID YEAR FUND REVIEW for the 6M ending 30th September 2021

Reserves came under severe stress during the last 6M, as our import bill continued to rise amidst minimal bi-lateral and multilateral funding support. As a result, reserves dropped to 1.7x months of Imports in September 2021 from 4.6x months of imports recorded during September 2020. To control this rapid decline in reserves, the GoSL continued to limit outflows by keeping import restrictions in place. Import restrictions are likely to continue till reserve position improves with an increase in dollar denominated inflows. However, we highlight that significant support from bilateral / multilateral lenders is required to address the current foreign reserve crisis.

With this risk narrative playing out, market rates have picked up sharply. The 1Y T-bill increased to 8.65% (an increase of 350bps since Mar 2021), and the 10Y T-bond rates increased to 11.80% (an increase of 370bps since Mar 2021) as at 28th October 2021.

During the year under review, the Asia Securities Money Market Fund yielded the following returns commensurate with the risk parameters and the objective of the Fund:

Note - all other data mentions are from the Central Bank

Table 1: Return Summary of the Fund

	Annualized return %	AER %
Sep 2021	7.34	7.61
Aug 2021	7.21	7.47
July 2021	7.42	7.71
Jan - Sep 2021	7.42	7.70
1H FY21 / 22	7.64	7.94

### Outlook

As economic risks intensify, multiplied by the low reserves and fiscal slippage – we expect market rates to continue to trend higher. We also anticipate higher inflation stemming from rising commodity prices amidst supply side disruptions. These factors likely to also result in the Central Bank of Sri Lanka hiking policy rates in the near term.

We see two potential pathways for Sri Lanka to avert the current foreign currency reserve crisis – 1) Negotiate a bailout package from a global multilateral funding agency such as the International Monetary Fund (IMF) and renew terms on outstanding contingencies and debt commitments and 2) a rapid recovery in tourism which could boost our reserve position with an increase in dollar inflows coupled with strong support from bi-lateral funding partners.

We emphasize that based on our view of market interest rates continuing to pickup, we expect your fund to also see a gradual upward revision in returns in the near term.

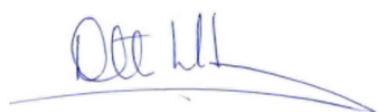


**ASIA SECURITIES MONEY MARKET FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**Period ended 30 September 2021**

	Notes	For the Period Apr 21 - Sep 21 Rs.	For the Period Dec 20 - Mar 21 Rs.
<b>INCOME</b>			
Interest Income	3	71,718,836	5,150,469
<b>EXPENSES</b>			
Management Fees		(4,401,932)	(331,849)
Trustee & Custodian Fees		(1,556,181)	(177,112)
Audit Fees		(135,552)	(72,591)
Other Expenses		(22,320)	(30,249)
		(6,115,985)	(611,800)
<b>NET PROFIT BEFORE INCOME TAX</b>		<b>65,602,851</b>	<b>4,538,669</b>
Income Tax Expense	4	-	-
<b>NET PROFIT AFTER INCOME TAX FOR THE PERIOD</b>		<b>65,602,851</b>	<b>4,538,669</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>65,602,851</b>	<b>4,538,669</b>

**ASIA SECURITIES MONEY MARKET FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 September 2021**

	Notes	As at 30 Sep 2021 Rs.	As at 31 Mar 2021 Rs.
<b>ASSETS</b>			
Cash and cash equivalents	5	233,863,180	6,993,479
Financial assets - Amortised Cost	6	4,806,162,820	371,595,035
Other Receivable	7	272,644	-
		<u>5,040,298,643</u>	<u>378,588,514</u>
<b>LIABILITIES</b>			
Accrued Expenses	8	2,232,023	301,747
Payable on unit redemption		-	-
Total Liabilities		<u>2,232,023</u>	<u>301,747</u>
<b>UNIT HOLDERS' FUNDS</b>			
Net Assets Attributable to Unit holders		<u>5,038,066,620</u>	<u>378,286,767</u>
		<u>5,040,298,643</u>	<u>378,588,514</u>



**Director**  
**Asia Securities**  
**Wealth Management (Pvt) Limited**



**Director**  
**Asia Securities**  
**Wealth Management (Pvt) Limited**

**ASIA SECURITIES MONEY MARKET FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**  
**As at 30 September 2021**

	Period ended 30.09.2021	Period ended 31.03.2021
	Rs.	Rs.
<b>UNIT HOLDERS' FUNDS AS AT PERIOD START</b>	<b>378,286,767</b>	<b>-</b>
<b>Audit adjustment</b>	<b>-</b>	<b>-</b>
Unit holders' fund as per FS	378,286,767	-
 Total Comprehensive Income for the Period	 65,602,851	 4,538,669
 Received on Creation of Units	 6,109,737,043	 461,755,809
 Paid on Redemption of Units	 (1,515,560,040)	 (88,007,711)
 Net Increase / (decrease) due to Unit holders' Transactions	 4,594,177,003	 373,748,098
 Dividend paid	 -	 -
 <b>UNIT HOLDERS' FUNDS AS AT PERIOD END</b>	 <b>5,038,066,620</b>	 <b>378,286,767</b>

**ASIA SECURITIES MONEY MARKET FUND**  
**CASH FLOW STATEMENT**  
**As at 30 September 2021**

	Period ended 30.09.2021 Rs.	Period ended 31.03.2021 Rs.
<b>Cash Flows from Operating Activities</b>		
Interest Received	7,149,885	787,877
Other income received	5,758,726	150,000
Management Fees and Trustee Fees Paid	(4,163,389)	(279,805)
Audit Fees Paid	-	-
Other Expenses Paid	(22,319)	(30,248)
Net Investment in Commercial Papers	(1,812,140,000)	(55,000,000)
Net Investment in Trust Certificates	(184,000,000)	(75,000,000)
Net Investment in Repurchase Agreement	(2,617,559)	(72,382,441)
Net Investment in Fixed deposits	(2,377,272,644)	(165,000,000)
<b>Net Cash Flow generated from Operating Activities</b>	<u>(4,367,307,299)</u>	<u>(366,754,617)</u>
		-
		-
<b>Cash Flows from Financing Activities</b>		-
Cash Received on Creation of Units	6,109,737,043	461,755,809
Cash Paid on Redemption of Units	(1,515,560,040)	(88,007,711)
Dividend Distribution	-	-
<b>Net Cash generated from Financing Activities</b>	<u>4,594,177,000</u>	<u>373,748,095</u>
Net Increase in Cash and Cash Equivalents	226,869,701	6,993,479
Cash and Cash Equivalents at the beginning of the year	6,993,479	-
<b>Cash and Cash Equivalents at the end of the period</b>	<u>233,863,180</u>	<u>6,993,479</u>

**ASIA SECURITIES MONEY MARKET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE Y/E 2020/2021**  
**As at 30 September 2021**

**1 All figures are provisional and unaudited. Comparatives figures are presented for the last 6 months period as the Asia Securities Money Market Fund started operations on 23rd December 2020.**

**2 Income is recognised on an accrual basis.**

	For the Period April 21 -Sep 21	For the Period Dec 20- March 21
	Rs.	Rs.
<b>3 GROSS INCOME</b>		
Interest on Repurchase Agreements	6,590,620	391,365.29
Interest on Fixed Deposits	25,158,438	
Interest on Commercial Papers	26,414,497	1,812,716.44
Interest on Trust Certificate	5,902,075	873,561.64
Interest on HNB Money Market	561,846	982,465.75
Placement fee income	7,091,359	405,433.92
	<u>71,718,836</u>	<u>684,926.03</u>
		5,150,469
<b>4 INCOME TAX EXPENSES</b>	-	
Provision for the current year	<u>-</u>	<u>-</u>
		-

No Income tax is recognised in the financial statements as the fund has considered all income as being pass through its unit holders

	Rs.	Rs.
<b>5 CASH AT BANK</b>	(247,644)	25,000
HNB Money Market Savings	234,110,823	6,968,479
	<u>233,863,180</u>	<u>6,993,479</u>



**ASIA SECURITIES MONEY MARKET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE Y/E 2020/2021**  
**As at 30 September 2021**

**6 FINANCIAL INVESTMENTS - LOANS AND RECEIVABLES**

	Notes	30.09.2021	31.03.2021
		Rs.	Rs.
Repurchase Agreements	6.1	75,011,507	72,391,365
Investment in fixed deposits	6.2	2,568,971,154	166,812,716
Investment in Commercial Papers	6.3	1,894,428,059	55,873,562
Investment in Trust Certificates	6.4	265,884,541	75,982,466
Placement fee receivable		1,867,559	534,926
		<u>4,806,162,820</u>	<u>371,595,034.87</u>

**6.1 REPURCHASE AGREEMENTS**

	30.09.2021	31.03.2021
Union Bank	75,011,507	-
Acuity Securities	-	72,391,365.00
	<u>75,011,507</u>	<u>72,391,365.00</u>

**6.2 FIXED DEPOSITS**

Abans Finance PLC	21,039,582	20,346,438
Asia Asset Finance PLC	288,781,178	15,257,293
Ideal Finance Ltd	157,610,592	35,459,971
L.B Finance PLC	100,272,329	-
Commercial Leasing & Finance PLC	20,994,844	20,291,923
LOLC Development Finance	390,516,810	50,322,652
Commercial Credit & Finance PLC	493,883,262	25,134,438
Mercentile Investment & Finance PLC	101,017,890	-
Merchant Bank Of SriLanka	50,483,959	-
Prime Finance PLC	102,298,575	-
Richards Peries Finance PLC	250,632,110	-
Singer Finance Lanka PLC	100,177,781	-
Siyapatha Finance PLC	150,365,438	-
Vallibel Finance PLC	340,896,805	-
	<u>2,568,971,154</u>	<u>166,812,716</u>

**ASIA SECURITIES MONEY MARKET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE Y/E 2020/2021**  
**As at 30 September 2021**

	30.09.2021	31.03.2021
	Rs.	Rs.
<b>6.3 COMMERCIAL PAPERS</b>		
Softlogic Holding PLC	635,045,411	15,402,740
LOLC Holdings PLC	664,769,349	40,470,822
Janashakthi Ltd	320,828,767	
Asia Securities (Pvt) Ltd	147,991,518	
First Capital Holdings PLC	25,145,753	
Abans Finance PLC	100,647,260	0
	<u>1,894,428,059</u>	<u>55,873,562</u>
<b>6.4 TRUST CERTIFICATES</b>		
Commercial Credit & Finance PLC	127,011,473	25,361,644
Softlogic Holdings	21,268,493	20,265,753
Fintrex PLC	31,708,767	30,355,068
Mercentile Investment & Finance PLC	51,634,932	
Asia Asset Finance PLC	34,260,877	
	<u>265,884,541</u>	<u>75,982,466</u>
<b>7 OTHER RECEIVABLES</b>		
Receiveable from Management Company	272,644	-
	<u>272,644</u>	<u>-</u>
<b>8 ACCRUED EXPENSES</b>		
Fund Manager Payable	1,512,520	156,451.73
Trustee & Custodian Fee Payable	511,361	72,704.60
Audit Fee Payable	208,142	72,590.70
Tax Consultancy Fees	-	-
	<u>2,232,023</u>	<u>301,747.03</u>

**ASIA SECURITIES MONEY MARKET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE Y/E 2020/2021**  
**As at 30 September 2021**

**9 CONTINGENCIES**

There were no significant contingencies existing as at the reporting date that required adjustments to or disclosures in the financial statements

**10 EVENTS OCCURRING AFTER REPORTING DATE**

There have been no significant events occurring after the reporting date that required adjustment to or disclosures in the financial statements

**11 CAPITAL COMMITMENTS**

There were no significant capital and financial commitments as at the reporting date.

**12 UNITS IN ISSUE AND UNIT PRICE**

No. of units in issue and deemed to be in issue as at 30 September 2021 was 476,773,994.58 and net assets value per unit as at 30 September 2021 was Rs. 10.5669

## CORPORATE INFORMATION

### **Trustee & Custodian**

Hatton National Bank PLC  
No. 479, T. B. Jayah Mawatha,  
Colombo 10,

### **Auditors**

Price Waterhouse Coopers  
100, Braybrooke Place,  
Colombo 02,

### **Bankers**

Hatton National Bank PLC  
No. 479, T. B. Jayah Mawatha,  
Colombo 10,

### **Lawyers**

Nithya Partners  
97/A, Galle Main Rd,  
Colombo 03,

### **Managers & Registrars**

Asia Securities Wealth Management ( Pvt) Limited  
4th Floor Lee Hedges Tower  
No. 479, Galle Road  
Colombo 3

## **ASIA SECURITIES WEALTH MANAGEMENT ( PVT) LIMITED**

### **Board of Directors**

Mr. Dumith Fernando - Chairman  
Mr. Avancka Herat – Executive Director

### **Management Team**

Mr. Kanishka Perera - Chief Executive Officer  
Ms. Pushpika Jeevaratne - Head of Compliance  
Mr. Sean Baliah - Portfolio Manager

