



# CEYBANK SURAKUM FUND

Interim Report  
30th June 2023

“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 2023

### 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 30<sup>th</sup> June 2023.

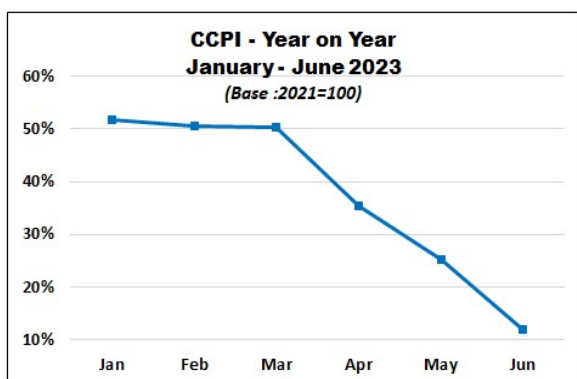
The Net Asset Value per unit of your Fund appreciated by 12.47% (AER 26.74%) during the period, 31<sup>st</sup> December 2022 to 30<sup>th</sup> June 2023.

### Economy

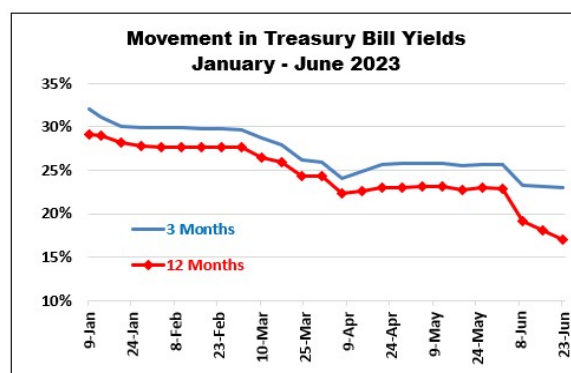
The Sri Lankan Economy witnessed a contraction in GDP by recording 11.5%YoY in first quarter 2023 against -0.5%YoY in 1Q2022 (base year=2015), amidst the heightened uncertainties witnessed across the sectors in the economy.

Year on Year Inflation measured by the CCPI which was at 51.7%YoY in January 2023 showed a decelerated trend by ending 12%YoY in June 2023 (Base: 2021).

Market interest rates declined gradually during the period. The benchmark 12-month Treasury bill rate which was at 29.16% in January closed lower at 16.99% by the end of June. The long-term Treasury bond market continued to be volatile.



Source: Department of Census and Statistics



Source: Central Bank of Sri Lanka

Overnight call money rates moved within a band of 13% and 16.50% p.a. The exchange rate which was at 363.11 (Rs/US\$) at the beginning of the year witnessed an appreciation of 14.95% during the period under review. The Rupee was quoted at 308.83 (Rs/ US\$) as at 28th June 2023.

During the period under review, the Central Bank key policy rates were changed twice. Effectively the Standing Deposit Facility Rate (SDFR) was reduced by 150bps (to 13%), Standing Lending Facility Rate (SLFR) was decreased by 150bps (to 14%) 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 appreciated by 12.47% (AER 26.74%) during the period under review.

The Fund generated a net income of Rs 560,409 during the period under review. The Fund is invested in a mix of Treasury Bills and Repurchase Agreements with maturities less than a year.

## **Future Outlook**

In the midst of a rise in systematic risk of downturns in world economies owing to tight financial controls adopted by Central Banks around the world due to inflationary pressures and geopolitical tensions in Eastern Europe, the Sri Lankan economy is expected to record a contraction of 3%-4%YoY in 2023E affected by the instability in macro fundamentals in the domestic economy.

However, the economy in the country is anticipated to witness a recovery and return to normalcy in 2024E with the implementation of structural reforms in the country in 2023 as per the agreement on an Extended Fund Facility (EFF) Arrangement of about USD2.9Bn with IMF.

Currently, the Sri Lankan Government is processing the Domestic Debt Optimization (DDO) programme for domestic creditors and the debt restructuring discussions are being held with foreign creditors as this is a crucial aspect in IMF-EFF Arrangement. This process must be completed by the IMF-EFF's first review due in September 2023 in order to restore the country's economy to a stable level.

At present, in line with the implementation of reforms in IMF Agreement by the authorities, the signs of recovery in macro fundamentals can be witnessed in the economy with inflation moderating, the exchange rate stabilizing, reduction in elevated interest rates, improvement in workers' remittances, rebuilding of reserves by the Central Bank of Sri Lanka, rise in foreign holdings in treasury securities, etc. These vital reforms include surge in taxes to achieve a positive fiscal balance, hike in electricity tariff, restructuring of loss making SOEs, expecting to present an anti-corruption bill to the parliament to reduce corruption vulnerabilities through improving fiscal transparency and public financial management by introducing a strong anti-corruption legal framework and conducting an in-depth governance diagnostic, etc.

We expect the market interest rates to reduce further and declining yields on gilt edged securities to narrow the spread during the latter part of the year with a view to ease the debt restructuring process. Despite the lagged effect, the lending and deposit rates would slowly stabilize at a moderate level in the medium term to retrieve the economic activities in the country.

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 investors.

SGD  
Kanchana Karannagoda  
Fund Manager  
July 2023

# CEYBANK SURAKUM FUND

## Statement of comprehensive income

(All amounts in Sri Lanka Rupees)


	Note	Period from 1 January to 30 June 2023	Period from 1 January to 30 June 2022
<b>Income</b>			
Net income on financial assets	1	560,409	1,594,311
Net change in Unrealised gain / (loss) on financial assets held at fair value through profit or loss		39,726	(43,718)
Net change in Realised gain / (loss) on financial assets held at fair value through profit or loss		13,457	
<b>Total investment income</b>		<b>613,592</b>	<b>1,550,593</b>
<b>Operating Expenses</b>			
	2	(164,273)	(301,656)
		<b>(164,273)</b>	<b>(301,656)</b>
<b>Operating profit before tax</b>		<b>449,319</b>	<b>1,248,937</b>
Income tax expense		-	-
<b>Increase in net assets attributable to unitholders</b>		<b>449,319</b>	<b>1,248,937</b>


# CEYBANK SURAKUM FUND

## Statement of financial position

(All amounts in Sri Lanka Rupees)

		30 June	
		2023	2022
<b>ASSETS</b>			
Cash and cash equivalents		4,417,954	929,732
Financial assets at FVTPL	3	4,139,996	37,428,114
<b>Total assets</b>		<b>8,557,950</b>	<b>38,357,846</b>
<b>UNITHOLDERS' FUNDS AND LIABILITIES</b>			
<b>Liabilities</b>			
Other payables	4	5,337,852	1,480,864
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>5,337,852</b>	<b>1,480,864</b>
Net assets attributable to unitholders's funds		3,220,098	36,876,982
<b>Total unitholders' funds and liabilities</b>		<b>8,557,950</b>	<b>38,357,846</b>

  
.....  
Director  
Ceybank Asset Management Ltd  
Fund Management Company

  
.....  
Director  
Ceybank Asset Management Ltd  
Fund Management Company

  
.....  
Trustee  
National Savings Bank

## Statement of changes in unitholders' funds

(All amounts in Sri Lanka Rupees)

	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
<b>Unitholders' funds at beginning of the year</b>	3,666,636	3,253,316
Increase in net assets attributable to unitholders	449,319	1,248,937
Received on unit creations	3,959,200	34,291,224
Paid on unit redemptions	(4,855,056)	(1,916,495)
<b>Unitholders' funds at 30th June</b>	<b>3,220,098</b>	<b>36,876,982</b>

**Statement of cash flows**  
**For the 06 months period ended 30 June 2023**  
**(All amounts in Sri Lanka Rupees )**

**Period from**  
**1 January to**  
**30 June 2023**  
**Rs.**

<i>Net Profit Before Taxation</i>	449,319
Net investment in treasury bills	365,922
Other Payable	4,011,339
<i>Net cash inflows / (outflows) from operating activities</i>	<u><b>4,826,580</b></u>
<i>Cash flows from financing activities</i>	
Proceeds from issue of units	3,959,200
Payments on redemption of units	(4,855,056)
<i>Net cash (outflows) / inflows from financing activities</i>	<u><b>(895,856)</b></u>
<i>Net decrease in cash and cash equivalents</i>	<u>3,930,724</u>
Cash and cash equivalents at the beginning of the year	487,230
Net decrease in cash and cash equivalents	3,930,725
<i>Cash and cash equivalents at the end of the 06 month Period</i>	<u><b>4,417,954</b></u>



30 June

2023

2022

**Notes****1. Net Income on Financial Assets**

Interest on Reverse Repo Agreement	143,371	245,722
Interest on T.Bills - Primary	417,038	1,290,447
Interest on T.Bills - Secondary	-	58,141
	<b>560,409</b>	<b>1,594,310</b>

**2. Operating Expenses**

Management Fee	12,101	74,269
VAT Expense	14,683	6,000
Miscellaneous Expense	32,477	125,387
Custodian Fee	90,000	90,000
Bank Charges	12,100	6,000
Social Security Levy Fee	2,912	-
	<b>164,273</b>	<b>301,656</b>

**3. Financial assets at FVTPL**

Treasury Bills	4,139,996	37,428,114
	<b>4,139,996</b>	<b>37,428,114</b>

**4. Other payables**

Payable on Redemption of Units	3,993,512	-
Payable to Management Company	1,326,286	1,364,748
Management & Trustee Fee	3,054	20,116
Custodian Fee	15,000	96,000
	<b>5,337,852</b>	<b>1,480,864</b>