



Interim Report

30th June 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 and Trustee remains at all times responsible for the specific details set out in the Interim Report.”

CEYBANK SURAKUM FUND - Interim Report 2021

REPORT OF THE MANAGER

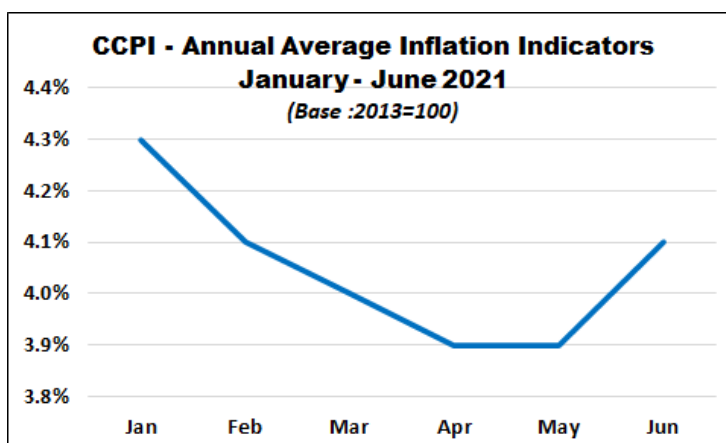
We have great pleasure in presenting the Interim Report and Accounts of the Ceybank Surakum Fund for the six-month period ended 30th June 2021.

The Net Asset Value per unit of your Fund appreciated by 1.46% (AER 2.98%) during the period, 31st December 2020 to 30th June 2021.

Economy

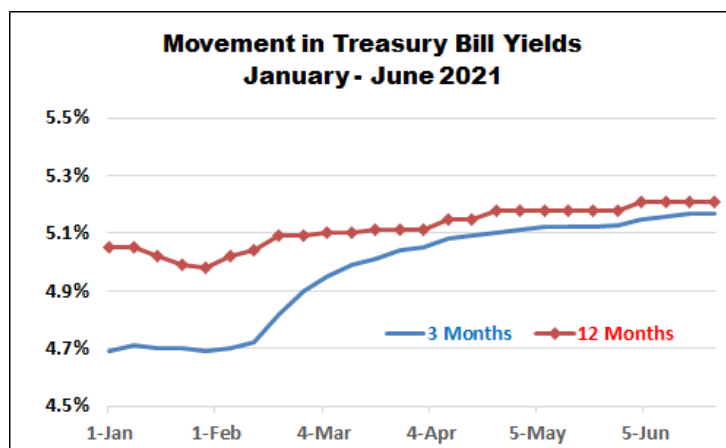
The Sri Lankan Economy recorded a growth in GDP of 4.3% for the 1st quarter of 2021.

Average Annual Inflation measured by the CCPI (New) which was at 4.3% at the beginning of the year, witnessed a decelerated trend until May, before moving up to 4.1% in June 2021.



(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 5.05% in January closed higher at 5.21% by the end of June. The long-term Treasury bond market continued to be volatile.



(Source: CBSL)

Overnight call money rates moved within a band of 4.52% and 4.95% p.a. The exchange rate which was at 185.3906 (Rs/US\$) at the beginning of the year witnessed a depreciation of 8.49% during the period under review. The Rupee was quoted at 201.1381 (Rs/ US\$) as at 30th June 2021.

During the period under review, the Central Bank maintained the Standard Deposit Facility Rate (SDFR) at 4.50% and Standard Lending Facility Rate (SLFR) at 5.50% in order to support for a sustained economic recovery. The Statutory Reserve Ratio (SRR) for Commercial Banks remained at 2% throughout the period.

Fund Performance

The Net Asset Value per unit of your Fund appreciated by 1.46% (AER 2.98%) during the period under review.

The Fund generated a net income of Rs 1.96 million during the period under review. The Fund is invested in a mix of Treasury Bond and Repurchase Agreements with maturities less than a year.

Future Outlook

Economies across the globe continue to struggle with emerging variants of the Covid 19. The national vaccination programme appears to be the key solution to stand up against the pandemic. Albeit the GDP recovery of 4.3% in 1Q2021, the growth momentum would not be sustained during the other quarters in 2021 owing to pandemic related preventive measures. Compared to Services and Industry sectors, Agriculture will play a crucial role in GDP, if favorable weather conditions prevail and fertilizer issues don't affect it negatively.

In order to ease off the pressure on rupee depreciation, import substitution and local manufacturing will be given priority, amidst the increase in import bill due to rise in global crude oil prices. Anticipated global economic recovery with the vaccination drive would benefit not only the country's export industry, but Workers' Remittances, Tourism, Foreign Direct Investments in the midst of flattering Government policy direction. However, the continuation of GSP+ preferential taxes are on balance.

The country's looming debt repayments for the next few years are concerns that need to be addressed. Increased export earnings and Foreign direct investments need to be actively encouraged to help manage the repayments and boost foreign reserves. The IT sector shows promise in this environment. The Port City could be the catalyst to attract FDIs.

The budget deficit in 2021 would expand due to lack of revenue sources with the inevitable higher expenses owing to adverse impacts of the pandemic.

Market interest rates could rise slowly towards the end of the year following the recent rate hike in order to address the disparity in macro fundamentals against the accelerated ongoing inflationary pressure.

The Fund being a Gilt-Edge Fund is invested in a mix of Government securities. The Managers will continue to monitor the interest rate environment and make changes to the investment profile, to fulfill the Fund objective of providing liquidity while maximizing returns for the investor.

SGD
Kanchana Karannagoda
Fund Manager
24th August 2021

CEYBANK SURAKUM FUND

Statement of comprehensive income

(all amounts in Sri Lanka Rupees)

	Period from 1 January to Not 30 June 2021	Period from 1 January to 30 June 2020
Income		
Net income on financial Assets	2,514,821	5,068,331
Net change in Unrealised loss on financial assets held at fair value through profit and loss	(556,233)	-
Total investment income	1,958,588	5,068,331
Operating Expenses	(435,923)	(681,148)
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Net operating profit before tax	1,522,665	4,387,183
Income tax expense	-	-
Increase in net assets attributable to unitholders	1,522,665	4,387,183

CEYBANK SURAKUM FUND

Statement of financial position

(all amounts in Sri Lanka Rupees)

	30 June	
	2021	2020
ASSETS		
Cash and cash equivalents	397,859	422,501
Financial assets at FVTPL	9,875,612	-
Financial assets at Amortized Cost	96,366,982	145,303,903
Total assets	106,640,453	145,726,404
UNITHOLDERS' FUNDS AND LIABILITIES		
Liabilities		
Other payables	1,302,847	1,462,117
Total liabilities (excluding net assets attributable to unitholders)	1,302,847	1,462,117
Net assets attributable to unitholders – liability	105,337,606	144,264,287
Total unitholders' funds and liabilities	106,640,453	145,726,404

Statement of changes in unitholders' funds

(all amounts in Sri Lanka Rupees)

	30 June	
	2021	2020
Unitholders' funds at beginning of the year	103,859,833	139,877,104
Increase in net assets attributable to unit holders	1,522,665	4,387,183
Received on unit creations	8,000	-
Paid on unit redemptions	(52,892)	-
Unitholders' funds at 30th June	105,337,606	144,264,287