



CEYBANK GILT-EDGED FUND (A-SERIES)

Interim Report
30th June 2024

“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 GILT EDGED FUND (A SERIES) - Interim Report 2024

REPORT OF THE MANAGER

We have great pleasure in presenting the Interim Report and Accounts of the Ceybank Gilt Edged Fund (A Series) for the six-month period ended 30th June 2024.

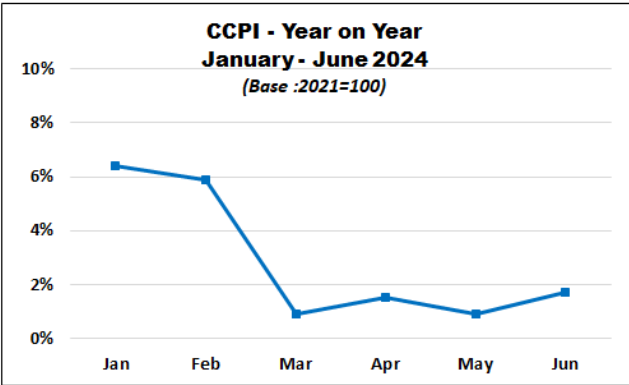
The Net Asset Value per unit of your Fund appreciated by 5.85% (AER 12.09%) during the period 31st December 2023 to 30th June 2024.

Economy

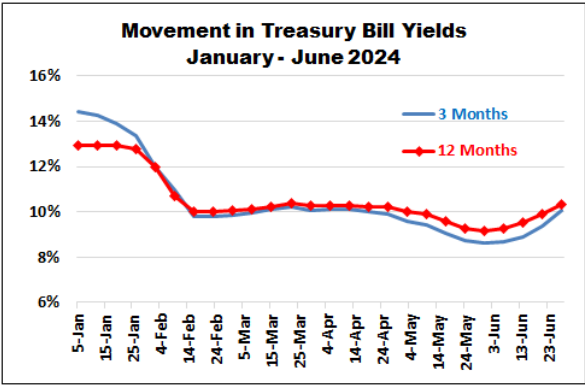
The Sri Lankan Economy witnessed an expansion in GDP by 5.3%YoY in the first quarter 2024 against -10.7%YoY in 1Q2023 (base year=2015), amidst the regaining fundamentals witnessed across the sectors in the economy.

Year on Year Inflation measured by the CCPI which was at 6.4%YoY in January 2024 showed a decelerated trend ending at 1.7%YoY in June 2024 (Base: 2021).

Market interest rates declined gradually during the period. The benchmark 12-month Treasury bill rate which was at 12.93% in January closed lower at 10.31% 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 8.50% and 9.50% p.a. The exchange rate which was at 323.99 (Rs/USD) at the beginning of the year witnessed an appreciation of 5.64% during the period under review. The Rupee was quoted at 305.70 (Rs/ USD) as at 28th June 2024.

During the period under review, the Central Bank key policy rates were reduced by 50bps. As of end June 2024, the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) were at 8.50% and 9.50% respectively. 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 5.85% (AER 12.09%) during the period under review.

The Fund generated a net income of Rs 823.95 million during the period under review. The Fund is invested in a mix of Treasury Bills and Repurchase Agreements with different maturities less than a year.

Future Outlook

At present, in line with the implementation of structural reforms in the IMF Agreement, the signs of recovery in macro fundamentals can be witnessed in the economy. This includes the decline in elevated market interest rates, expansion in credit disbursements, deceleration of inflation, pick up in tourism earnings & workers' remittances, appreciation of rupee against USD with forex inflows and rebuilding of reserves by the Central Bank of Sri Lanka.

Amidst the improvement in economic indicators and fiscal discipline, a moderate GDP growth between 1.9% to 3% in Sri Lankan economy can be expected in 2024E against -2.3% in 2023 despite the completion of foreign debt restructuring program on International Sovereign Bonds (ISBs), policy uncertainties owing to Elections and enacting of tough reforms as per IMF agreement such as additional revenue measures underpinning the Budget 2025. Further tax administration reforms, limiting tax exemptions, submission of the new Public Financial Management bill to the Parliament, reforms to further liberalize trade, improve the investment climate and SOE efficiency, reduce gender gaps in the labor market and mitigate climate vulnerabilities. Thus, we would expect that the Sri Lankan authorities will be vigilant and proactive in implementing measures and reforms to achieve the targets before the deadline in order to align with the IMF agreement as well as to build the permanent structural reforms to achieve a sustainable, strong and resilient economy in Sri Lanka.

Currently, the Sri Lankan Government is in the discussion process to conclude the restructuring of ISBs and expecting to complete it during the 3Q2024 followed by an upgrade in country rating along with FDIs to Sri Lanka. We expect the market interest rates to stabilize at current levels despite the present interest rate volatility owing to policy uncertainty surrounding the Presidential Election.

The Fund being a Gilt-Edged Fund is invested in a mix of Government securities within a one-year maturity period. 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.


Kanchana Karannagoda
Fund Manager
August 2024

CEYBANK GILT-EDGED FUND (A-SERIES)
STATEMENT OF COMPREHENSIVE INCOME FOR
THE 06 MONTHS PERIOD ENDED 30 JUNE 2024
(All amounts in Sri Lanka Rupees)

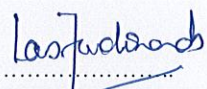
	Note	Period from 1 January to 30 June 2024	Period from 1 January to 30 June 2023
Income			
Net income on financial Assets	1	823,955,613	584,460,328
Total investment income		823,955,613	584,460,328
Operating Expenses	2	(56,455,826)	(16,055,496)
Net realized capital gain on fixed income		(455,934)	1,623,224
		(56,911,760)	(14,432,272)
Operating profit before tax		767,043,853	570,028,056
Income tax expense		-	-
Increase in net assets attributable to unitholders		767,043,853	570,028,056

CEYBANK GILT-EDGED FUND (A-SERIES)
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2024
 (All amounts in Sri Lanka Rupees)

		<u>30 June</u>	
		<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Cash and cash equivalents		23,528,946	281,076,905
Financial assets at amortized cost	3	17,455,993,975	4,907,744,313
Total Assets		<u>17,479,522,921</u>	<u>5,188,821,218</u>
 UNITHOLDERS' FUNDS AND LIABILITIES			
<u>Liabilities</u>			
Other payables	4	48,172,604	73,919,970
Total Liabilities (excluding net assets attributable to unitholders)		<u>48,172,604</u>	<u>73,919,970</u>
Net assets attributable to unitholders's funds		17,431,350,317	5,114,901,248
Total Unitholders' funds and Liabilities		<u>17,479,522,921</u>	<u>5,188,821,218</u>



Director
 Ceybank Asset Management LTD
 Fund Management Company



Director
 Ceybank Asset Management LTD
 Fund Management Company



Trustee
 National Savings Bank

CEYBANK GILT-EDGED FUND (A-SERIES)
STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS
AS AT 30 JUNE 2024
(All amounts in Sri Lanka Rupees)

	30 June	
	2,024	2,023
Unitholders' funds at beginning of the year	9,825,538,636	3,445,370,059
Increase in net assets attributable to unitholders	767,043,853	570,028,056
Received on unit creations	14,575,646,273	3,536,723,806
Paid on unit redemptions	(7,736,878,445)	(2,437,220,673)
Unitholders' funds as at 30th June	17,431,350,317	5,114,901,248

CEYBANK GILT-EDGED FUND (A-SERIES)
STATEMENT OF CASH FLOW
FOR THE 06 MONTHS PERIOD ENDED 30 JUNE 2024
(All amounts in Sri Lanka Rupees)

	Period from 1 January to 45,473 Rs.	Period from 1 January to 30 June 2023 Rs.
Net Profit Before Taxation	767,043,853	570,028,056
Cash flows from operating activities		
Net Investments in Repurchase Agreements	(3,235,172,398)	(467,124,061)
Net Investments in Treasury Bills	(4,268,173,086)	(999,495,617)
Net Investments in Government Bonds	(108,226,304)	-
Other Payable	3,667,085	71,375,766
Net cash inflows / (outflows) from operating activities	(6,840,860,850)	(825,215,854)
Cash flows from financing activities		
Proceeds from issue of units	14,575,646,273	3,536,723,806
Payments on redemption of units	(7,736,878,445)	(2,437,220,673)
Net cash (outflows) / inflows from financing activities	6,838,767,828	1,099,503,132
Net decrease in cash and cash equivalents	(2,093,022)	274,287,278
Cash and cash equivalents at the beginning of the year	25,621,968	6,789,627
Net decrease in cash and cash equivalents	(2,093,022)	274,287,278
Cash and cash equivalents at the end of the 06 month Period	23,528,946	281,076,905

CEYBANK GILT-EDGED FUND (A-SERIES)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 06 MONTHS PERIOD ENDED 30 JUNE 2024
(All amounts in Sri Lanka Rupees)

	30 June	
	2024	2023
<u>1. Net income on financial Assets</u>		
	Rs.	Rs.
Interest on Reverse Repo Agreement	86,369,042	22,988,746
Interest on Treasury Bills	735,719,713	561,469,582
Interest on Government Bonds	1,866,858	-
Miscellaneous	-	2,000
	823,955,613	584,460,328
<u>2. Operating Expenses</u>		
Management Fee	41,030,212	13,356,368
VAT Expenses	8,407,417	502,186
Miscellaneous Expenses	826,405	115,253
Custodian Fees	3,418,250	1,110,876
Bank Charges	897,050	574,160
Interest Expenses	589,147	42,349
Social Security Levy Fee	1,287,345	354,304
	56,455,826	16,055,496
<u>3. Financial assets at Amortized Cost</u>		
Reverse Repurchase Agreements	3,250,180,434	680,599,620
Treasury Bills	14,097,587,237	4,227,144,693
Government Bonds	108,226,304	-
	17,455,993,975	4,907,744,313
<u>4. Other payables</u>		
Payable To Management Company	375,241	247,974
Management & Trustee Fee	9,627,328	2,395,164
Custodian Fee	2,249,964	199,615
Amount Payable on Unit Redemption	35,920,071	71,077,217
	48,172,604	73,919,970