



CEYBANK HIGH YIELD FUND

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 HIGH YIELD FUND - Interim Report 2024

REPORT OF THE MANAGER

We have great pleasure in presenting the Interim Report and Accounts of the Ceybank High Yield Fund for the six-month period ended 30th June 2024.

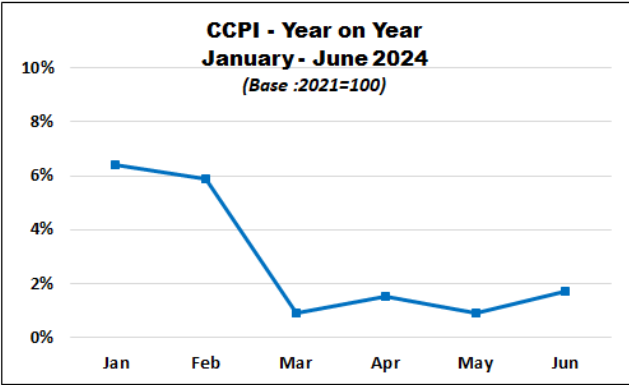
The Net Asset Value per unit of your Fund appreciated by 5.86% (AER 12.09%) during the period 31st December 2023 to 30th June 2024.

Economy

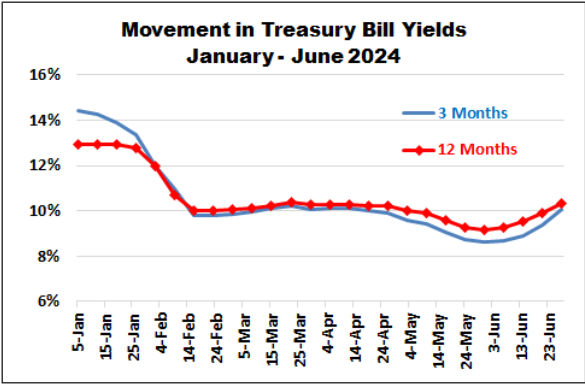
The Sri Lankan Economy witnessed an expansion in GDP by 5.3%YoY in the first quarter 2024 against -10.7%YoY in 1Q2023 (base year=2015), amidst the regaining fundamentals witnessed across the sectors in the economy.

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 5.86% (AER 12.09%) during the period under review.

The Fund generated a net income of Rs 200.83 million during the period under review. The Fund is invested in a mix of Treasury Bills, Commercial Papers and Repurchase agreements with 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 Money Market Fund is invested in a mix of Government securities and Corporate Debt 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

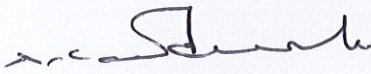
CEYBANK HIGH YIELD FUND
STATEMENT OF COMPREHENSIVE INCOME FOR
THE 06 MONTHS PERIOD ENDED 30 JUNE 2024
(All amounts in Sri Lanka Rupees)

		Period from 1 January to 30 June 2024	Period from 1 January to 30 June 2023
Income			
Net Income on Financial Assets	1	200,833,510	158,584,732
Net realized gain on financial assets held at Amortized Cost		-	561,512
Total investment income		200,833,510	159,146,244
Operating Expenses			
	2	(18,672,696)	(6,083,168)
Operating profit before tax		182,160,814	159,146,244
Income tax expense		-	-
Increase in net assets attributable to unitholders		182,160,814	159,146,244

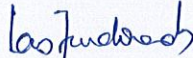
CEYBANK HIGH YIELD FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2024

(All amounts in Sri Lanka Rupees)

		30 June	
		2024	2023
ASSETS			
Cash and cash equivalents		18,337,673	90,892,636
Financial Assets at amortized cost	3	3,676,767,314	1,131,408,847
Total assets		3,695,104,987	1,222,301,483
UNITHOLDERS' FUNDS AND LIABILITIES			
Liabilities			
Money Payable on Unit redemption		15,157,297	65,436,811
Other payables	4	3,841,161	1,519,286
Total liabilities (excluding net assets attributable to unitholders)		18,998,458	66,956,097
Net assets attributable to Unitholders' Fund		3,676,106,529	1,155,345,386
Total unitholders' funds and liabilities		3,695,104,987	1,222,301,483



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Director
 Ceybank Asset Management LTD
 Fund Management Company



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Director
 Ceybank Asset Management LTD
 Fund Management Company



.....
Trustee
 National Savings Bank

CEYBANK HIGH YIELD FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS
AS AT 30 JUNE 2024

(All amounts in Sri Lanka Rupees)

	2024	30 June 2023
Unitholders' funds at beginning of the year	2,434,357,682	430,053,567
Increase in net assets attributable to unitholders	182,160,814	159,146,244
Received on unit creations	2,178,394,193	1,501,252,975
Paid on unit redemptions	(1,118,806,160)	(929,024,232)
Unitholders' funds at 30th June	<u>3,676,106,529</u>	<u>1,161,428,554</u>

CEYBANK HIGH YIELD FUND
STATEMENT OF CASH FLOW
FOR THE 06 MONTHS PERIOD ENDED 30 JUNE 2024
(All amounts in Sri Lanka Rupees)

	Period from 1 January to 30-Jun-24 Rs.	Period from 1 January to 30 June 2023 Rs.
Net Profit Before Taxation	182,160,814	153,063,076
Cash flows from operating activities		
Net investments in repurchase agreements	(97,974,246)	(494,993)
Net investment in treasury bills	(1,078,016,010)	(711,960,558)
Net investment in CP	(106,946,711)	-
Other Payable	1,613,336	911,481
Money Payable on Unit redemption	9,627,284	65,436,809
Net cash inflows / (outflows) from operating activities	<u>(1,089,535,533)</u>	<u>(493,044,185)</u>
Cash flows from financing activities		
Proceeds from issue of units	2,178,394,193	1,501,252,975
Payments on redemption of units	(1,118,806,160)	(929,024,232)
Net cash inflows/(outflows) from financing activities	<u>1,059,588,033</u>	<u>572,228,743</u>
Net Increase/ (decrease) in cash and cash equivalents	<u>(29,947,500)</u>	<u>79,184,558</u>
Cash and cash equivalents at the beginning of the year	48,285,173	11,708,078
Net Increase/(decrease) in cash and cash equivalents	(29,947,500)	79,184,558
Cash and cash equivalents at the end of the 06 month Period	<u>18,337,673</u>	<u>90,892,636</u>

CEYBANK HIGH YIELD FUND
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>		
Interest on Reverse Repo Agreement	21,403,457	13,454,887
Interest on Commercial Papers	7,312,328	-
Interest on T.Bills	172,117,725	145,129,845
	<u>200,833,510</u>	<u>158,584,732</u>
<u>2. Operating Expenses</u>		
Management fee	14,061,387	5,300,904
Custodian Fee	403,889	150,457
VAT Expense	2,714,661	131,153
Interest Expenses	30,286	2,967
Miscellaneous Expense	325,612	133,731
Bank Charges	355,850	243,580
Borrowing Expenses	-	1,484
Social Security Levy Expenses	415,394	118,892
WHT on Interest Income	365,617	-
	<u>18,672,696</u>	<u>6,083,168</u>
<u>3. Financial Assets at Amortized Cost</u>		
Reverse Repurchase Agreement	383,800,607	39,043,571
Treasury Bills	3,186,019,996	1,092,365,276
Commercial Papers	106,946,711	-
	<u>3,676,767,314</u>	<u>1,131,408,847</u>
<u>4. Other payables</u>		
Payable To Management Company	548,237	430,997
Management & Trustee Fee	3,035,049	1,058,263
Custodian Fee	257,875	30,026
	<u>3,841,161</u>	<u>1,519,286</u>