



Interim Report

30th June 2022

“The SEC in granting approval does not extend to either endorsing or ratifying the accuracy of the specific details set out therein, and that the Management Company and Trustee remains at all times responsible for the specific details set out in the Interim Report.”

CEYBANK SAVINGS PLUS MONEY MARKET FUND - Interim Report 2022

REPORT OF THE MANAGER

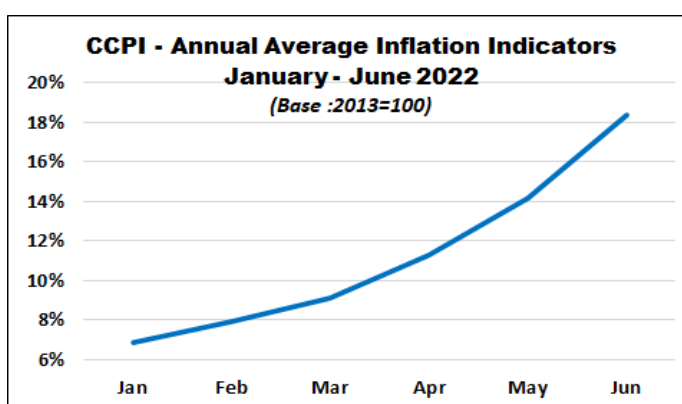
We have great pleasure in presenting the Interim Report and Accounts of the Ceybank Savings Plus Money Market Fund for the six-month period ended 30th June 2022.

The Net Asset Value per unit of your Fund depreciated by 40.44% during the period, 31st December 2021 to 30th June 2022.

Economy

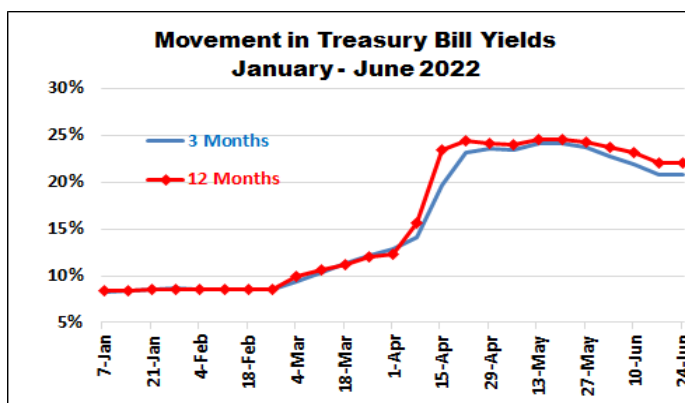
The Sri Lankan Economy witnessed a setback in GDP by shrinking 1.6% for the 1st Quarter of 2022.

Average Annual Inflation measured by the CCPI (New) which was at 6.9% at the beginning of the year, showed an accelerated trend by ending higher at 18.4% in June 2022.



Source: Department of Census and Statistics

Market interest rates moved up gradually during the period. The benchmark 12-month Treasury bill rate which was at 8.39% in January closed higher at 22.04% by the end of June. The long-term Treasury bond market continued to be volatile.



Source: Central Bank of Sri Lanka

Overnight call money rates moved within a band of 5.90% and 14.50% p.a. The exchange rate which was at 200.43 (Rs/US\$) at the beginning of the year witnessed a depreciation of 79.55% during the period under review. The Rupee was quoted at 359.87 (Rs/ US\$) as at 30th June 2022.

During the period under review, the Central Bank key policy rates were changed three times. Effectively the Standing Deposit Facility Rate (SDFR) was increased by 850bps (to 13.50%), Standing Lending Facility Rate (SLFR) was raised by 850bps (to 14.50%) The Statutory Reserve Ratio (SRR) for Commercial Banks remained at 4% throughout the period.

Fund Performance

The Net Asset Value per unit of your Fund depreciated by 40.44% during the period under review.

The Fund generated a net income of Rs 208,774 despite the operating expense of Rs 1.88 million during the period under review. The Fund is invested in Repurchase Agreements with maturities less than a year.

Future Outlook

Despite the setback due to the pandemic in 2020, the Sri Lankan economy regained and delivered gratifying results by recording a growth of 3.3% in 2021 owing to successful vaccination programme against the Covid-19 pandemic. However, the economy contracted by 1.6% in 1Q2022 due to local and global challenges as a consequence of policy instability on macro fundamentals coupled with political chaos.

The global growth is expected to slump in 2022 in the wake of supply chain disruptions, elevated inflation on account of volatile crude oil prices, geopolitical tensions as a consequence of Russia's invasion of Ukraine, increase in US Fed rate, lockdowns in China, compounding the damage from COVID-19 pandemic with the emergence of new variants and outbreak of monkeypox. This systematic risk would hammer the Sri Lankan economy already witnessing a feeble economic growth in 2022 amidst the exacerbated economic crisis in the country backed by accelerated inflation due to disruptions in power and supply chains, shortages of basic necessities, the volatile financial market, unfavorable balances in both trade and fiscal accounts, downgrading country's sovereign rating, looming debt repayments, contraction of foreign reserves, heavily depressed currency, heightened political crisis, social unrest, and aggravated losses in SOEs.

The current accelerated inflation would be expected to rocket in the short term and then, slow down in medium term with the executing of corrective measures to address the disruptions in supply side. The depreciation of Rupee against USD could continue till the economy attracts more foreign dollar inflows with an aim to build up healthy foreign reserve position, which mostly address the supply side disturbance and would help to cushion the inflationary pressure in the economy.

The rising market interest rates are expected to stabilize at a moderate level without discouraging the credit growth in the economy as it is crucial to enhance the economic activities in the long term. This would ease off the pressure on hyper-inflation and heavy depreciation of rupee against dollars.

At present, Sri Lanka has already commenced the process of negotiation to obtain the assistance from IMF in an effort to restore macroeconomic stability and debt sustainability which crucially includes the uninterrupted supply of essentials, reschedule the debt payments and boost the foreign reserves of the country with structural reforms to reinstate the sustainability in the economy while evading economic stagflation.

The Fund is currently invested in Treasury bill repurchase agreements.

SGD

Kanchana Karannagoda

Fund Manager

28th July 2022

CEYBANK SAVINGS PLUS FUND

Statement of comprehensive income

(All amounts in Sri Lanka Rupees)

	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2021
Income		
Net income on financial Assets	208,774	102,639
Total investment income	208,774	102,639
Operating Expenses	(1,887,036)	(4,000)
	(1,887,036)	(4,000)
Net operating profit/ Loss before tax	(1,678,262)	98,639
Income tax expense	-	-
Increase/ (Decrease) in net assets attributable to unitholders	(1,678,262)	98,639

CEYBANK SAVINGS PLUS FUND

Statement of financial position

(All amounts in Sri Lanka Rupees)

	30 June	
	2022	2021
<u>Assets</u>		
Cash and cash equivalents	457,587	201,104
Financial assets at Amortized Cost	2,500,893	4,558,551
Sundry Debtors	230,633,238	230,633,238
Total Assets	233,591,718	235,392,893
UNITHOLDERS' FUNDS AND LIABILITIES		
<u>Liabilities</u>		
Other payables	230,963,299	231,087,465
Unclaimed Redemption	10,888	10,888
Total Liabilities (excluding net assets attributable to unitholders)	230,974,187	231,098,353
Net assets attributable to unitholder's funds	2,617,531	4,294,540
Total Unitholders' funds and Liabilities	233,591,718	235,392,893

Statement of changes in Unitholders' funds

(All amounts in Sri Lanka Rupees)

	30 June	
	2022	2021
Unitholders' funds at beginning of the year	4,295,793	4,195,901
Increase / (Decrease) in net assets attributable to unitholders	(1,678,262)	98,639
Unitholders' funds as at 30th June	2,617,531	4,294,540