



ANNUAL REPORT
2021

“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 remains at all times responsible for the specific details set out in the Annual Report.”

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CEYBANK HIGH YIELD FUND
Annual Report & Accounts 2021
CORPORATE INFORMATION

TRUSTEE

National Savings Bank
Savings House, 255, Galle Road
Colombo 03

FUND MANAGERS & REGISTRAR

Ceybank Asset Management Ltd
Reg. No PV 3326
No 85, York Street, Colombo -1
Tel : 011- 760 2000-2, Fax : 011- 2327203
E.mail : info@ceybank.com
Web: www.ceybank.com

**DIRECTORS OF THE
MANAGEMENT COMPANY**

Mr. G. Wickramage
Chairman
(Appointed w.e.f. 13th January 2022)

Mr. I. Ferdinands
CEO/Executive Director

Mr. G.A. Jayashantha
(Nominee - Bank of Ceylon)

Mr. R. M. N. Jeewantha
(Nominee - Bank of Ceylon)

Ms.V. Govindan
(Nominee - Unit Trust of India)

Mr. A.D. Perera
(Nominee - Sri Lanka Insurance)

**MEMBER OF
THE INVESTMENT ADVISORY PANEL**

Mr. S N P Palihena
Former General Manager
Bank of Ceylon

AUDITORS

SJMS Associates
Chartered Accountants

TAX CONSULTANTS

Ernst & Young
Chartered Accountants

BANKERS & CUSTODIAN

Bank of Ceylon

LAWYERS

F. J. & G. De Saram
Attorneys –at-Law

Nithya Partners
Attorneys –at-Law

CEYBANK HIGH YIELD FUND - Annual Report 2021

REPORT OF THE MANAGER

We have great pleasure in presenting the Manager's Report and Audited Accounts of the Ceybank High Yield Fund for the period 1st January 2021 to 31st December 2021.

The Net Asset Value per unit of your Fund appreciated by 7.34% during the period.

Economy

The Sri Lankan Economy witnessed a growth of 4.4% during the nine months period of January to September 2021 as opposed to a contraction of 5.4% for the same nine months period in 2020 (base year=2010). This was due to successful COVID-19 vaccination programme and relaxed mobility restrictions in the country. Sector wise, Industry expanded 6.8%, Services by 2.7% and Agriculture by 5.3% within Jan-Sep 2021.

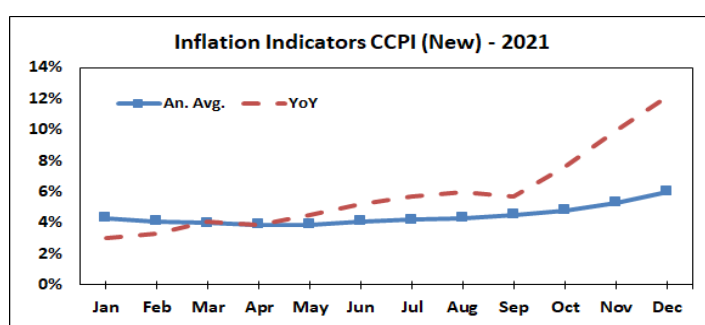


Figure: 1 - (Source: CBSL)

Annual Average Inflation (*Figure:1*) measured by the CCPI, which was at 4.3% at the beginning of the year decelerated to 3.9% in May and then gradually accelerated during the remaining period and closed the year at 6% as at end December 2021.

Market interest rates (*Figure:2*) surged up during the year. The benchmark 12-month Treasury bill rate which was at 5.05% p.a. at the beginning of the year increased gradually in an effort to ease off the pressure on inflation and exchange rate. The rates rose by 319 basis points, to close at 8.24% p.a. at the end of the year. Long term Treasury bond yields also moved in tandem with the Treasury Bills during this period. Premiums on corporate paper yields, remained around 2-3% above Treasury yields.

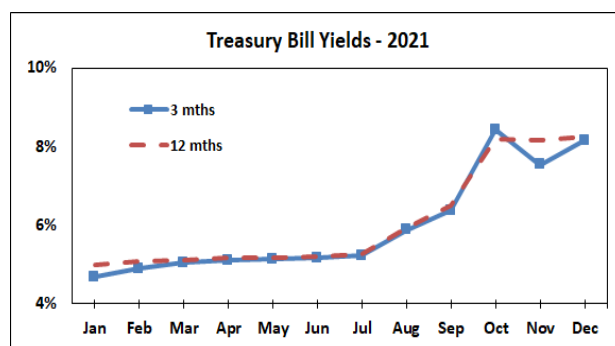


Figure: 2 - (Source: CBSL)

Overnight repo market rates recorded an upward trend and traded within a range of 4.53% and 6.05% p.a. The exchange rate which was at 185.3906 (Rs/US\$) at the beginning of 2021, depreciated by 8.1% to 200.4338 (Rs/US\$), as at end December 2021.

Central Bank key policy rates were changed during the year. In 2021 the Bank reduced the Statutory Reserve Requirement (SRR) for Commercial Banks by 200 bps. The Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) were raised by a total of 50 bps. The SDFR and SLFR at the end of the year were 5% and 6% respectively, while the SRR was 4%.

Fund Performance

The Net Asset Value per unit of your Fund appreciated by 7.34% during the period under review. The Fund generated Rs 137.08 million as net operating profit before taxes during the period. The Fund was mainly invested in a mix of Treasury bills, Repurchase Agreements and Corporate papers with maturities less than 12 months.

Future Outlook

The global coverage of successful vaccination programme against the Covid 19 pandemic and relaxed mobility restrictions delivered gratifying results with the regaining of economies in countries. Albeit the recovery of 4.4% recorded in Sri Lanka for the period of January-September 2021, the disturbance in domestic and global economic activities would slow down the Sri Lankan economic growth in 2022.

The supply chain disruptions, rising commodity prices on account of surge in crude oil prices, and geopolitical tensions as a consequence of Russia's invasion of Ukraine and related sanctions would trigger geopolitical realignment and have a ripple effect on the interruption of global recovery. Despite these global issues, Sri Lanka has many challenges to be addressed in order for the economy to rebound in 2022 and beyond, which includes accelerated inflation due to disruptions in power and supply chains, the volatile financial market, unfavorable balances in both trade and fiscal accounts, upgrading country's sovereign rating, looming debt repayments, contraction of foreign reserves, current instability in political front, introduction of price formulas for fuel and electricity and faster implementation of several vital reforms like converting loss making SOEs to positive contributors.

Currently, the inflation is at an accelerated trend chiefly as a result of supply side interruptions. We would expect inflation 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. After floating the currency, a heavy depreciation of rupee against USD was witnessed in the market. The momentum will continue till the economy attracts more worker remittances and 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 market interest rates are expected to climb up further and 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. The rising interest rates would be beneficial for the Fund. At present, Sri Lanka has already commenced the process of obtaining the assistance from IMF in an effort to reschedule the debt payments and boost the foreign reserves of the country. Taking these factors into account, the Fund is currently invested in short term Treasury bills, Repurchase Agreements and a mix of Securities issued by Corporate entities. The objective of the Fund is to provide liquidity and maximize returns for the investor. The Managers will continue to monitor the changing environment to address any change required in the asset allocation in order to meet the Fund objective.

Management

We take this opportunity to thank our valued unit holders for the confidence placed in us, which has been a great source of encouragement. We believe we will be able to provide a consistent return to the unit holders. We also place on record our appreciation for the unstinted support and cooperation extended by the Securities and Exchange Commission of Sri Lanka, the Trustee, National Savings Bank and Custodian Bank of Ceylon.

Our sincere appreciation is also due to the stakeholders and the Board of Directors for their support. Our achievements would not have been possible without the skills and commitment of the Management Team. We take great pleasure in thanking them for their contribution and dedication throughout the year and look forward to their support in the coming year too.

SGD

Kanchana Karannagoda

Fund Manager

23rd March 2022

CEYBANK HIGH YIELD FUND
FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT
FOR THE YEAR ENDED
31 DECEMBER 2021

DRAFT INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF CEYBANK HIGH YIELD FUND

DRFAT REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ceybank High Yield Fund ("the Fund") which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in unit holders' funds and, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2021, and of its financial performance and its cash flows for the year then ended 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 CA Sri Lanka (Code of Ethics), 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.

Other Information

Managers and Trustee are responsible for the other information. The other information comprises the information included in the manager's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Managers and Trustee are 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 managers and trustee determine 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, managers and trustee 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 managers and trustee 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.

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 SLAuSs 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 SLAuSs, 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 and trustee.
- Conclude on the appropriateness of management's and trustee'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 Code of the Securities and Exchange Commission of Sri Lanka.

SJMS Associates
SJMS ASSOCIATES
Chartered Accountants
Colombo
23 March 2022



Statement of comprehensive income

For the year ended 31 December 2021

	Note	2021 Rs.	2020 Rs.
Investment income			
Interest income	4	155,274,266	42,926,852
Total investment income		<u>155,274,266</u>	<u>42,926,852</u>
Expenses			
Management fee and trustee fee		(17,074,077)	(3,960,954)
Custodian fee		(484,430)	(184,639)
Audit fee		(129,908)	(97,200)
Notional tax and WHT expense		-	(12,250)
VAT expense		(38,754)	(14,771)
Bank charges		(61,598)	(39,700)
Other expenses		<u>(399,405)</u>	<u>(83,900)</u>
Total operating expenses		<u>(18,188,172)</u>	<u>(4,393,415)</u>
Net operating profit after deductions and before tax		137,086,095	38,533,438
Income tax expense		-	-
Increase in net assets attributable to unit holders		<u>137,086,095</u>	<u>38,533,438</u>

The accounting policies and notes from 1 to 12 form an integral part of these financial statements.





Statement of financial position

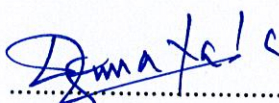
As at 31 December 2021

	Note	31.12.2021 Rs.	31.12.2020 Rs.
Assets			
Cash and cash equivalents	5	2,869,725	8,489,194
Financial assets measured at amortized cost	6	3,211,505,545	671,782,306
Income tax receivable	7	-	-
Total assets		3,214,375,270	680,271,500
Unit holders' funds and liabilities			
Liabilities			
Payables	8	2,720,546	793,939
Money payable on unit redemption		2,243,629	8,350,414
Total liabilities (excluding net assets attributable to unit holders)		4,964,175	9,144,353
Unit holders' funds			
Net assets attributable to unit-holders	9	3,209,411,095	671,127,147
Total unit holders' funds and liabilities		3,214,375,270	680,271,500

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 Fund Management Company on 15 March 2022 and by the Trustee on 22 March 2022.


 Director
 Ceybank Asset Management Ltd.
 Fund Management Company


 National Savings Bank
 Trustee


 Director
 Ceybank Asset Management Ltd.
 Fund Management Company



The accounting policies and notes from 1 to 12 form an integral part of these financial statements.

Statement of changes in unit-holders' funds
For the year ended 31 December 2021

	NAV	Total Rs.
Opening Balance as at 01.01.2020	262,412,555	262,412,555
Applications of units during the year	1,175,519,034	1,175,519,034
Redemptions of units during the year	(805,337,880)	(805,337,880)
Increase in net assets attributable to unit holders	38,533,438	38,533,438
Unit-holders' funds as at 31.12.2020	671,127,147	671,127,147
Applications of units during the year	5,184,147,259	5,184,147,259
Redemptions of units during the year	(2,782,949,406)	(2,782,949,406)
Increase in net assets attributable to unit holders	137,086,095	137,086,095
Unit-holders' funds as at 31.12.2021	3,209,411,095	3,209,411,095

The accounting policies and notes from 1 to 12 form an integral part of these financial statements.



Draft statement of cash flows

For the year ended 31 December 2021

	Note	31.12.2021 Rs.	31.12.2020 Rs.
<i>Cash flows from operating activities</i>			
Interest received	4	96,687,325	31,427,596
Management fees and trustee fees paid		(15,275,344)	(3,611,474)
Custodian fees paid		(449,264)	(181,031)
Operating expenses paid		(399,916)	(173,600)
VAT paid		(38,754)	(27,021)
Audit fee paid		(98,287)	(145,000)
Other payables to management company		-	105,000
Net investments in repurchase agreements	6	(92,300,000)	7,500,000
Net investments in commercial papers	6	(1,469,101,281)	(185,805,874)
Net investments in fixed deposits	6	(797,306,016)	(218,361,420)
Net investments in treasury bills	6	(122,429,000)	-
<i>Net cash outflows from operating activities</i>		<u>(2,400,710,537)</u>	<u>(369,272,824)</u>
<i>Cash flows from financing activities</i>			
Proceeds from issue of units	9	5,184,147,259	1,175,519,034
Payments on redemptions of units		(2,789,056,190)	(799,200,439)
<i>Net cash inflows from financing activities</i>		<u>2,395,091,069</u>	<u>376,318,595</u>
<i>Net increase / (decrease) in cash and cash equivalents</i>		(5,619,469)	7,045,772
<i>Cash and cash equivalents at the beginning of the year</i>		8,489,194	1,443,422
<i>Cash and cash equivalents at the end of the year</i>	5	<u>2,869,725</u>	<u>8,489,194</u>
Cash and cash equivalents at the beginning of the year		8,489,194	1,443,422
Net increase / (decrease) in cash and cash equivalents		<u>(5,619,469)</u>	<u>7,045,772</u>
<i>Cash and cash equivalents at the end of the year</i>		<u>2,869,725</u>	<u>8,489,194</u>

The accounting policies and notes from 1 to 13 form an integral part of these financial statements.



Notes to the financial statements

For the year ended 31 December 2021

1. General information

Ceybank high yield fund is a unit trust fund, which was launched in November 2017 by Ceybank Asset Management Ltd with the objective of maximizing the income by investing the funds in a portfolio of Corporate Debt & Money Market instruments with maturities less than one year. The registered office of the Management company is located at 85, York Street, Colombo 1.

1.2 Date of authorization for issue

The financial statements of the fund for the year ended 31 December 2021 were authorized for issue by the fund management company on 15 March 2022 and by the trustee on 22 March 2022.

2. Preparation of financial statements**2.1 Statement of compliance**

The financial statements which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in unit holders' funds and, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS and LKAS), laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Unit Trust Code of the Securities Exchange Commission of Sri Lanka.

2.2 New or revised Standards or Interpretations

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the Fund's financial results or position.

IAS 8.28 requires an entity to disclose detailed information on certain Standards that have been applied for the first time in the current period. Other Standards and amendments that are effective for the first time in 2021 and could be applicable to the company are:

- COVID-19-related rent concessions beyond 30 June 2021 (Amendments to SLFRS 16)
- Interest Rate Benchmark Reform Phase 2 (Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Fund.

Standards and amendments that are not yet effective and have not been adopted early by the company include:

- SLFRS 17 Insurance Contracts
- Amendments to SLFRS 17 Insurance Contracts (Amendments to SLFRS 17 and SLFRS 4)
- References to the Conceptual Framework
- Proceeds before Intended Use (Amendments to LKAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to LKAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to SLFRS 1, SLFRS 9, SLFRS 16, LKAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1)
- Deferred Tax related to Assets and Liabilities from a Single Transaction

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

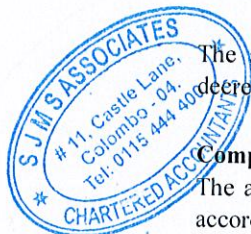
2.3 Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally the fair value of the consideration given in exchange of assets. The financial statements are presented in Sri Lankan rupees (LKR/Rs.).

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 current and non-current.

Comparative information

The accounting policies have been consistently applied by the company with those of the previous financial year in accordance with LKAS 01 - presentation of financial statements.



Notes to the financial statements

For the year ended 31 December 2021

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with SLFRSs requires management to make judgments, estimates and assumptions that influence the application of Accounting Policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the company's accounting policies, which are described below, the directors are required to make judgments and assumptions and use assumptions in measuring items reported in the financial statements. These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods as well, if the revision affects both current and future periods.

Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value. Following are the key sources of estimation uncertainty at the statement of financial position date, that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

2.5 Summary of significant accounting policies**2.5.1 Financial instruments****2.5.1.1 Recognition and derecognition**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

2.5.1.2 Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- * Amortized cost
- * Fair value through profit or loss (FVTPL)
- * Fair value through other comprehensive income (FVOCI).

In the periods presented the trust does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in statement of comprehensive income.

2.5.1.3 Subsequent measurement of financial assets**Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Fund's cash and cash equivalents, other receivables fall into this category of financial instruments.



Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

During the year the Fund had not classified any financial assets as FVTPL.

Financial assets at fair value through other comprehensive income (FVOCI)

The company accounts for financial assets at FVOCI if the assets meet the following conditions:

- They are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

During the year the fund had not classified any financial assets at FVOCI.

2.5.2 Impairment of financial assets

The fund recognises 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.

Credit - impaired financial assets at each reporting date, the fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data: –

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

As of the date of the statement of financial position the fund has not observed any of the above thus no impairment provision has been recognized in the financial statements.

2.5.3 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in values.

2.5.4 Financial liabilities – Classification, subsequent measurement and gains and losses

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 measured at amortised cost include accrued expenses and other payables.



Notes to the financial statements

For the year ended 31 December 2021

2.5.4.1 Payables and provisions

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

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.

2.5.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the fund and the revenue can be reliably measured. The following specific criteria must also be met before interest income is recognised.

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income of treasury securities, fixed deposits and corporate debt securities are recognized gross of withholding tax.

2.5.6 Expenses

The management participation fee of the fund is as follows:

Management fee -	0.75% p.a. of Net Asset Value of the Fund
Trustee fee -	0.15% p.a. up to Rs. 1.5 Billion of Net Asset Value of the Fund
	0.125% p.a. between Rs. 1.5 Billion & Rs. 3.5 Billion of Net Asset Value of the Fund
	0.1% p.a. above Rs. 3.5 Billion of Net Asset Value of the Fund
Custodian fee -	0.025% p.a. of Net Asset Value of the Fund
	Subject to a minimum of Rs. 15,000 per month

2.5.7 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 liable to pay income tax at the rate of 10% in accordance with the Inland Revenue Act No.10 of 2006 for the period up to 31 March 2018 and thereafter, Unit Trusts that conduct eligible investment business are treated as pass through vehicles and tax will be payable by unit holders in accordance with the Inland Revenue Act No. 24 of 2017 and the amendments thereto. Hence the taxation has not been recognised for the current and previous year.

2.5.8 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 and the distribution is recognized when the unit holders are entitled to the distribution.

2.5.9 Unit holders funds

Unit holders funds have 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.



3. Financial instruments and risk management**3.1 Financial instruments**

The Fund's principal financial assets comprise investments in repurchase agreements, commercial papers, fixed deposits, treasury bills and cash at bank. The main purpose of these financial instruments is to generate a return on the investment made by Unit Holders. The Fund's principal financial liabilities comprise 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 receivables and payables which arise directly from its operations.

In accordance with SLFRS 09 Financial Instruments: Recognition and Measurement, the investments in repurchase agreements, commercial papers, fixed deposits and treasury bills are classified as debt instrument at amortised cost. Amounts attributable to Unit Holders are classified as 'other financial liabilities'.

3.2 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 credit risk, market risk, and liquidity risk.

Financial instruments of the Fund comprise investments in repurchase agreements, commercial papers, fixed deposits and treasury bills 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 other receivables and other 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 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 within 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.

3.2.1 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. As such, Unit Holders can manage this risk through their choices of which investment portfolios to participate in.

The Fund uses a range of different Fund managers for investment assets. Where a Unit Holder is invested in more than one investment portfolio, this reduces the impact of a particular manager underperforming. Within the underlying investment portfolio, diversification is achieved at a number of levels. The diversified portfolios are invested across a range of investment sectors. Within each sector of the diversified portfolios, the Fund managers invest in a variety of securities.



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For the year ended 31 December 2021

3.2.2 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 instruments of repurchase agreements and trust certificates it is reasonably expected that the fluctuation in interest rate will not materially impact the net assets value of the Fund. The table below summarises the Fund's exposure to interest rate risks.

	Floating interest rate	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
As at 31.12.2021				
Financial assets				
Cash and cash equivalents	-	-	2,869,725	2,869,725
Financial assets valued at amortized cost	-	3,211,505,545	-	3,211,505,545
Total exposure	-	3,211,505,545	2,869,725	3,214,375,269

3.2.3 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.

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.

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

The fund's maximum exposure to credit risk can be analysed as follows;

	31.12.2021 Rs	31.12.2020 Rs.
Conservative - reverse repurchase agreement and treasury	231,414,467	15,001,588
Balanced - commercial papers and fixed deposits	2,980,091,080	656,780,718



Notes to the financial statements

For the year ended 31 December 2021

3.2.3 Credit risk (contd...)

The fund invests in debt securities which have an investment grade categorization as rated by Fitch. An analysis of debt by rating is set out in the table below.

	31.12.2021 Rs.	31.12.2020 Rs.
Repurchase agreements		
Risk free	7,301,083	15,001,588
A	100,017,808	-
	<u>107,318,891</u>	<u>15,001,588</u>
Commercial papers		
A- (ICRA)	58,497,003	-
A (ICRA)	615,415,274	93,703,880
A+	80,697,863	64,914,016
AA-	102,476,713	126,660,157
BBB	455,479,452	57,035,438
BBB-	534,088,267	-
	<u>1,846,654,572</u>	<u>342,313,491</u>
Fixed Deposits		
A+ (ICRA / Fitch)	83,324,747	64,126,340
AA- (Fitch)	482,118,172	55,325,451
BBB+ (ICRA)	-	20,796,995
BBB- (ICRA / Fitch)	567,993,589	128,010,220
BBB (ICRA)	-	46,208,222
	<u>1,133,436,508</u>	<u>314,467,227</u>
Treasury Bills		
AAA (ICRA)	124,095,576	-
	<u>124,095,576</u>	<u>-</u>
Total	<u>3,211,505,546</u>	<u>671,782,306</u>

3.2.4 Liquidity risk

Liquidity risk is the risk that the fund will encounter difficulty in raising funds to meet its obligation to pay the unit holders. 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 holders' 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 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 unit trust code 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.)



Notes to the financial statements

For the year ended 31 December 2021

3.2.4 Liquidity risk (contd...)

The table below analyses the fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month Rs.	1-6 months Rs.	6-12 months Rs.	Total Rs.
As at 31.12.2021				
Payables	2,424,551	295,995	-	2,720,546
Amount payable on unit redemption	2,243,629	-	-	2,243,629
Contractual cash	4,668,180	295,995	-	4,964,175
As at 31.12.2020				
Payables	590,652	203,287	-	203,287
Amount payable on unit redemption	8,350,414	-	-	8,350,414
Contractual cash flows	8,941,066	203,287	-	8,553,701

3.2.5 Capital risk management

The fund considers its net assets attributable to unit holders as capital. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of Unit Holders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company. Under the terms of the Unit Trust Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of unitholders.

Following being the disclosures of unit holders' funds;

The movement in the Unit Holder's Funds as at 31 December 2021.

	Rs.
i In terms of value	
Unit-holders' funds at the beginning of the year	671,127,147
Increase in net assets attributable to unit holders	137,086,095
Received on unit creations	5,184,147,259
Payments on unit redemptions	(2,782,949,406)
Unit-holders' funds at the end of the year	3,209,411,095
ii In terms of no of units	
Opening no of units as at 01 January 2021	48,940,847
Closing no of units as at 31 December 2021	218,047,435



Notes to the financial statements

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	2021 Rs.	2020 Rs.	
4. Interest income from financial assets			
Interest on repurchase agreements	10,534,163	1,811,067	
Interest on fixed deposits	52,292,981	18,047,373	
Interest on commercial papers	90,780,547	23,068,412	
Interest on Treasury Bills	1,666,576	-	
	<u>155,274,266</u>	<u>42,926,852</u>	
	31.12.2021 Rs.	31.12.2020 Rs.	% on Net assets
5. Cash and cash equivalents			
Cash at bank - Bank of Ceylon	2,869,725	8,489,194	0.09%
	<u>2,869,725</u>	<u>8,489,194</u>	
	31.12.2021 Rs.	31.12.2020 Rs.	% on Net Assets
6. Financial assets measured at amortised cost			
Repurchase agreements (note 7 (a))	107,318,891	15,001,588	3.34%
Fixed deposits (note 7 (b))	1,133,436,508	314,467,227	35.32%
Commercial papers (note 7 (c))	1,846,654,570	342,313,491	57.54%
Treasury Bills (note 7 (d))	124,095,576	-	3.87%
	<u>3,211,505,545</u>	<u>671,782,306</u>	

Carrying value of the investments at the year end are approximate to fair value of the investments.

a) Investments in repurchase agreements

31.12.2021	Yield	Investment date	Maturity date	Cost Rs.	Carrying value Rs.
Bank of Ceylon	5.40%	31-Dec-21	03-Jan-22	7,300,000	7,301,083
Wealth Trust Securities Ltd	6.50%	31-Dec-21	07-Jan-22	100,000,000	100,017,808
				<u>107,300,000</u>	<u>107,318,891</u>
31.12.2020	Yield	Investment date	Maturity date	Cost Rs.	Carrying value Rs.
Bank of Ceylon	3.85%	31-Dec-20	04-Jan-21	15,000,000	15,001,588
				<u>15,000,000</u>	<u>15,001,588</u>



Notes to the financial statements

For the year ended 31 December 2021

b) Investment in fixed deposits

31.12.2021	Yield (%)	Investment date	Maturity date	Cost Rs.	Carrying value Rs.
National Development Bank	7.20%	22/12/2021	22/01/2022	50,000,000	50,098,630
National Development Bank	7.20%	30/12/2021	30/01/2022	25,000,000	25,009,863
Mercantile Investments & Fin. PLC	7.01%	29/01/2021	29/01/2022	25,000,000	26,618,062
Mercantile Investments & Fin. PLC	7.01%	18/02/2021	18/02/2022	25,000,000	26,522,034
Mercantile Investments & Fin. PLC	7.01%	24/02/2021	24/02/2022	20,703,000	21,939,570
Mercantile Investments & Fin. PLC	7.01%	01/03/2021	01/03/2022	10,569,917	11,191,097
Mercantile Investments & Fin. PLC	7.21%	15/07/2021	15/07/2022	75,000,000	77,518,562
Mercantile Investments & Fin. PLC	7.88%	22/12/2021	22/01/2022	50,000,000	50,107,945
Sanasa Development Bank	6.40%	13/01/2021	13/01/2022	25,000,000	26,547,397
Richard Pieris Finance Ltd	7.01%	11/02/2021	11/02/2022	25,000,000	26,555,644
Richard Pieris Finance Ltd	7.01%	17/02/2021	17/02/2022	25,000,000	26,526,836
Richard Pieris Finance Ltd	7.01%	21/02/2021	21/02/2022	7,227,510	7,663,368
Richard Pieris Finance Ltd	7.01%	28/02/2021	28/02/2022	12,418,333	13,150,528
Richard Pieris Finance Ltd	7.21%	15/07/2021	15/07/2022	75,000,000	77,518,562
Richard Pieris Finance Ltd	7.21%	05/08/2021	05/08/2022	100,000,000	102,943,260
Richard Pieris Finance Ltd	8.13%	12/11/2021	12/02/2022	75,000,000	75,835,274
Richard Pieris Finance Ltd	8.13%	08/12/2021	08/03/2022	101,361,260	101,903,113
Richard Pieris Finance Ltd	7.88%	30/12/2021	30/01/2022	50,000,000	50,021,589
Singer Finance PLC	7.11%	17/05/2021	17/05/2022	7,865,394	8,216,254
Prime Finance PLC	7.11%	28/05/2021	28/05/2022	25,000,000	26,061,629
Prime Finance PLC	7.11%	23/06/2021	23/06/2022	50,000,000	51,870,028
Prime Finance PLC	7.21%	14/07/2021	14/07/2022	60,000,000	62,026,701
Prime Finance PLC	7.21%	06/08/2021	06/08/2022	50,000,000	51,461,753
Prime Finance PLC	8.13%	12/11/2021	12/02/2022	100,000,000	101,113,699
Prime Finance PLC	7.88%	30/12/2021	30/01/2022	35,000,000	35,015,112
				1,105,145,414	1,133,436,508



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For the year ended 31 December 2021

b) Investment in fixed deposits - (contd..)

31.12.2020	Yield (%)	Investment date	Maturity date	Cost Rs.	Carrying value Rs.
Mercantile Investments & Fin. PLC	7.03%	24/08/2020	24/02/2021	20,000,000	20,500,767
Mercantile Investments & Fin. PLC	7.03%	29/08/2020	28/02/2021	10,211,000	10,456,834
Mercantile Investments & Fin. PLC	8.53%	25/09/2020	25/09/2021	25,000,000	25,572,562
Sanasa Development Bank	7.00%	26/10/2020	26/10/2021	50,000,000	50,642,466
Citizens Development Business Finance PLC	8.53%	26/09/2020	26/09/2021	10,179,292	10,410,044
Sanasa Development Bank	7.00%	29/10/2020	29/10/2021	20,584,932	20,837,591
Richard Pieris Finance Ltd	7.03%	08/07/2020	08/01/2021	5,000,000	5,184,634
Richard Pieris Finance Ltd	7.03%	21/08/2020	21/02/2021	6,980,142	7,158,946
Richard Pieris Finance Ltd	7.03%	31/08/2020	28/02/2021	12,000,000	12,284,281
Richard Pieris Finance Ltd	8.53%	22/09/2020	22/09/2021	15,000,000	15,354,053
Richard Pieris Finance Ltd	8.53%	25/09/2020	25/09/2021	15,000,000	15,343,537
Vallibel Finance PLC	8.53%	20/08/2020	20/08/2021	15,000,000	15,469,734
Vallibel Finance PLC	8.53%	03/09/2020	03/09/2021	10,000,000	10,280,439
Vallibel Finance PLC	8.53%	25/09/2020	25/09/2021	20,000,000	20,458,049
Singer Finance PLC	7.03%	17/08/2020	17/02/2021	7,500,000	7,697,899
Singer Finance PLC	8.53%	09/09/2020	09/09/2021	30,319,101	31,126,851
Singer Finance PLC	6.88%	29/10/2020	29/10/2021	25,000,000	25,301,589
MBSL & Finance PLC	6.91%	16/07/2020	16/01/2021	10,064,932	10,386,951
				307,839,398	314,467,227

c) Investment in commercial papers

31.12.2021	Yield	Investment date	Maturity date	Cost Rs.	Carrying value Rs.
LOLC (Lanka Orix Leasing Company LTD)	8.75%	17/02/2021	17/02/2022	50,000,000	53,811,643
LOLC (Lanka Orix Leasing Company LTD)	8.50%	03/06/2021	03/06/2022	50,000,000	52,468,494
LOLC (Lanka Orix Leasing Company LTD)	8.50%	12/07/2021	12/07/2022	51,932,192	54,024,419
LOLC (Lanka Orix Leasing Company LTD)	8.50%	02/08/2021	02/08/2022	75,000,000	77,654,794
LOLC (Lanka Orix Leasing Company LTD)	10.00%	04/10/2021	04/10/2022	100,000,000	102,438,356
LOLC (Lanka Orix Leasing Company LTD)	8.75%	12/11/2021	14/02/2022	85,000,000	86,018,836
Janashakthi Limited	9.30%	04/06/2021	03/06/2022	22,000,000	23,182,756
Janashakthi Limited	9.50%	14/07/2021	13/07/2022	100,000,000	104,450,685
Janashakthi Limited	9.00%	24/09/2021	24/03/2022	16,645,479	17,051,811



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c) Investment in commercial papers (Contd.)

31.12.2021 (Contd.)	Yield	Investment date	Maturity date	Cost	Carrying value
				Rs.	Rs.
First Capital Holdings PLC	7.25%	01/03/2021	01/03/2022	20,897,534	22,167,704
First Capital Holdings PLC	7.50%	01/06/2021	01/06/2022	40,000,000	41,758,905
First Capital Holdings PLC	9.00%	31/12/2021	31/03/2022	50,000,000	50,012,329
Sierra Cables PLC	8.00%	10/09/2021	11/03/2022	100,000,000	102,476,713
Singer Finance PLC	9.90%	30/11/2021	01/10/2022	40,000,000	40,347,178
Singer Finance PLC	10.00%	30/11/2021	01/11/2022	40,000,000	40,350,685
Softlogic Holdings PLC	10.00%	01/03/2021	28/02/2022	50,000,000	54,191,781
Softlogic Holdings PLC	10.00%	15/12/2021	18/01/2022	100,000,000	100,465,753
Softlogic Holdings PLC	10.00%	21/12/2021	21/01/2022	150,000,000	150,452,055
Softlogic Holdings PLC	10.00%	23/12/2021	24/01/2022	150,000,000	150,369,863
Commercial Leasing & Finance PLC	9.70%	29/12/2021	01/11/2022	75,000,000	75,059,795
Nawaloka Hospitals PLC	9.00%	02/02/2021	02/02/2022	30,000,000	32,463,288
Nawaloka Hospitals PLC	7.75%	08/07/2021	08/07/2022	50,000,000	51,879,110
Nawaloka Hospitals PLC	8.25%	22/09/2021	22/09/2022	150,000,000	153,424,315
Nawaloka Hospitals PLC	10.75%	12/11/2021	12/11/2022	50,000,000	50,736,302
Nawaloka Hospitals PLC	10.50%	24/11/2021	24/11/2022	50,000,000	50,546,575
Nawaloka Hospitals PLC	10.75%	08/12/2021	08/12/2022	50,000,000	50,353,425
Asia Asset Finance PLC	7.00%	29/07/2021	05/01/2022	15,000,000	15,448,767
Asia Asset Finance PLC	7.20%	29/07/2021	05/02/2022	17,000,000	17,523,134
Asia Asset Finance PLC	8.00%	28/09/2021	01/04/2022	10,000,000	10,208,219
Asia Asset Finance PLC	8.05%	28/09/2021	01/05/2022	5,000,000	5,104,760
Asia Asset Finance PLC	8.15%	28/09/2021	01/06/2022	10,000,000	10,212,124
				1,803,475,206	1,846,654,572

31.12.2020	Yield	Investment date	Maturity date	Cost	Carrying value
				Rs.	Rs.
Lanka Orix Leasing Company Ltd	10.00%	15/09/2020	15/09/2021	25,264,658	26,012,215
Lanka Orix Leasing Company Ltd	7.00%	08/10/2020	08/04/2021	10,975,890	11,154,812
Lanka Orix Leasing Company Ltd	8.75%	04/11/2020	04/11/2021	20,441,096	20,725,311
Lanka Orix Leasing Company Ltd	8.75%	05/11/2020	05/11/2021	15,000,000	15,204,966
Brown & Company PLC	9.20%	29/10/2020	01/08/2021	20,000,000	20,322,630
Brown & Company PLC	9.27%	29/10/2020	01/09/2021	20,000,000	20,325,085
Brown & Company PLC	9.00%	17/11/2020	01/05/2021	24,000,000	24,266,301
Janashakthi Limited	11.00%	25/09/2020	24/09/2021	15,000,000	15,443,014
Janashakthi Limited	9.00%	23/10/2020	22/10/2021	7,724,959	7,858,294
Janashakthi Limited	8.70%	06/11/2020	06/05/2021	14,477,193	14,670,434



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c) Investment in commercial papers - (Contd..)

31.12.2020	Yield	Investment date	Maturity date	Cost	Carrying value
				Rs.	Rs.
First Capital Holdings PLC	9.00%	31/08/2020	01/03/2021	20,000,000	20,606,576
Softlogic Holdings PLC	11.50%	25/09/2020	24/09/2021	15,000,000	15,463,151
Softlogic Holdings PLC	10.00%	05/11/2020	05/02/2021	10,188,620	10,347,730
Softlogic Holdings PLC	10.00%	13/11/2020	13/05/2021	21,001,510	21,283,448
MBSL & Finance PLC	9.60%	07/10/2020	07/05/2021	10,000,000	10,226,192
MBSL & Finance PLC	9.70%	07/10/2020	07/06/2021	10,000,000	10,228,548
MBSL & Finance PLC	9.50%	07/10/2020	07/07/2021	8,800,000	8,996,975
MBSL & Finance PLC	9.60%	07/10/2020	07/08/2021	24,500,000	25,054,170
MBSL & Finance PLC	9.70%	07/10/2020	07/09/2021	24,500,000	25,059,943
Nawaloka Hospitals PLC	14.25%	05/03/2020	05/03/2021	10,000,000	11,179,040
Nawaloka Hospitals PLC	12.00%	29/07/2020	29/07/2021	7,500,000	7,884,657
				334,373,925	342,313,491

d) Investment in treasury bills - Primary

31.12.2021	Yield	Investment date	Maturity date	Cost	Carrying value
				Rs.	Rs.
NSB Fund Management	8.45%	22/10/2021	21/01/2022	48,965,600	49,772,659
NSB Fund Management	8.55%	22/10/2021	21/01/2022	48,953,600	49,770,022
NSB Fund Management	8.00%	24/12/2021	25/03/2022	24,509,800	24,552,894
				122,429,000	124,095,576

	31.12.2021	31.12.2020
	Rs.	Rs.
7. Income tax receivable		
Withholding tax recoverable	1,164	1,164
Provision for notional tax and WHT	(1,164)	(1,164)
	-	-
8. Payables		
Management fee payable	2,351,975	553,242
Custodian fee payable	72,576	37,410
Other payables to UTMCL	166,087	105,000
Audit fee payable	129,908	98,287
	2,720,546	793,939



Notes to the financial statements

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9. Net assets attributable to unit holders

Movements in the number of units and net assets attributable to unit holders during the year were as follows:

	31.12.2021		31.12.2020	
	Units	LKR	Units	LKR
Opening capital balance	48,940,847	671,127,147	21,018,151	262,412,555
Applications	362,050,744	5,184,147,259	87,373,787	1,175,519,034
Redemptions	(192,944,157)	(2,782,949,406)	(59,451,090)	(805,337,880)
Increase in net assets attributable to	-	137,086,095	-	38,533,438
Closing balance	218,047,435	3,209,411,095	48,940,847	671,127,147

	31.12.2021 Rs.	31.12.2020 Rs.
Net assets attributable to unit holders	3,209,411,095	671,127,147
	<u>3,209,411,095</u>	<u>671,127,147</u>

Distributions to unit-holders

Distributions during the year,

	2021	
	No of units	Rs '000
Distributions	-	-

As stipulated within the trust-deed, each unit represents a right to an individual share in the trust and does not extend to a right to the underlying assets of the trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the trust.

The creation price per unit and the redemption price per unit were Rs. 14,7190 as at 31 December 2021.

9.1 Reconciliation between the net asset value as per financial statements and the published net asset value.

	31.12.2021 Rs.
Published net asset value	3,209,446,378
Being recoding of vat adjustments entry	(5,375)
Being recording of audit fee adjustments entry for the year	(29,908)
Net asset value as per financial statements	<u>3,209,411,095</u>



10. Related party transactions

The following have been identified as related parties to Ceybank High Yield Fund in accordance with LKAS 24 - Related Party Disclosures.

a) Management entity

The management entity of Ceybank High Yield Fund is Ceybank Asset Management Limited.

b) Key management personnel

i) Directors

Key management personnel includes persons who are directors of Ceybank Asset Management Limited at any time during the financial year.

- Mr. I.C.C. Ferdinands - (CEO / Executive Director)
- Mr. N.A. Fernando (Chairman)
- Mr. G.A. Jayashantha
- Mr. R.M.N. Jeewantha
- Mr. A.D. Perera
- Ms. V. Govindan

ii) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial year.

c) Key management personnel unit holdings

The key management personnel of Ceybank Asset Management Ltd hold following number of units in Ceybank High Yield fund as of 31 December 2021.

Name of the KMP	Designation	No. of Units held as at 31/12/2021	Fair Value of Investment
I.C.C. Ferdinands	CEO	196	2,885
K.D.K.R. Kekirideniy	Marketing Manager	41,425	609,735
K.K. Prabodanie	Fund Manager	100	1,472
P.V. Kariyavasam	Registrar	21,639	318,504

d) Key management personnel compensation

Key management personnel are paid by Ceybank Asset Management Limited. Payments made from the fund to Ceybank Asset Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

e) Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the trust during the financial year and there were no material contracts involving key management personnel's interest existing at year end.



f) Related party unit holding

The management company of Ceybank High Yield held units in the fund as follows:

31 December 2021	No of units held opening	No of units held closing	Fair value of investment	Distribution paid by the fund
Ceybank Asset Management Ltd	7,871,475	7,216,101	106,213,785	-

31 December 2021

	Amount of the investment during the year (Rs)	Amount of the redemption during the year (Rs)
Ceybank Asset Management Ltd	-	9,082,107

g) Transactions with and amounts due to related parties

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

	Charge for the year 2021	Balance outstanding 31.12.2021
Management fees and Trustee fees	17,074,077	2,351,975
	17,074,077	2,351,975

11. Contingent assets and liabilities and commitments

There were no material capital commitments, contingent liabilities and contingent assets at the end of the reporting date.

12. Events occurred after the reporting period

There were no significant events after the reporting period that would require adjustments to or disclosures in the financial statements.



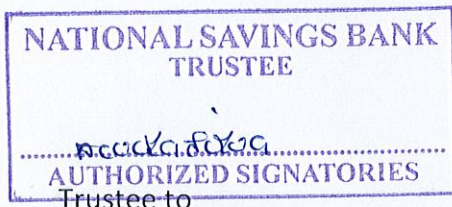
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DECLARATION BY TRUSTEES AND MANAGING COMPANY

Declaration by Trustees and Management Company as per SEC circular No 02/2009 on Guidelines for Trustees and Management Companies of Unit Trust Funds.

National Savings Bank the Trustee and Ceybank Asset Management Ltd the Managers of Ceybank Unit Trust Funds 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 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.



Ceybank Unit Trust Funds

A handwritten signature in black ink, appearing to read "Ritharath".

General Manager/Compliance Officer
Ceybank Asset Management Ltd



CEYBANK HIGH YIELD FUND
Annual Report & Accounts 2021
MANAGEMENT TEAM

CEYBANK ASSET MANAGEMENT LTD

MANAGEMENT TEAM

CEO / EXECUTIVE DIRECTOR

Ian Ferdinands
Chartered Marketer
Certified e Marketer
MBA(Finance)

General Manager

Ravindra Hettiarachchi
Chartered Finalist (ICASL)
B.Sc (Mgt) Sp. Hons
MBA

Accountant

Rohan Kumara Ekanayaka
Associate Chartered Accountant
(ICASL)
B.Sc. Accounting (Sp.)

Fund Manager

Kanchana Karannagoda
B.Sc. B. Admin. Sp. (Finance) Hons
CIMA, CGMA

Marketing Manager

Kumudu Kekirideniya
Dip.in Marketing (UK),
MICM (UK)

Registrar

Pamudi Kariyawasam

IT Manager

Sameera Fernanndo