

ASIA
SECURITIES



INTEGRITY | INSIGHT | INNOVATION

WEALTH MANAGEMENT

Asia Securities Gilt Fund

Interim Report

*For the six months ended
30th September 2024*



TABLE OF CONTENTS

Report of the Investment Manager	02
Statement Of Profit Or Loss	04
Statement Of Financial Position	05
Statement of Movement in Unitholders' Fund	06
Notes to the Interim Financial Statements	08
Corporate Information	11

Asia Securities Gilt Fund (Inception: 03rd Apr 2023)

Fund Manager

Nadarajah Gowthaman

Fund Objective.

To maximize returns to its investors by investing exclusively in government securities and government guaranteed securities.

Fund Return

Period	ASGF Return	CRISIL 364 Day Benchmark Return
2023-24	49.18% (Annualized)	26.23% (Annualized)
01H 2024-25	10.94% (Annualized)	09.27% (Annualized)

Commentary

During the first half of the 2024/25 period, the Asia Security Gilt Fund delivered an annualized return of 10.94% to its investors. The fund primarily focuses on investing in long-term government securities, capitalizing on higher rates in a declining interest rate environment.

Outlook

In the short term, G-Sec yields are expected to decline marginally, particularly the benchmark 1-year T-bill, due to improved liquidity conditions and the Central Bank of Sri Lanka's (CBSL) accommodative policy stance. The mid and long ends are also likely to move lower in the short term, influenced by overall liquidity levels and anticipated rate cuts. This outlook is supported by several factors: actual revenue collection exceeding IMF targets, enhanced rupee liquidity from CBSL's net dollar purchases and foreign money inflows, and positive expectations surrounding the conclusion of the Extended Fund Facility (EFF) arrangement with the IMF and securing additional multilateral funding. CBSL's continuation of an accommodative policy stance, given low inflation and slow private sector credit growth, further supports this view, with market sentiment even suggesting potential rate cuts. However, significant near-term debt maturities could exert upward pressure on interest rates if the government issues more securities than the maturity proceeds. In the long term, starting from the second half of 2025, the yield curve is expected to face slight upward pressure due to rising inflation driven by a low base effect, demand for private sector credit, increased budgetary allocations streaming from FY2025 Budget together with spillover effects from any public sector salary increases. As the economy recovers and private sector borrowing picks up, the demand for credit is likely to push up interest rates, reflecting increased competition for available funds. Overall, while the short-term outlook for G-Sec interest rates appears to favor a potential decline, the long-term view suggests a gradual increase driven by inflationary pressures and economic recovery dynamics.

Source: CBSL Monetary Policy Review.

**ASIA SECURITIES GILT FUND
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 SEPTEMBER 2024**

ASIA SECURITIES GILT FUND
STATEMENT OF PROFIT OR LOSS
period ended 30 September 2024
(All amounts in Sri Lanka Rupees)

	Notes	For the Period Apr 24 -Sep 24	For the Period Apr 23 -Sep 23
		Rs.	Rs.
Income			
Interest Income	3	628,758,981	579,008,818
Realized Gain/Loss on Financial Assets Held at FVTPL	4	2,431,274	653,920
Unrealized (Loss)/ Gain on Financial Assets Held at FVTPL	5	(153,318,617)	1,296,536,873
Total Income		<u>477,871,638</u>	<u>1,876,199,612</u>
Operating Expense			
Management Fees		(10,487,889)	(5,656,282)
Trustee & Custodian Fees		(8,012,334)	(5,143,233)
Audit Fees		(204,124)	(320,016)
Other Expenses		(394,894)	(240,799)
Total Operating Expenses		<u>(19,099,241)</u>	<u>(11,360,330)</u>
Profit for the Period		<u>458,772,397</u>	<u>1,864,839,282</u>
Increase in net asset attributable to unit holders		<u>458,772,397</u>	<u>1,864,839,282</u>

ASIA SECURITIES GILT FUND
STATEMENT OF FINANCIAL POSITION
As at 30 September 2024

		As at 30 September 2024	As at 31 Mar 2024
		Rs.	Rs.
ASSETS			
	Notes		
Cash and cash equivalents	6	1,952,668	30,620
Financial assets - FVTPL	7	7,665,481,305	8,364,824,530
Financial assets - Amortised cost	8	1,163,340,381	6,039,458
		<u>8,830,774,355</u>	<u>8,370,894,608</u>
LIABILITIES			
Accrued Expenses	9	4,606,976	3,429,558
Total Liabilities		4,606,976	3,429,558
UNIT HOLDERS' FUNDS			
Net Assets Attributable to Unit holders		8,826,167,378	8,367,465,050
		<u>8,830,774,355</u>	<u>8,370,894,608</u>



Director

Asia Securities Wealth Management (Pvt) Limited

DEUTSCHE BANK AG
Colombo Branch



Authorised Signatory

Trustees

Deutsche Bank



Director

Asia Securities Wealth Management (Pvt) Limited

ASIA SECURITIES GILT FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
period ended 30 September 2024

	<u>Period ended</u> <u>30.09.2024</u>	<u>Period ended</u> <u>30.09.2023</u>
	<u>Rs.</u>	<u>Rs.</u>
Unit Holders Fund as at the Beginning of the Period	8,367,465,050	-
Total Comprehensive Income for the Period	458,772,397	1,864,839,282
Received on Creation of Units	500,000	5,704,485,080
Paid on Redemption of Units	(570,069)	-
Net Increase / (decrease) due to Unit holders' Transactions	(70,069)	5,704,485,080
Unit Holders' Fund as at the End of the Period	<u>8,826,167,378</u>	<u>7,569,324,362</u>

ASIA SECURITIES GILT FUND
CASH FLOW STATEMENT
period ended 30 September 2024

	Period ended 30.09.2024	Period ended 30.09.2023
	Rs.	Rs.
Cash Flows from Operating Activities		
Interest Received	708,307,928	197,891,344
Other income received	2,431,274	653,920
Management Fees and Trustee Fees Paid	(16,952,496)	(8,451,158)
Other Expenses Paid	(969,326)	(240,799)
Investment in Repurchase Agreement	(16,379,156,648)	(13,188,827,704)
Investment in Treasury Bills	(1,746,715,955)	(5,188,063,622)
Investment in Treasury Bonds	(681,425,913)	(3,711,845,914)
Maturity Proceeds from Repurchase Agreements	15,223,120,284	13,154,194,591
Maturity Proceed from Treasury Bills	2,456,435,367	3,040,662,411
Maturity Proceed from Treasury Bonds	436,917,605	-
Net Cash Flow generated from Operating Activities	<u>1,992,120</u>	<u>(5,704,026,930)</u>
Cash Flows from Financing Activities		
Cash Received on Creation of Units	500,000	5,704,485,080
Cash Paid on Redemption of Units	(570,069)	-
Net Cash generated from Financing Activities	<u>(70,072)</u>	<u>5,704,485,077</u>
Net Increase in Cash and Cash Equivalents	1,922,048	458,147
Cash and Cash Equivalents at the beginning of the year	30,620	-
Cash and Cash Equivalents at the end of the period	<u>1,952,668</u>	<u>458,147</u>

ASIA SECURITIES GILT FUND
NOTES TO THE INTERIM FINANCIAL STATEMENTS
period ended 30 September 2024

1 All figures for the six month period ended 30 September 2024 are provisional and unaudited.

2 Income is recognised on an accrual basis.

	For the Period Apr 24 -Sep 24	For the Period Apr 23 -Sep 23
3 Interest Income	Rs.	Rs.
3.1 Interest on Repurchase Agreements	50,442,789	35,386,637
Interest on Treasury Bills	108,501,993	248,312,820
Interest on T Bonds	469,765,353	295,096,974
Interest on Savings	48,846	212,387
	<u>628,758,981</u>	<u>579,008,818</u>

Realized Gain/Loss on Financial Assets Held at FVTPL

4 Gain/ loss on disposal of treasury bills/bonds	2,431,274	653,920
	<u>2,431,274</u>	<u>653,920</u>

Unrealized (Loss)/ Gain on Financial Assets Held at FVTPL

Treasury Bills	(22,442,678)	29,147,851
5 Treasury Bonds	(130,875,938)	1,267,389,022
	<u>(153,318,617)</u>	<u>1,296,536,873</u>

	For the Period Apr 24 -Sep 24	For the Period Apr 23 -Sep 23
	Rs.	Rs.
6 Cash at Bank	-	25,000
HNB Money Market Savings Account	4,336	433,147
Deutsche Savings Account	1,948,332	-
	<u>1,952,668</u>	<u>458,147</u>

ASIA SECURITIES GILT FUND
NOTES TO THE INTERIM FINANCIAL STATEMENTS
period ended 30 September 2024

7	FINANCIAL ASSET- at FVTPL	Notes	30.09.2024	31.03.2024
			Rs.	Rs.
	Investment in Treasury Bills		1,898,360,914	2,770,878,317
	Investment in Treasury Bonds		5,767,120,392	5,593,946,213
			<u>7,665,481,305</u>	<u>8,364,824,530</u>
8	FINANCIAL ASSET- at Amortised Cost		30.09.2024	31.03.2024
			Rs.	Rs.
	Investment in Repurchase Agreements	8.1	1,163,340,381	6,039,458
			<u>1,163,340,381</u>	<u>6,039,458</u>
			30.09.2024	31.03.2024
8.1	Repurchase Agreements		Rs.	Rs.
	Commercial Bank		16,203,036	6,039,458
	DFCC Bank		1,147,137,346	-
			<u>1,163,340,381</u>	<u>6,039,458</u>

ASIA SECURITIES GILT FUND
NOTES TO THE INTERIM FINANCIAL STATEMENTS
period ended 30 September 2024

9 ACCRUED EXPENSES	30.09.2024	31.03.2024
	Rs.	Rs.
Management Fee Payable	1,792,621	1,412,606
Trustee & Custodian Fee Payable	2,474,594	1,306,881
Audit Fee Payable	339,588	677,321
Other Payable	174	32,750
	<u>4,606,976</u>	<u>3,429,558</u>

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 2024 was 561,906,324.02 and net assets value per unit as at 30 September 2024 was Rs.15.7075

CORPORATE INFORMATION

Trustee & Custodian

Deutsche Bank AG
Level 21, One Galle Face Tower,
1A, Centre Road, Galle Face, Colombo 2, Sri Lanka.

Auditors

Deloitte Partners
100, Braybrooke Place, Colombo 02, Sri Lanka

Bankers

Deutsche Bank AG
Level 21, One Galle Face Tower,
1A, Centre Road, Galle Face, Colombo 2, Sri Lanka

Lawyers

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

Managers & Registrars

Asia Securities Wealth Management (Pvt) Limited
4th Floor Lee Hedges Tower
No.349, Galle Road, Colombo 3, Sri Lanka

ASIA SECURITIES WEALTH MANAGEMENT (PVT) LIMITED

Board of Directors

Mr. Dumith Hemantha Fernando	- Chairman
Mr. Harold Avancka Herat	- Executive Director/ Chief Executive Officer
Mr. Arjuna Kumar Wignaraja	- Independent Director

Management Team

Mrs.Pushpika Jeevaratne	- Head of Compliance
Mr. Nidesh Perera	- Chief Operating Officer
Mr. Nadarajah Gowthaman	- Portfolio Manager

