

# Annual Report

Senfin Insurance Sector Fund

FY 2023





**Trustee and Custodian**  
HNB Bank PLC

**Fund Manager**  
Senfin Asset Management (Pvt) Ltd

## **Senfin Insurance Sector Fund**

is Licensed and Regulated by the Securities & Exchange  
Commission of Sri Lanka

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## **Profile of the fund management company**

### **The Company**

Senfin Asset Management (Pvt) Ltd (SFAM) was incorporated in 2010 and licensed by the Securities & Exchange Commission of Sri Lanka (SEC) to manage unit trust funds and third-party portfolios/private portfolios for institutional clients, private provident funds, insurance funds, and high net worth individuals.

SFAM (formally Candor Asset Management (Pvt) Ltd) is a wholly owned subsidiary of Senkadagala Finance PLC, a finance company licensed by the Central Bank of Sri Lanka. Senkadagala Finance PLC commenced operations in the city of Kandy in 1968 and since then has steadily gained momentum, leveraging on the varied partnerships it nurtured throughout the years



## Board of Directors

### Dr. Prathap Ramanujam - Chairman

Dr. Prathap Ramanujam was previously Chairman of Panasian Power PLC and has extensive experience in the public sector. During the last 14 years in the Public Sector, he was the Permanent Secretary to several Ministries and was responsible for the establishment of the Secretariat for Infrastructure Development & Investments (SIDI), which was instrumental in initiating the first mini hydro project as a Public Private sector project as far back as 1993.

Dr. Ramanujam has previously served on the Boards of several financial services institutions including the National Savings Bank, the State Mortgage and Investment Bank and Senkadagala Finance PLC., during his career. He also served as a Director in Panasian Power PLC, Manelwela Hydro Power Pvt. Ltd, Panasian Investment Pvt. Ltd, Paddiyapallela Hydropower Pvt. Ltd, and associated companies.

Dr. Ramanujam currently serves as director of Ceylon Grain Elevators PLC, Three Acre Farm PLC, and Iconic Development Pvt. Ltd.

Dr. Ramanujam has a First Class B.Sc. (Hons.) degree from the University of Peradeniya Sri Lanka, a M.Sc. degree in Economics from the University of Bristol, U.K and a Ph.D. in Economics from the Australian National University, Canberra, Australia. He worked as a Post-Doctoral Fellow at the Faculty of Economics at the University of Glasgow U.K.

### Mr. Sanath Divale Bandaranayake –Director

Mr. Bandaranayake served at Commercial Bank of Ceylon PLC, the largest and the most awarded bank in Sri Lanka, for 36 years. He has served Commercial Bank in various capacities such as Branch Manager (Kandy, City Office), Chief Manager, Assistant General Manager and Deputy General Manager (Operations) and was a core member of the Management teams which led the Bank to important milestones such as introducing Banking Software to improve the bank's operations (which is very successfully used even today), Holiday Banking and Supermarket Banking. During his career at the Commercial Bank, he was appointed as Director at LankaClear and also served as Director of Commex Sri Lanka S R L (subsidiary of Commercial Bank based in Italy) and ONEzero Company Ltd., (subsidiary of Commercial Bank engaged in the business of Information Technology).

Mr. Bandaranayake currently serves as an Executive Director / Additional CEO of Senkadagala Finance PLC. Mr. Bandaranayake is also a director of Senfin Securities Ltd, Senkadagala Insurance Brokers (Pvt) Ltd, Sobhadanavi (Pvt) Ltd & Lakdhanavi (Pvt) Ltd

Mr. Bandaranayake holds a bachelor's degree in physical sciences from the University of Sri Lanka, Vidyodaya Campus.



### **Mr. Sonal Balasuriya -Director**

Mr. Sonal Balasuriya has gained 3 years of work experience in both the United Kingdom and Sri Lanka before starting his own practice Sonal Balasuriya Architects in 2016. He is the principal architect at Sonal Balasuriya Architects and Design Studio.

Mr. Sonal Balasuriya holds a First-Class B.Sc. (Hons) degree from the University of Westminster and a Distinction in MA. Architecture from the Bartlett School of Architecture, University College London. He is also a SLIA qualified Chartered Architect

### **Mr. Tilak Collure - Director**

Mr. Tilak Collure is a former Sri Lanka Administrative Service Special Grade officer who has held senior positions during 35 years in Government service mainly in the areas of trade, commerce, and logistics. Mr. Tilak Collure has served as the Secretary to the following Cabinet level Ministries: Ministry of Industry and Commerce, Ministry of Transport, Ministry of Shipping, Ports and Aviation. During his career, Mr. Collure has also headed several major public sector corporate institutions as their CEO/ Chairman. Mr. Tilak Collure served as a Member of the independent National Police Commission from 2015 to 2020. Mr. Tilak Collure has functioned as an Independent Non-Executive Director of Senkadagala Finance PLC, prior to the present appointment.

Mr. Collure holds a BSc in Natural Sciences (University of Sri Lanka, Colombo) and a master's in public administration (Postgraduate Institute of Management/University of Sri Jayewardenepura).

### **Mr. Keshav Balasuriya – Director**

Mr. Keshav Balasuriya has been instrumental in initiating and acquiring Candor Asset Management (Pvt) Ltd from Eagle Proprietary Investment Limited in 2020. Mr. Keshav Balasuriya serves as a member of the Investment Committee of Senfin Asset Management (Pvt) Ltd.

Mr. Keshav Balasuriya is an Investment/Portfolio Manager at E.W. Balasuriya & Co (Pvt) Ltd., covering Listed Equities, Fixed Income and Real Estate asset classes since 2013. Mr. Keshav Balasuriya is a Treasury Analyst at Senkadagala Finance PLC, since 2016 covering funding and proprietary investments of Senkadagala Finance PLC which has been operating over 50 years.

Mr. Keshav Balasuriya holds an MSc (Hons) degree in Computer Science from the University of Bristol and a Master of Finance (MFin) from the University of Cambridge.



## Key Personnel

### Ms. Jeevan Sukumaran – Chief Executive Officer

Mr. Sukumaran has in total, experience of over 15 years in Sri Lankan Capital Markets, covering Unit Trusts, Portfolio Management, Equity Analysis and Research, Corporate Finance and Financial Advisory with over 10 years of experience in the Unit Trust Industry. Prior to joining SFAM, Mr. Sukumaran was the General Manager/Head of Operations at CT CLSA Asset Management (Pvt) Ltd (CAM), during which time he also acted as the fund manager for all of CAM's Fixed Income Funds. Mr. Sukumaran is also experienced in Corporate Finance and Investment Banking, having worked at CT CLSA Capital, an Investment Bank.

Mr. Sukumaran is an Associate Member (ACMA) of the Chartered Institute of Management Accountants (CIMA-UK) and a Chartered Global Management Accountant (CGMA). Mr. Sukumaran is also an Associate Member (ACIM) of the Chartered Institute of Marketing (CIM) holding a Professional Diploma in Marketing.

### Mr. Murugiah Rajendran – Head of Compliance

Mr. Murugiah Rajendran has in total over 41 years of experience in banking. Mr. Murugiah Rajendran has acquired a skill sets in Risk Management (including Credit Approval, Credit Monitoring, Remedial Management etc.), Client Coverage, Operational Risk Management, Business Compliance Management, and Internal Audit. Mr. Rajendran started banking career with Commercial Bank of Ceylon Ltd, the largest and most awarded bank in SL and served the bank for 16 years mainly in Corporate Banking. He then moved to overseas and worked as Marketing Manager, National Bank of Oman, Abu Dhabi (for 2 years), Director, Standard Chartered Bank, Dubai (12 years) and Vice President, Mashreq bank plc, Dubai (11 years).

Mr. Rajendran has completed '**The Credit Skills Component**' of the Standard Chartered Bank Credit Programme conducted by the external agency and designated a '**Credit Professional**'. Mr. Rajendran is an Associate Member of the Chartered Institute of Management Accountants – UK (ACMA), Chartered Global Management Accountant (CGMA) and an Associate Member in the Institute of Bankers, Sri Lanka (AIB).



## **Mr. Surath Perera – Chief Investment Officer**

Mr. Surath Perera is a Senior Fund Manager who has been in the unit trust industry for over twelve (12) years, of which, eight (8) years have been as a Fund Manager. Mr. Surath Perera joined Senfin in January 2021 and was previously employed at CT CLSA Asset Management (Pvt) Ltd. (CAM), a pioneer asset management company during which time he managed the Comtrust Equity Fund, the flagship fund and one of the first mutual funds launched in Sri Lanka. In addition to managing equity mutual funds, he is also experienced in managing high net worth client portfolios and fixed income portfolios etc.

Mr. Surath Perera has a Second-Class Upper Bachelor of Business Administration (Hons) degree specializing in Accounting from the University of Colombo, Sri Lanka. Mr. Surath Perera is an Associate Member (ACMA) of the Chartered Institute of Management Accountants (CIMA-UK) and Chartered Global Management Accountant (CGMA). Mr. Surath Perera also has Dip.M (CIM) from the Chartered Institute of Marketing (CIM-UK) and has completed Level 1 of the Chartered Financial Analyst (CFA) Program

## **Mr. Rajitha kapil rathwatta Elapata- Senior Fund Manager**

Mr. Rajitha is recruited by Senfin Asset Management Private Ltd in November 2023 as a Senior Fund Manager and to deal with the Company's Collective Investment Schemes (Unit Trusts).

Mr. Rajitha brings over nine years of working experience as an analyst and fund manager. His previous working experience included Working on investment strategy, asset allocations policies and specific individual investment for all funds managed by Namal (for both Mutual and Private Portfolios), Generating key investment recommendations, Fund reporting, Origination, structuring, pricing and negotiation with investee companies, brokers, intermediaries and investment banks for debt, equity etc., Continuous monitoring of investments, the Capital & Money Market and their performance, market values & intrinsic values, Conduct macro-economic and political analysis, Performing industry and company specific analysis, Liaising with the regulators, the trustees, and the custodians to facilitate proper adherence of fund management activities, discussing with clients and trustees to understand their requirements, In-house research, Financial modelling, Portfolio management, Tracking liquidity position, Analysing return on portfolios, Product development and Worked as banking assistant – dealing with corporate and personal customers

Mr. Rajitha's previous employments include As a Fund Manager - Namal Asset Management, Analyst – Ceybank Asset Management Ltd, Senior Executive – Product Development & Operations at Entrust Wealth Management Ltd, Senior Executive Dealing & Front Office Sales - Entrust Securities Plc, Investment Analyst - Capital Trust Securities (Pvt) Ltd, Banking Assistant – HSBC, and Assistant Manager (Sports Dept) - as part time in University of Greenwich, UK.

Mr. Rajitha's academic and professional educational qualifications are Bachelor of Arts – Business with Economics at University Greenwich and presently attending the second semester for Master's (MFE) at the University of Colombo

## **Mr. Nilanka Gamaethige - Head of Client Services & Marketing**

Mr. Nilanka Gamaethige has over fifteen years of experience in both international banks and a local bank. While working at both HSBC and Standard Chartered Bank he covered aspects mainly such as Portfolio Management, Proposition Management, PFS Lending, Brand Marketing, Operations, recoveries, branch management, strategic planning. While at Standard Chartered Bank he also worked as a Teller Service Manager and thereafter as the acting Branch Manager at the Negombo branch and a Relationship Manager at the Lipton Circle Branch, Colombo.

In 2016, Mr. Nilanka Gamaethige moved to DFCC Bank PLC and worked for 5 plus years at retail banking handling the affluent client segment. Mr. Nilanka Gamaethige was assigned the task of setting up and operating the Negombo Premier center and acquiring affluent clients, which he successfully achieved within a short period of time. Mr. Nilanka Gamaethige also well contributed to the growth of SME and Corporate sector of the Negombo branch.

Mr. Nilanka Gamaethige got the opportunity to complete a SME Workshop at JNIBF Hydrabad India.



## Investment Committee

SFAM's investment philosophy is based on fundamental research, long-term focus and strong price discipline. The principle of intelligent investing, through quality decisions based on thorough research and knowledge means that the investment approach is simple and based on understanding fundamentals. SFAM also utilizes the expertise of the investment committee to make industry and entity investment decisions. The Investment Committee consists of experts in the field of asset management and includes the following external members

### Mr. Alastair Corera, CFA

Mr. Alastair Corera is an Executive Director of Orion Fund Management (Pvt) Ltd., a position he has held since 2006. Previously, he was at Fitch Ratings Lanka Ltd. where he headed the Financial Institutions team and was its Country Head from 2004 to 2006. Prior to that he was General Manager at Forbes ABN AMRO Securities (Pvt) Ltd.

Mr. Corera is a Chartered Financial Analyst, USA and a Fellow of the Chartered Institute of Management Accountants, UK. He is the Chairman/Independent Non-Executive Director at Citizens Development Business Finance PLC and an Independent Non-Executive Director in Citizens Development Business Finance PLC

### Mr. Mahendra Jayasekera

Mr. Mahendra Jayasekera is a Director of Lanka Walltiles PLC, Lanka Tiles PLC, Swisstek (Ceylon) PLC, Lanka Ceramic PLC and Swisstek Aluminium Limited. He is also a Director of Uni Dil Packaging Limited and Uni Dil Packaging Solutions Limited.

Mr. Jayasekera holds a BSc Special (Hons) degree in Business Administration from the University of Sri Jayawardenapura and is a Fellow of the Institute of Chartered Accountants of Sri Lanka.

### Mr. Keshav Balasuriya

*see profile above*

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## **Risk Management Committee**

1. Mr. Sanath Divale Bandaranayake – Chairman of the Risk Management Committee
2. Mr. Murugiah Rajendran
3. Mr. Keshav Balasuriya
4. Mr. Jeevan Sukumaran



# FUND MANAGER’S REPORT

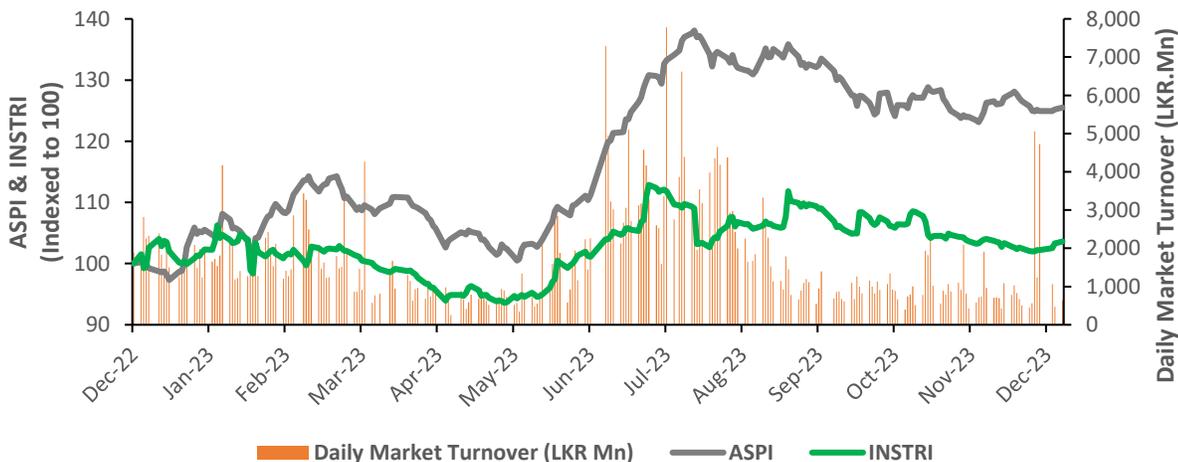
Dear Valued Investors,

I am pleased to present the Integrated Annual Report and the Financial Statements for the financial year ended 31 December 2023 (FY 2023).

FY 2023 marks the recovery for Colombo Stock Exchange’s (CSE) indices, recording a significant recovery for All Share Price Index (ASPI) resulting in an increase of 25.5%. The fund’s benchmark Insurance Sector Total Return Index (INSTRI) also increased by 3.63%. During 1Q2023, indices displayed a positive momentum due to the expectation of the IMF Board Level Agreement. However, following the confirmation of the Board Level Agreement, the uncertainty over the possible Domestic Debt Optimization (DDO) took a toll on the indices. Subsequently, DDO was announced with mainly impacting CBSL G-Sec holdings and Superannuation Funds. Since the severity of DDO was much lesser than anticipated, especially with no major impact to the banking system, it resulted in a significant upward momentum in the equity market. In addition, the overall sentiment on equity largely improved on the back of the decline in market interest rates which is likely to direct fund inflows to equity from fixed income, seeking better returns. Furthermore, notable improvement in macro-economic variables during the course of 2023 too assisted the upward momentum. However, during the last few months of FY2023, indices displayed some negativity mainly due to profit taking, delayed approval of IMF 2nd tranche and tax hikes introduced. With regard to sector specific catalysts on the Insurance Sector, the overhang of a possible restructuring of local bonds across the board was neutralized with the lenient DDO announcement while marked to market gains on Insurers’ bond portfolios driven by decline in interest rates was seen as a positive.

Market capitalization of CSE increased 10.4% YoY from LKR 3,847.2 Bn to LKR 4,248.9 Bn. It’s worth to note that this increase accounted for the delisting of Nestle Lanka PLC. The Price Earnings Ratio (PER) at the year-end recorded at 11.1x when compared to the heavily discounted PER of 5.0x at the end of 2022. This was mainly due to both the price appreciation of listed counters as well as decline in earnings.

## CSE Performance and Turnover



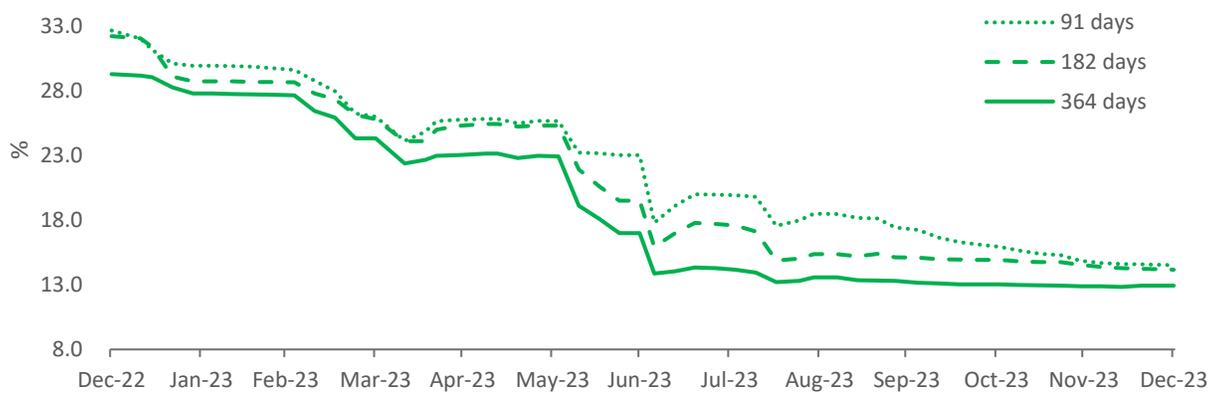
Source: Colombo Stock Exchange



During 1H2023, the Monetary Board of the Central Bank of Sri Lanka (CBSL) increased policy rates by 100 basis points prior to IMF Board Level Agreement in March 2023. However subsequent to that, with inflation coming down and favorable macro-economic variables as well as to revive economic growth, CBSL executed an expansionary monetary policy stance with reducing policy rates by a total of 650 bps starting from June 2023 up to the last policy meeting held in November 2023. Consequently, the Standing Deposit Facility Rate (SDFR) stood at 9.0% as at 31 Dec 2023 compared to 14.5% as at 31 Dec 2022 and the Standing Lending Facility Rate (SLFR) stood at 10.0% compared to 15.5% as at 31 Dec 2022. Similarly, the Statutory Reserve Ratio was also cut down to 2% during 2H2023 compared to 4.0% maintained up to July 2023.

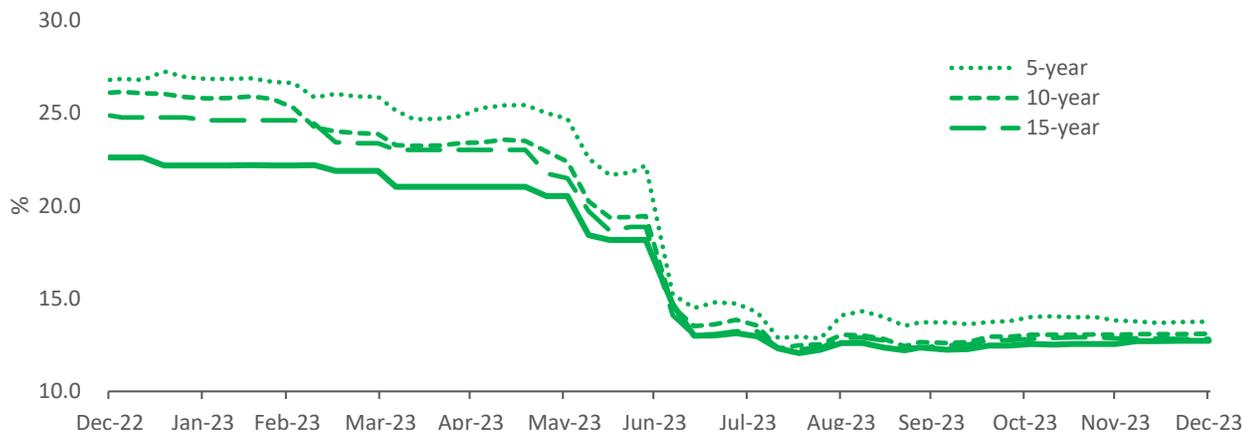
Treasury bill yields witnessed a significant decline during FY2023 with benchmark 3, 6 and 12-month yields decreased from 32.64%, 32.20% and 29.27% respectively as at 31 Dec 2022 to 14.51%, 14.16% and 12.93% respectively as at 31 Dec 2023.

**Treasury Bill Rate Movement in 2023**



Source: Central Bank of Sri Lanka

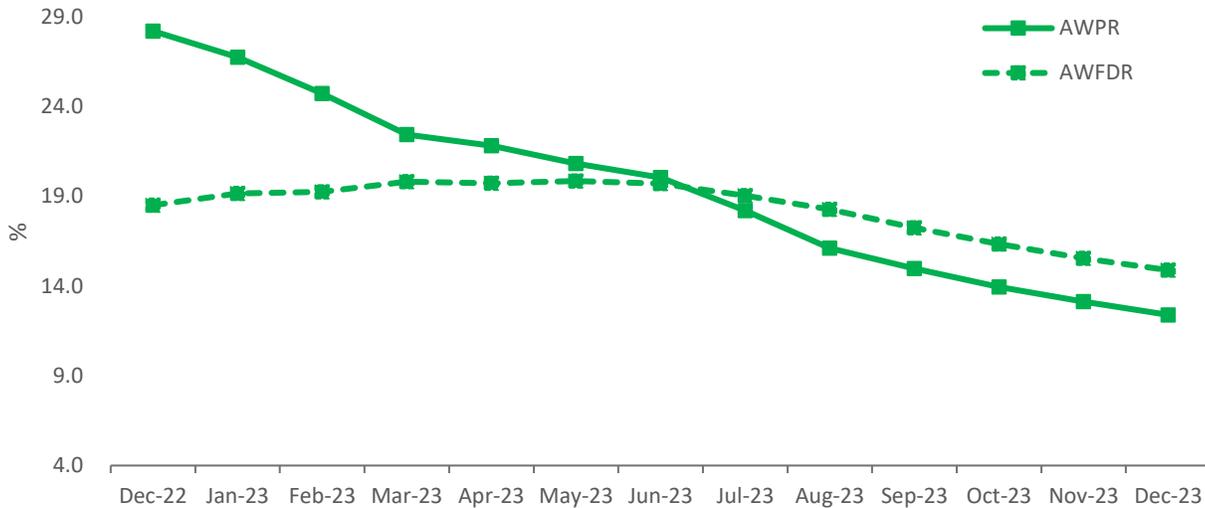
**Treasury Bond Rate Movement**



Source: Central Bank of Sri Lanka



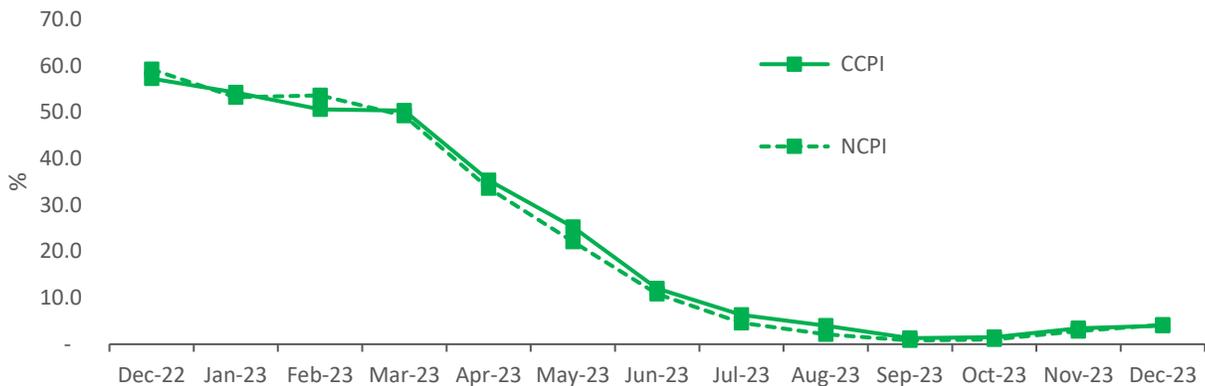
**Movement of Average Weighted Fixed Deposit Rate (AWFDR) and Average Weighted Prime Lending Rates (AWPR) of Commercial Banks (% p.a.) at month-end**



Source: Central Bank of Sri Lanka

From as high as 57.2% recorded Inflation (measured by the year-on-year change in the Colombo Consumer Price Index - CCPI) in December 2022, Policy makers were successful enough to bring the inflation down to 4.0% in December 2023. Single digit inflation numbers started to report from July 2023. Further, Inflation measured by Year-on-Year change in the National Consumer Price Index (NCPI) decreased to 4.2% in December 2023 from 59.2% in December 2022.

**Movement in the CCPI and NCPI**

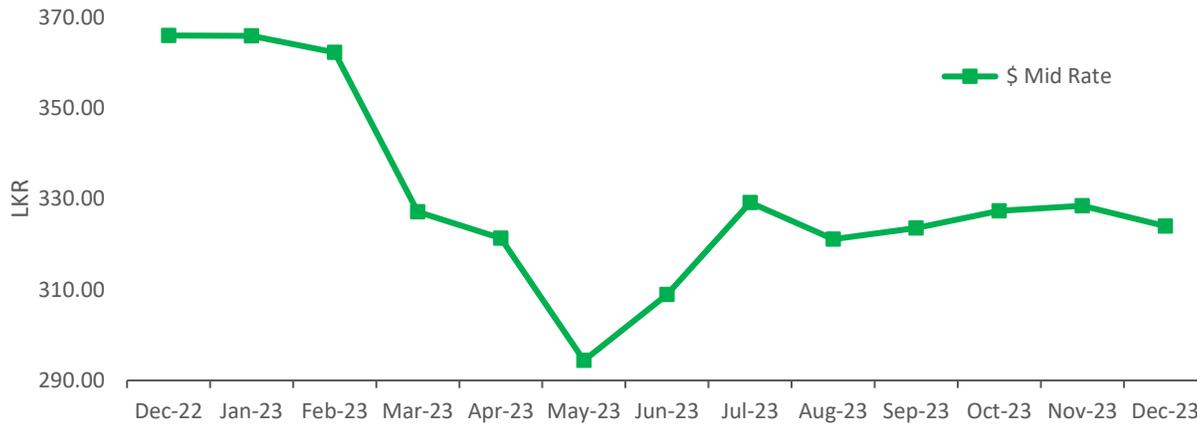


Bank of Sri Lanka

Source: Central



On the back of IMF Extended Fund Facility, other foreign inflows, improved worker remittances and improved tourism earnings, the Gross Official Reserves witnessed a notable increase. As a result of those factors, LKR appreciated 11.5% against USD during FY2023.



Source: Central Bank of Sri Lanka

**Fund Performance**

**Fund Performance as at 31st Dec 2023**

	Three Months Performance	Six Months Performance	One Year Performance	Cumulative Return since fund inception	Annualized Return since inception (CAGR)
Senfin Insurance Sector Fund	-3.70%	4.19%	6.32%	9.40%	6.85%
Insurance Sector Total Return Index (INSTRI)	-4.94%	2.46%	3.63%	16.98%	12.26%

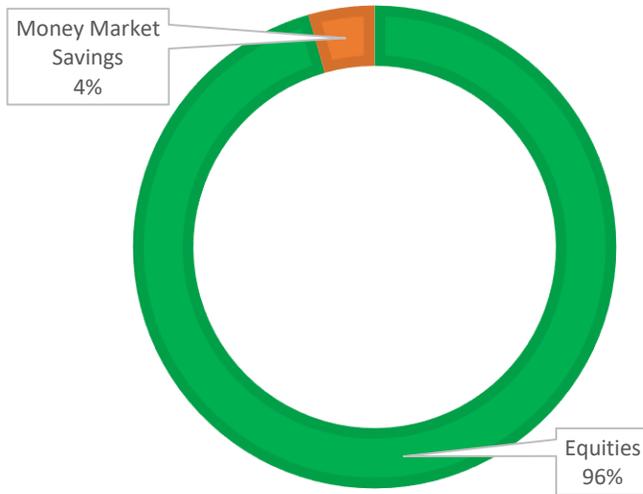
Source: Senfin Asset Management (Pvt) Ltd

Note:

1. All returns in the table are non-annualized, except for the last column which shows the annualized return since inception.
2. Performance data is net of management fees and taxes.



**Asset Allocation as a percentage of Net Asset Value as at 31<sup>st</sup> Dec 2023**



Source: Senfin Asset Management (Pvt) Ltd

We witness a recovery in key macro-economic variables with correct policies in place. Factors such as single digit inflation, LKR appreciation against the dollar, remarkable improvement in tourism arrivals, increasing remittances, positive GDP growth, low interest rate environment etc. are expected to improve positive sentiment towards equities. Therefore, we look forward bullishly on equity in the medium to long run. Therefore, we continue to analyze and invest in Insurance sector counters that are expected to perform well in the medium / long run as well as Insurance sector counters that are expected to survive through the economic recovery phase, while remaining committed to the overall aim of capital appreciation.

**Investment Team**



Kreston MNS & Co  
Chartered Accountants  
Level 1 & 2, Advantage Building  
74A, Dharmapala Mawatha  
Colombo 07

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Email: [audit@kreston.lk](mailto:audit@kreston.lk)  
Web: [www.kreston.lk](http://www.kreston.lk)

## INDEPENDENT AUDITOR'S REPORT

### TO THE UNIT HOLDERS OF SENFIN INSURANCE SECTOR FUND

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the Financial Statements of **SENFIN INSURANCE SECTOR FUND** (the Fund) which comprise the Statement of Financial Position as at 31<sup>st</sup> December 2023, and the Statement of Comprehensive Income, Statement of Movement in unit holders Fund and Statement of Cash Flows for the period then ended 31<sup>st</sup> December 2023, and notes to the Financial Statements, including a summary of significant accounting policies exhibited on pages 3 to 22.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Fund as at 31<sup>st</sup> December 2023, and of its financial performance and its cash flows for the period then ended 31<sup>st</sup> December 2023 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 Chartered Accountants of Sri Lanka 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.

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

Management is 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 management determines 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, management 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 management 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.



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Correspondent firm within Grant Thornton International Ltd. (Grant Thornton International)  
Grant Thornton International and the member and correspondent firms are not a worldwide partnership.



## 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 the audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, 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 sufficient 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.
- Conclude on the appropriateness of management'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 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 requirements of the Unit Trust Deed and Collective Investment Scheme Code of 2023 set by the Securities and Exchange Commission of Sri Lanka.

Kreston MNS & Co  
CHARTERED ACCOUNTANTS  
COLOMBO  
25<sup>TH</sup> MARCH 2024  
ST/UA/sk

ST-Senfin Insurance Sector Fund (31.12.2023)-c9





**SENFIN INSURANCE SECTOR FUND**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE PERIOD**

		From 01.01.2023 to 31.12.2023 Rs.	From 23.08.2022 to 31.12.2022 Rs.
	Note		
<b>Investment Income</b>			
Interest Income	9.1	1,315,717	460,351
Dividend Income	9.2	901,990	44,222
Realized Gain/(Loss) on Financial Assets Fair value through Profit and (Loss)	10.1	(880,010)	(187,220)
Unrealised Gain / (Loss) on Financial Assets held at Fair Value through Profit or Loss	10.2	3,100,193	1,137,124
Placement Fee Income			
<b>Total Investment Income</b>		4,437,890	1,454,477
<b>Less: Expenses</b>			
Management Fees		348,372	52,470
Trustee Fees		82,180	12,199
Custodian Fees		282,982	93,434
Audit Fees		116,501	123,768
Profession Fees		202,838	72,799
Portfolio Fees		3,283	1,687
Brokerage Expenses		463,988	222,836
WHT Expense		66,893	-
Bank Charges		390	580
		1,567,427	579,773
<b>Net Profit / (Loss) before tax</b>		2,870,463	874,704
Less : Income Tax Expense	11	-	-
<b>Net Profit / (Loss) after Tax for the Period</b>		2,870,463	874,704
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the Period</b>		2,870,463	874,704
<b>Increase / (Decrease) in Net Assets Attributable to Unit Holders</b>		2,870,463	874,704

The Accounting Policies and the Notes on pages 7 to 22 form an integral part of these Financial Statements.





SENFIN INSURANCE SECTOR FUND

STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

FOR THE PERIOD

	From 01.01.2023 to 31.12.2023 Rs.	From 23.08.2022 to 31.12.2022 Rs.
Unitholders' Funds as at 1 January	25,183,004	-
Received on Creation of Units	23,000,000	24,318,000
Paid on Redemption of Units	(105,300)	(9,700)
Increase / (Decrease) in net assets attributable to Unit Holders	2,870,463	874,704
Net Increase / (Decrease) due to Unit holders' Transactions	50,948,167	25,183,004
Income Distribution for the year	-	-
<b>Unitholders' Funds as at 31 December</b>	<b>50,948,167</b>	<b>25,183,004</b>

The Accounting Policies and the Notes on pages 7 to 22 form an integral part of these Financial Statements.



**NOTES TO THE FINANCIAL STATEMENTS****NOTE 1 - GENERAL INFORMATION****NOTE 1.1 - GENERAL**

Senfin Insurance sector Fund (the “fund”) is an open-ended unit trust fund approved by the Securities and Exchange Commission of Sri Lanka. The fund was launched on 23 August 2023.

The fund is managed by Senfin Asset Management (Private) Limited which is incorporated and domiciled in Sri Lanka. The registered office of the management company is located at 267, Galle Road, Colombo 3. The trustee and custodian of the Fund is Hatton National Bank (HNB) having its place of business at No 481, T .B. Jayah Mawatha, Colombo 10.

The investment objective of the fund is to achieve long term capital appreciation by investing in listed shares that have exposure to the insurance sector.

**NOTE 1.2 - DATE OF AUTHORIZATION FOR ISSUE**

The financial statements of the fund for the year ended to 31 December 2023 were authorized for issue by the fund management company and the trustee on 25 March 2024.

**NOTE 2 - PREPARATION OF FINANCIAL STATEMENTS****NOTE 2.1 - BASIS OF PREPARATION**

The financial statements are prepared and presented in accordance with and comply with the relevant Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. 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 the current and non-current. The financial statements have been prepared on the historical cost basis unless otherwise indicated. The financial statements are presented in Sri Lankan rupees (LKR).

**NOTE 2.1.1 - STATEMENT OF COMPLIANCE**

The financial statements which comprise the statement of financial position as at 31 December 2023, statement of profit or loss and other comprehensive income, statement of movement in unitholders’ Funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards.

**NOTE 2.2 - SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATED AND ASSUMPTIONS**

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses.

In the selection and application of the fund’s accounting policies, which are described below, the fund management company is required to make judgements 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 were 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 the current and future periods.





**SENFIN INSURANCE SECTOR FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

**NOTE 2 - PREPARATION OF FINANCIAL STATEMENTS (CONTD.)**

There were no significant accounting estimates, judgments and assumptions made during the period in preparing the financial statements.

Management considers credit, liquidity and market risks and assesses the impact on valuation of investments when determining the fair value.

Fair value of the quoted equity investments are determined by quoted prices (Level 1)

**NOTE 2.3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**NOTE 2.3.1 - FINANCIAL ASSETS**

**(i) Recognition and initial measurement**

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the fund becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**(ii) Classification**

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

*A financial asset is measured at amortised cost if it meets both of the following conditions:*

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

*All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes derivative financial assets if any.*





**SENFIN INSURANCE SECTOR FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

**NOTE 2 - PREPARATION OF FINANCIAL STATEMENTS (CONTD.)**

**(iii) Subsequent measurement and gains and losses**

<i>Financial assets at amortised cost</i>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
<i>Financial assets at FVTPL</i>	These assets are subsequently measured at their fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Net change in unrealised gains/losses on equity investments includes the accumulated gains/losses on realised equity investments as well, since the realised gain/losses are computed on the difference between weighted average cost of purchase and the selling price.

**NOTE 2.3.2 - 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 include accrued expenses and other payables.

**NOTE 2.3.3 - DERECOGNITION**

**Financial Assets**

The fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The fund enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.



**SENFIN INSURANCE SECTOR FUND****NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****NOTE 2 - PREPARATION OF FINANCIAL STATEMENTS (CONTD.)****Financial Liabilities**

The fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognised in profit or loss.

**NOTE 2.3.4 - OFFSETTING OF FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**NOTE 2.3.5 - IMPAIRMENT**

The fund derecognises 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.

**NOTE 2.3.5 - IMPAIRMENT (CONTD.)****Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

**Write-offs**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.



**SENFIN INSURANCE SECTOR FUND****NOTES TO THE FINANCIAL STATEMENTS (CONTD)****NOTE 2.4 - RECOGNITION OF INCOME**

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

**(i) 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.

**(ii) Dividend income**

Dividend income is recognized when the fund's right to receive payment is established.

**(iii) Unrealised gains/(losses) on financial assets at FVTPL**

Unrealised gains/(losses) on financial assets at FVTPL includes all gains and losses that arise from changes in fair value of the financial assets at FVTPL as at the reporting date.

**(iv) Realised gains/(losses) on financial assets at FVTPL**

Realised gains/(losses) on financial assets at FVTPL includes results of buying and selling of quoted equity securities.

**NOTE 2.5 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the statement of financial position comprise of cash at bank.

The cash flow statement has been prepared using the direct method.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

**NOTE 2.6 - INCOME TAX**

The fund is not liable to pay income tax as at the reporting date in accordance with Inland Revenue Act No. 24 of 2017 as amended by the Inland Revenue (Amendment) Act No. 10 of 2021.. The fund's income generated through investment business are treated as "pass through vehicles" under the provisions of Inland Revenue Act No. 24 of 2017 as amended by the Inland Revenue (Amendment) Act No. 10 of 2021.



**SENFIN INSURANCE SECTOR FUND****NOTES TO THE FINANCIAL STATEMENTS (CONTD)****NOTE 2 - PREPARATION OF FINANCIAL STATEMENTS (CONTD.)****NOTE 2.7 - EXPENSES**

The management, trustee and custodian fees of the fund as per the trust deed is as follows,

Management Fee	-	0.75% p.a of net asset value of the fund calculated on daily basis
Trustee Fee	-	0.15% p.a of net asset value of the fund calculated on daily basis
Custodian Fee	-	Flat fee of Rs. 20,000 per month

**NOTE 2.8 - UNITHOLDERS' FUNDS**

Unitholders' 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.

**NOTE 3 - FINANCIAL RISK MANAGEMENT**

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 quoted equity securities and short term fixed income securities for the purpose of generating a return on the investment made by unitholders, in addition to cash at bank and other financial instruments such as receivables and payables, which arise directly from its operations.

The fund manager is responsible for identifying and controlling the risk that arise from these financial instruments. The fund 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 fund 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 fund manager on a regular basis as deemed appropriate, including the fund manager, other key management, investment committee, and ultimately the trustee 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.





## SENFIN INSURANCE SECTOR FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

#### NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTD.)

##### a) 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.

2023 Counterparty	Credit rating	Rating agency
Hatton National Bank PLC	A	Fitch
Cargills Bank Limited	A	Fitch

2022 Counterparty	Credit rating	Rating agency
Hatton National Bank PLC	A	Fitch
Cargills Bank Limited	A+	Fitch

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

##### b) 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. While market risk cannot be eliminated the fund manager will attempt to reduce this risk by diversifying the fund's investment portfolio in line with investment objectives of the fund.

##### c) Price risk

Price risk is the risk that the fair value of the fund's investment in trading securities will fluctuate as a result of changes in the price of the fund's investments in trading securities. Price risk exposure arises from the fund's investment portfolios.

The table below shows the impact on the statement of profit or loss and other comprehensive income and statement of financial position due to a reasonably possible change in the price of the fund's investment in financial assets held at fair value through profit or loss in note 7, with all other variables held constant.





**SENFIN INSURANCE SECTOR FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

**NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTD.)**

	<b>2023</b>	<b>2022</b>
	<b>Increase/ (decrease) on profit before tax and amounts attributable to Unitholders Rs.</b>	<b>Increase/ (decrease) on profit before tax and amounts attributable to Unitholders Rs.</b>
Change in price of the fund's investments in financial assets - at fair value through profit or loss		
+10%	4,911,277	1,629,249
-10%	(4,911,277)	(1,629,249)

**d) Interest rate risk**

Interest rate risk is the risk that the value of a financial instruments 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. Since the fund had not held financial instruments with variable interest rates as at 31 December 2023, it was not exposed to interest rate risk. Hence, a sensitivity analysis has not been presented.

The table below summarize the fund's exposure to interest rate risks.





SENFIN INSURANCE SECTOR FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTD.)

31 December 2023	Floating Interest Rate Rs.	Fixed Interest Rs.	Non- Interest bearing Rs.	Total Rs.
<b>Financial Assets</b>				
Cash and Cash Equivalents	-	2,264,584	25,000	2,289,584
Financial Asset held at Fair value through Profit or Loss	-	-	49,112,775	49,112,775
Total Exposure	-	2,264,584	49,137,775	51,402,359

31 December 2022	Floating Interest Rate Rs.	Fixed Interest Rs.	Non- Interest bearing Rs.	Total Rs.
<b>Financial Assets</b>				
Cash and Cash Equivalents	-	8,005,151	25,000	8,030,151
Financial Asset held at Fair value through Profit or Loss	-	-	16,292,493	16,292,493
Other Receivables		-	1,098,804	1,098,804
Total Exposure	-	8,005,151	17,416,297	25,421,448

e) Liquidity risk

Liquidity risk is the risk that the fund will encounter difficulty in raising funds to meet its obligation to pay unitholders. 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 unitholder's option based on the fund's net asset value per unit at the time of redemption.





**SENFIN INSURANCE SECTOR FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

**NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTD.)**

The fund manages its obligation when required to do so and its overall liquidity risk by:

- Investing primarily in marketable securities and other 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 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.)
- Where redemption requests on any business day exceed ten per centum (10%) of the total number of units in redemption requests in excess of the ten per centum (10%) may be deferred to the next dealing day provided the SEC is notified in writing of such deferral.
- Searching for new investors

The time frame for return of cash to investors is five business days in which time investments may be recalled for redemption payouts. In addition, as per the Code and the Trust Deed, if the redemption value is 3% or more of the net assets value of the fund, the unitholder is required to give a minimum of 14 days prior notice. Further, the fund is also permitted to borrow up to 15% of the deposited property for redemption payouts. No such borrowings have arisen during the period.

Other Financial liabilities have no contractual maturities. Due to the short-term nature of these financial instruments, carrying value approximates fair value.

The table below summaries the fund’s non derivative financial assets and liabilities with contractual maturities into relevant maturity groupings based on the remaining period at the end of the reporting period.

<b>31 December 2023</b>	<b>Less than 30 days</b>	<b>31 - 90 days</b>	<b>91 – 180 days</b>	<b>181 – 365 days</b>	<b>More than 365 days</b>	<b>Total</b>
Financial Assets	51,402,359	-	-	-	-	51,402,359
Financial Liabilities	63,055	391,137	-	-	-	454,192





SENFIN INSURANCE SECTOR FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTD.)

31 December 2022	Less than 30 days	31 - 90 days	91 – 180 days	181 – 365 days	More than 365 days	Total
Financial Assets	25,421,448	-	-	-	-	25,421,448
Financial Liabilities	165,645	72,799	-	-	-	238,444

f) Capital risk management

Unit holders' funds has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities.

Disclosures relevant to unit holders' funds are as follows;

The movement in the unit holders' funds for the period.

I. In terms of value

	2023 Rs.	2022 Rs.
<b>Unit holders' funds as at 01 January</b>	25,183,004	-
Creations during the period	23,000,000	24,318,000
Redemptions during the period	(105,300)	(9700)
Increase/ (decrease) in net assets attributable to unitholders	2,870,463	874,704
<b>Unitholders' funds as at 31 December</b>	<b>50,948,167</b>	<b>25,183,004</b>

II. In terms of number of units

<b>Opening number of units as at 01 January</b>	2,450,327	-
Unit creations during the period	2,216,202	2,451,327
Unit redemptions during the period	(10,000)	(1000)
<b>Closing number of units as at 31 December</b>	<b>4,656,529</b>	<b>2,450,327</b>

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





SENFIN INSURANCE SECTOR FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

31.12.2022  
Rs.

NOTE 4 - CASH & CASH EQUIVALENTS

Cash at Bank

Hatton National Bank - Current Account - 3010546537  
Hatton National Bank - Money Market - 3020878974

25,000  
8,005,151  
8,030,151

NOTE 5 - FINANCIAL ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS

Quoted Equity Securities (5.1)

16,292,493  
16,292,493

NOTE 5.1 - QUOTED EQUITY SECURITIES

Cost as at 31 st December 2022  
Appreciation/Depreciation of market value quoted equity securities  
Market value as at 31 st December 2022 (5.1(a))

15,155,369  
1,137,124  
16,292,493

NOTE 5.2 - DETERMINATION OF FAIR VALUE AND FAIR VALUES HIERARCHY

Financial Assets at Fair Value through Profit or Loss	Level 1	Level 2	Level 3	Total
Quoted Equity Securities	16,292,493	-	-	16,292,493
Total Financial Assets at Fair Value as at 31st December 2022	<u>16,292,493</u>	<u>-</u>	<u>-</u>	<u>16,292,493</u>

Determination of fair value and fair value hierarchy

SLFRS 7 Financial Instruments : Disclosures require fair value measurements to be disclosed by the source of inputs, using a three level hierarchy. The hierarchy for measuring fair value consists of Level 1 to 3.

- Level 1 - An investment in a fund is classified in Level 1 of the hierarchy when that investment is quoted in an active market and measured at the unadjusted quoted price at the reporting date.
- Level 2 - An investment in a fund is classified in Level 2 of the hierarchy when that investment is measured using inputs that are directly observable at the reporting date.
- Level 3 - An investment in a fund is classified in Level 3 of the hierarchy when that investment is measured using unobservable inputs at the reporting date.





**SENFIN INSURANCE SECTOR FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

**NOTE 5.1 (a) - MARKET VALUE AS AT 31 ST DECEMBER 2022**

Company	No. of Shares	31.12.2022	
		Market Value	Holdings as a % of Net Asset Value
<b>Insurance</b>			
People's Insurance PLC	44,222	893,284	4%
Union Assurance Limited	75,000	2,092,500	8%
Softlogic Life Insurance PLC	25,000	2,165,000	9%
Ceylinco Insurance Company Limited	2,514	5,655,243	22%
Ceylinco Insurance PLC (Non Voting)	3,185	3,270,199	13%
Co-Operative Insurance Company PLC	60,000	240,000	1%
HNB Assurance Limited	31,906	1,368,767	5%
LOLC General Insurance Limited	75,000	607,500	2%
		<u>16,292,493</u>	<u>65%</u>

**NOTE 6 - OTHER RECEIVABLE**

CDS Receivables	1,098,804
	<u>1,098,804</u>





**SENFIN INSURANCE SECTOR FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

**NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

**Financial assets and financial liabilities not carried at fair value**

Assets for which fair value approximates carrying value:

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Accordingly, the following is a list of financial instruments whose carrying amount is a reasonable approximation of fair value.

<b>Assets</b>	<b>Liabilities</b>	
Financial Assets - at Amortized Cost	Accrued expenses	
Cash and Cash Equivalents		
		<b>31.12.2022</b>
		<b>Rs.</b>

**NOTE 8 - ACCRUED EXPENSES**

Management Fees	13,906
Trustee Fees	3,424
Custodian Fees	24,547
Audit Fees	123,768
Professional Fees	72,799
	<u>238,444</u>





SENFIN INSURANCE SECTOR FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

23.08.2022  
to  
31.12.2022  
Rs.

NOTE 9 - INVESTMENT INCOME

NOTE 9.1 - INTEREST INCOME

Interest Income on Fixed Deposits	141,615
Interest Income on Money Market Bank Accounts	318,736
	<u>460,351</u>

NOTE 9.2 DIVIDEND INCOME

Dividend Income	44,222
	<u>44,222</u>

NOTE- 10 - EQUITY SECURITIES

NOTE 10.1 - NET REALISED GAIN/ (LOSS) ON FINANCIAL ASSETS FAIR VALUE THROUGH PROFIT OR (LOSS)

Proceeds on sale of equity shares	2,276,750
Average Cost of Equity shares sold	(2,463,970)
	<u>(187,220)</u>

NOTE 10.2 - NET CHANGE IN UNREALIZED GAINS/(LOSSES) ON FINANCIAL ASSETS HELD FAIR VALUE THROUGH PROFIT

Equity Shares	1,137,124
	<u>1,137,124</u>

NOTE 11 - NET PROFIT/ (LOSS) BEFORE TAXATION

Net Profit / (Loss) is arrived after charging all expenses including the following:-

Management Fees	52,470
Trustee Fees	12,199
Custodian Fees	93,434
Audit Fees	123,768
Profession Fees	72,799
Portfolio Fees	1,687
Brokerage Expenses	222,836
Bank Charges	580
	<u>580</u>

NOTE 12 - INCOME TAX EXPENSE

Tax Expense for the year	-
	<u>-</u>

As per the Inland Revenue Act No. 24 of 2017 as amended by the Inland Revenue (Amendment) Act No. 10 of 2021, the fund is deemed as conducting eligible investment business and is treated as a tax pass through vehicle. Hence, no provision for the income tax was made in the financial statements.

A reconciliation between the tax expense and the product of taxable profit multiplied by the statutory tax rate is as follows:

Net Profit / (Loss) before tax	874,704
Aggregate disallowable expenses / net gains	-
Income Exempt from tax	<u>(874,704)</u>
Aggregate allowable net (gains) / Losses	-
Statutory Income / (Loss)	-
Loss claimed 35% of Statutory Income	-
Total statutory income	<u>-</u>





**SENFIN INSURANCE SECTOR FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

**NOTE 13 - CAPITAL COMMITMENTS**

There were no significant capital and financial commitments as at the reporting date.

**NOTE 14 - EVENTS OCCURRING AFTER REPORTING DATE**

There have been no significant events occurring after the reporting date that required adjustments to or disclosures in the Financial Statements.

**NOTE 15 - CONTINGENCIES**

There were no significant contingencies existing as at the reporting date that required adjustments to or disclosures in the Financial Statements.

**NOTE 16 - RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE**

Net asset value as per financial statements	25,183,004
Adjustments - Audit Fee under provision	19,560
Published Net Asset Value	25,202,564
Published number of units as at 31 December 2022	2,450,327.3
Net Asset value per Unit	10.29

**NOTE 17 - UNITS IN ISSUE AND UNIT PRICE**

No. of units in issue and deemed to be in issue as at 31 December 2022 was 2,450,327.30 and net assets value per unit as at 31 December 2022 was Rs. 10.29 .

**NOTE 18 - RELATED PARTY DISCLOSURE**

The following institutions have been identified as related parties to the Fund in accordance with Sri Lanka Accounting Standards LKAS 24 - Related Party Disclosures.

**NOTE 18.1 - MANAGEMENT COMPANY AND TRUSTEE**

The Management Company of Senfin Insurance Sector Fund is Senfin Asset Management (Private) Limited.

The Trustee to the fund is Hatton National Bank (HNB) PLC.





**SENFIN INSURANCE SECTOR FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

**NOTE 18 - RELATED PARTY DISCLOSURE (CONTD.)**

**NOTE 18.2 - KEY MANAGEMENT PERSONAL**

Key management personnel includes persons who were Directors of Senfin Asset Management (Private) Limited at any time during the financial year.

**i) Directors**

Dr. Prathap Ramanujam

Mr. Darshan Ravindra Abeysuriya

Mr. Sanath Bandaranayake

Mr. Sonal Balasuriya

Mr. Keshav Balasuriya

Mr. Tilak Collure

**ii) Other key management personnel**

Other persons with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial year are given below;

Ms. Ineka Dunuwille - Chief Executive Officer (to 31st October 2022)

Mr. Jeevan Sukumaran - Chief Executive Officer (from 1st November 2022)

Ms. Monica Wanigasekara - Fund Manager

Mr. Surath Perera - Fund Manager

Mr. Ravinath Weerakoon - Fund Manager

Mr. Murugiah Rajendran - Head of Compliance

Mr. Nilanka Gamaethige - Head of Client Services & Marketing

**NOTE 18.3 - KEY MANAGEMENT PERSONAL COMPENSATION**

There were no payments made to the directors of Senfin Asset Management (Private) Limited during the year by the fund.

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

**NOTE 18.4 - OTHER TRANSACTIONS WITHIN THE FUND**

Apart from those details disclosed in note 18.5 and 18.6, key management personnel have not entered in to any other transactions involving the Fund during the financial year.





SENFIN INSURANCE SECTOR FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 18 - RELATED PARTY DISCLOSURE (CONTD.)

NOTE 18.5 - RELATED PARTY UNIT HOLDING

The following are the units held by related parties of Senfin Insurance Sector Fund.

	Relationship	No. of Units	Value of units held Rs.	Total interest held as a % of NAV
<b>As at 31 December 2022</b>				
<b>Unit holders</b>				
Senkadagala Finance PLC	Parent Company of the Management Company	250,000	2,552,500	10.14%
Senkadagala Insurance Brokers	Subsidiary of the Ultimate Parent Company	1,169,477	11,940,363	47.41%
Mr. Murugiah Rajendran	Head of Compliance	1,000	10,210	0.04%
Mr. Nilanka Gamaethige	Head of Client Services & Marketing	500	5,105	0.02%

NOTE 18.6 - TRANSACTIONS WITH AND AMOUNTS DUE TO/FROM RELATED PARTIES

Transactions with related parties are disclosed below :

	Charge for the period 31.12.2022 Rs.	Payable as at 31.12.2022 Rs.
Management fees to Senfin Asset Management (Pvt) Ltd	52,470	13,906
Trustee fees to HNB PLC	12,199	3,424
Custodian fee with HNB PLC	93,434	24,547
Interest income on HNB PLC money market account	318,736	-
		<b>As at 31.12.2022 Rs.</b>
Bank balance held at HNB PLC		25,000
Money Market account balance		8,005,151





*Declaration by Trustees and Management Company as per SEC Circular No: 02/2009 on Guidelines for Trustees and Managing Companies of Unit Trusts Funds.*

Hatton National Bank PLC, the Trustee and Senfin Asset Management (Private) Limited, the Managers of the **Senfin Dynamic Income Fund** 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 an 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.

.....  
**Director**  
**Management Company**

.....  
**Director**  
**Management Company**

.....  
**Trustee of the Fund**

## **Management Company Information**

### **Managing Company**

Senfin Asset Management (Pvt) Ltd  
267, Galle Road  
Colombo 03. Sri Lanka  
T: +94 11 2102000  
F: +94 11 231 4831  
Web: [www.senfinassetmanagement.com](http://www.senfinassetmanagement.com)

### **Bankers**

Commercial Bank Of Ceylon PLC  
Kollupitiya Branch  
285, Galle Road,  
Colombo- 03.

Hatton National Bank PLC  
Head Office Branch, HNB Towers  
No 479, T B Jayah Mawatha  
P O Box 837  
Colombo 10.

Nations Trusts Bank PLC  
No 242, Union Place  
Colombo 02.

### **Auditors**

KPMG Sri Lanka  
Chartered Accountants  
32A Sir Mohomad Macan Markar Mawatha,  
Colombo 03.

### **Lawyers**

Nithya Partners  
Attorneys-at-Law  
No. 97A, Galle Road  
Colombo 03





## **Senfin Asset Management (Pvt) Ltd**

(A fully owned subsidiary of Senkadagala Finance PLC)

### **Correspondence Address**

3rd Floor, No 180, Bauddaloka Mawatha  
Colombo 04. Sri Lanka  
T: +94 11 2102000  
F: +94 11 231 4831  
Web: [www.senfinassetmanagement.com](http://www.senfinassetmanagement.com)  
Email: [Sfam.info@senfin.com](mailto:Sfam.info@senfin.com)

### **Registered Address**

267, Galle Road  
Colombo 03. Sri Lanka  
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F: +94 11 231 4831  
Web: [www.senfinassetmanagement.com](http://www.senfinassetmanagement.com)  
Email: [Sfam.info@senfin.com](mailto:Sfam.info@senfin.com)