

ASIA  
SECURITIES



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WEALTH MANAGEMENT

# Asia Securities Income Fund

Interim Report

*For the six months ended  
30th September 2023*



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## Asia Securities Income Fund (Inception: 15th Dec. 2022)

### Fund Manager

Nadarajah Gowthaman

### Fund Objective.

The Fund is an open-ended unit trust fund that primarily invests in government securities and fixed income instruments with an investment-grade rating of BBB- or above. These fixed income securities have medium to long-term maturities. The investment objective of the fund is to generate a competitive interest income for its investors while ensuring that best efforts are made to grow capital and provide liquidity.

### Fund Return

Period	ASIF Return	CRISIL 364 Day Benchmark Return
2022-23	29.65% (Annualized)	35.93%
01H 2023-24	41.75% (Annualized)	36.43%

### Commentary

During the first half of the 2023/24 period, the Asia Security Income Fund provided its investors with an annualized return of 41.75%. The fund's primary focus is on government securities, which offer better risk-adjusted returns and liquidity compared to long-term corporate papers.

### Outlook

We expect that there will be scope for further reduction in interest rates by the end of 2023, especially at the shorter end of the yield curve. However, as we enter 2024, factors such as external debt restructuring, increased private credit uptake, the government's achievement of a primary surplus in revenue collection, and the risk premium associated with the upcoming election will significantly impact the movement of interest rates. Additionally, according to the new CBSL act, the CBSL is not able to finance the budget deficit, which could lead to an increased volatility at the longer end of the yield curve in the event of any significant catalyst event in the country.

**ASIA SECURITIES INCOME FUND  
INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
30 SEPTEMBER 2023**

ASIA SECURITIES INCOME FUND  
**STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
 period ended 30 September 2023  
 (All amounts in Sri Lanka Rupees)

	Notes	For the Period April 23 -Sep 23	For the Period Dec 22- March 23
<b>Income</b>			
Interest Income	3	84,313,149	25,537,746
Fair Value Gain	4	45,554,778	1,296,483
<b>Total Income</b>		<b>129,867,927</b>	<b>26,834,229</b>
<b>Operating Expense</b>			
Management Fees		(1,879,022)	(454,291)
Trustee & Custodian Fees		(806,810)	(242,958)
Audit Fees		(451,561)	(258,146)
Other Expenses		(963,014)	(193,321)
<b>Total Operating Expenses</b>		<b>(4,100,407)</b>	<b>(1,148,716)</b>
<b>Other Income</b>	5	470,002	15,275
Profit for the Period		<u>126,237,521</u>	<u>25,700,788</u>
<b>Increase in net asset attributable to unit holders</b>		<u>126,237,521</u>	<u>25,700,788</u>

**ASIA SECURITIES INCOME FUND**  
**STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**As at 30 September 2023**

		As at 30 September 2023	As at 31 March 2023
<b>ASSETS</b>	<b>Notes</b>	<b>Rs.</b>	<b>Rs.</b>
Cash and cash equivalents	6	3,559,336	27,439,314
Financial assets - FVTPL	7	925,813,771	222,368,493
Financial assets - Amortised cost	8	153,196,662	100,061,370
		<u>1,082,569,769</u>	<u>349,869,177</u>
<b>LIABILITIES</b>			
Accrued Expenses	9	1,061,490	525,784
Total Liabilities		<u>1,061,490</u>	<u>525,784</u>
<b>UNIT HOLDERS' FUNDS</b>			
Net Assets Attributable to Unit holders		1,081,508,278	349,343,393
		<u>1,082,569,769</u>	<u>349,869,177</u>

\_\_\_\_\_  
 Director  
 Asia Securities Wealth Management (Pvt) Limited

\_\_\_\_\_  
 Director  
 Asia Securities Wealth Management (Pvt) Limited

\_\_\_\_\_  
 Trustees  
 Hatton National Bank

**ASIA SECURITIES INCOME FUND**  
**STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UNAUDITED)**  
**period ended 30 September 2023**

	Period ended 30.09.2023	Period ended 31.03.2023
	Rs.	Rs.
<b>UNITHOLDERS' FUNDS AS AT PERIOD START</b>	349,343,393	-
Audit adjustment	-	-
Unitholders' fund as per FS	<u>349,343,393</u>	<u>-</u>
Total Comprehensive Income for the Period	126,237,521	25,700,789
Received on Creation of Units	<u>1,175,230,338</u>	<u>497,070,644</u>
Paid on Redemption of Units	<u>(569,302,974)</u>	<u>(173,428,040)</u>
Net Increase / (decrease) due to Unit holders' Transactions	605,927,364	323,642,604
Dividend paid	-	-
	<u><u>1,081,508,278</u></u>	<u><u>349,343,393</u></u>

**ASIA SECURITIES INCOME FUND**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**period ended 30 September 2023**

	Period ended 30.09.2023	Period ended 30.03.2023
	Rs.	Rs.
<b>Cash Flows from Operating Activities</b>		
Interest Received	61,492,290	14,513,037
Other income received	470,002	15,275
Management Fees and Trustee Fees Paid	(2,337,646)	(429,613)
Other Expenses Paid	(1,227,054)	(193,320)
Investment in Commercial Papers	(1,606,394,482)	(549,610,545)
Investment in Trust Certificates	-	
Investment in Repurchase Agreement	(2,779,500,000)	(618,308,767)
Investment in Fixed deposits	-	
Investment in Treasury Bills	(901,828,733)	(239,844,750)
Investment in Treasury Bonds	(102,440,127)	(118,166,250)
Maturity Proceeds from Repurchase Agreements	2,829,500,000	568,308,767
Maturity Proceed from Commercial Papers	1,504,119,982	499,610,545
Maturity Proceed from Treasury Bills	368,338,430	147,902,330
<b>Net Cash Flow generated from Operating Activities</b>	<u>(629,807,339)</u>	<u>(296,203,291)</u>
<b>Cash Flows from Financing Activities</b>		
Cash Received on Creation of Units	1,175,230,338	497,070,644
Cash Paid on Redemption of Units	(569,302,974)	(173,428,040)
<b>Net Cash generated from Financing Activities</b>	<u>605,927,361</u>	<u>323,642,604</u>
Net Increase in Cash and Cash Equivalents	(23,879,978)	27,439,313
Cash and Cash Equivalents at the beginning of the year	27,439,314	-
<b>Cash and Cash Equivalents at the end of the period</b>	<u>3,559,336</u>	<u>27,439,313</u>

ASIA SECURITIES INCOME FUND  
 NOTES TO THE INTERIM FINANCIAL STATEMENTS  
 period ended 30 September 2023

1 All figures are provisional and unaudited. Comparatives figures are presented for the last 6 months period as the Asia Securities Income Fund started operations on 15 December 2022.

2 Income is recognised on an accrual basis.

	For the Period April 23 - Sep 23	For the Period Dec 22 - March 23
	Rs.	Rs.
<b>3 INVESTMENT INCOME</b>		
<b>3.1 Interest Income</b>		
Interest on Repurchase Agreements	7,353,530	2,309,144
Interest on Treasury Bills	37,303,689	16,924,792
Interest on T Bonds	27,124,260	2,519,613
Interest on Commercial Papers	11,854,969	2,576,235
Interest on HNB Money Market	676,701	1,207,962
	<u>84,313,149</u>	<u>25,537,746</u>
<b>Fair Value Gain</b>		
<b>4 Treasury Bills</b>	958,201	362,752
Treasury Bonds	44,596,578	933,731
	<u>45,554,778</u>	<u>1,296,483</u>
<b>Other Income</b>		
<b>5 Gain on disposal of treasury bills</b>	470,002	15,275
	<u>470,002</u>	<u>15,275</u>
<b>TOTAL</b>		
	<u>130,337,929</u>	<u>26,486,752</u>
	<b>30/09/2023</b>	<b>31/03/2023</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>6 Cash at Bank</b>	25,000	25,000
HNB Money Market Savings	3,534,336	27,414,314
	<u>3,559,336</u>	<u>27,439,314</u>

ASIA SECURITIES INCOME FUND  
 NOTES TO THE INTERIM FINANCIAL STATEMENTS  
 period ended 30 September 2023

7 FINANCIAL ASSET- at FVTPL

	Notes	30.09.2023	31.03.2023
		Rs.	Rs.
Investment in Treasury Bills		649,354,024	97,630,148
Investment in Treasury Bonds		276,459,748	124,738,345
		<u>925,813,771</u>	<u>222,368,493</u>

8 FINANCIAL ASSET- at Amortised Cost

		30.09.2023	31.03.2023
		Rs.	Rs.
Investment in Repurchase Agreements	8.1	-	50,030,137
Investment in Commercial Papers	8.2	153,196,662	50,031,233
		<u>153,196,662</u>	<u>100,061,370</u>

30.09.2023 31.03.2023

**Repurchase Agreements**

8.1	First Capital Treasuries PLC	-	50,030,137
		<u>-</u>	<u>50,030,137</u>

**Commercial papers**

8.2	Asia Securities (Pvt) Ltd	153,196,662	50,031,233
		<u>153,196,662</u>	<u>50,031,233</u>

**ASIA SECURITIES INCOME FUND**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**period ended 30 September 2023**

<b>9 ACCRUED EXPENSES</b>	<b>30/09/2023</b>	<b>31/03/2023</b>
	<b>Rs.</b>	<b>Rs.</b>
Management Fee Payable	437,684	179,928
Trustee & Custodian Fee Payable	178,139	87,709
Audit Fee Payable	445,668	258,147
Advance Receipts- Placement Fee	-	
	<b><u>1,061,490</u></b>	<b><u>525,784</u></b>

**10 CONTINGENCIES**

There were no significant contingencies existing as at the reporting date that required adjustments to or disclosures in the financial statements

**11 EVENTS OCCURRING AFTER REPORTING DATE**

There have been no significant events occurring after the reporting date that required adjustment to or disclosures in the financial statements

**12 CAPITAL COMMITMENTS**

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

**13 UNITS IN ISSUE AND UNIT PRICE**

No. of units in issue and deemed to be in issue as at 30 September 2023 was 82,341,507.09 and net assets value per unit as at 30 September 2023 was Rs. 13.1344

## CORPORATE INFORMATION

### **Trustee & Custodian**

Hatton National Bank PLC  
No. 479, T. B. Jayah Mawatha,  
Colombo 10,

### **Auditors**

Deloitte Partners  
100, Braybrooke Place,  
Colombo 02,

### **Bankers**

Hatton National Bank PLC  
No. 479, T. B. Jayah Mawatha,  
Colombo 10,

### **Lawyers**

Nithya Partners  
97/A, Galle Main Rd,  
Colombo 03,

### **Managers & Registrars**

Asia Securities Wealth Management ( Pvt) Limited  
4th Floor Lee Hedges Tower  
No. 479, Galle Road  
Colombo 3

## **ASIA SECURITIES WEALTH MANAGEMENT ( PVT) LIMITED**

### **Board of Directors**

Mr. Dumith Fernando - Chairman  
Mr. Avancka Herat - Executive Director

### **Management Team**

Mr. Kishan Vairavanathan - Chief Executive Office  
Mrs. Pushpika Jeevaratne - Head Of Compliance  
Mr. Nadarajah Gowthaman - Portfolio Manager

