

ASIA
SECURITIES



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WEALTH MANAGEMENT

Asia Securities Income Fund

Interim Report

*For the six months ended
30th September 2024*



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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
2023-24	31.79% (Annualized)	28.17%
01H 2024-25	8.29% (Annualized)	9.27%

Commentary

During the first half of the 2024/25 period, the Asia Security Income Fund delivered an annualized return of 8.29% to its investors. The fund primarily focuses on government securities and bank deposits, which provide superior risk-adjusted returns and liquidity compared to long-term corporate bonds.

Outlook

In the short term, G-Sec yields are expected 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 INCOME FUND
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 SEPTEMBER 2024**

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

		For the Period Apr 24 - Sep 24	For the Period Apr 23 - Sep 23
Income	Notes	Rs.	Rs.
Interest Income	3	82,328,100	84,313,149
Realized Gain on Financial Assets Held at FVTPL	4	31,804,140	470,002
Unrealized (Loss)/ Gain on Financial Assets Held at FVTPL	5	(50,368,210)	45,554,778
Total Income		63,764,030	130,337,929
Operating Expense			
Management Fees		(3,278,932)	(1,879,022)
Trustee & Custodian Fees		(1,336,133)	(806,810)
Audit Fees		(306,512)	(451,561)
Other Expenses		(921,275)	(963,014)
Total Operating Expenses		(5,842,852)	(4,100,407)
Profit for the Period		<u>57,921,178</u>	<u>126,237,521</u>
Increase in net asset attributable to unit holders		<u>57,921,178</u>	<u>126,237,521</u>

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

		As at 30 September 2024	As at 31 March 2024
ASSETS	Notes	Rs.	Rs.
Cash and cash equivalents	6	1,915,721	2,677,351
Financial assets - FVTPL	7	194,149,650	1,993,699,886
Financial assets - Amortised cost	8	236,636,319	82,924,770
Other Receivable			52,000,000
		<u>432,701,690</u>	<u>2,131,302,007</u>
LIABILITIES			
Accrued Expenses	9	803,728	1,966,061
Total Liabilities		<u>803,728</u>	<u>1,966,061</u>
UNIT HOLDERS' FUNDS			
Net Assets Attributable to Unit holders		431,897,962	2,129,335,946
		<u>432,701,690</u>	<u>2,131,302,007</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 INCOME FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
period ended 30 September 2024

	Period ended 30.09.2024	Period ended 30.09.2023
	Rs.	Rs.
Unit Holders Fund as at the Beginning of the Period	2,129,335,946	349,343,393
Total Comprehensive Income for the Period	57,921,178	126,237,521
Received on Creation of Units	423,854,667	1,175,230,338
Paid on Redemption of Units	(2,179,213,829)	(569,302,974)
Net Increase / (decrease) due to Unit holders' Transactions	(1,755,359,162)	605,927,364
Unit Holders' Fund as at the End of the Period	<u>431,897,962</u>	<u>1,081,508,278</u>

ASIA SECURITIES INCOME 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	120,339,039	61,492,290
Capital gain on T bond Sale	3,110,181	470,002
Capital gain on T bill Sale	28,693,959	-
Management Fees and Trustee Fees Paid	(5,434,014)	(2,337,646)
Other Expenses Paid	(813,809)	(1,227,054)
Investment in Commercial Papers	(25,000,000)	(1,606,394,482)
Investment in Repurchase Agreement	(4,055,300,000)	(2,779,500,000)
Investment in Fixed deposits	(200,000,000)	-
Investment in Treasury Bills	(176,061,420)	(901,828,733)
Investment in Treasury Bonds	(493,631,314)	(102,440,127)
Investment in Debenture	(47,155,415)	-
Maturity Proceeds from Repurchase Agreements	4,108,300,000	2,829,500,000
Maturity Proceed from Commercial Papers	27,140,000	1,504,119,982
Maturity Proceed from Treasury Bills	1,383,738,455	368,338,430
Maturity Proceed from Treasury Bonds	1,086,671,870	-
Net Cash Flow generated from Operating Activities	<u>1,754,597,532</u>	<u>(629,807,340)</u>
Cash Flows from Financing Activities		
Cash Received on Creation of Units	423,854,667	1,175,230,338
Cash Paid on Redemption of Units	(2,179,213,829)	(569,302,974)
Net Cash generated from Financing Activities	<u>(1,755,359,162)</u>	<u>605,927,364</u>
Net Increase in Cash and Cash Equivalents	(761,630)	(23,879,976)
Cash and Cash Equivalents at the beginning of the year	2,677,351	27,439,314
Cash and Cash Equivalents at the end of the period	<u>1,915,721</u>	<u>3,559,338</u>

ASIA SECURITIES INCOME 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 Rs.	For the Period Apr 23 - Sep 23 Rs.
3 Interest Income		
Interest on Repurchase Agreements	4,901,484	7,353,530
Interest on Treasury Bills	21,361,422	37,303,689
Interest on T Bonds	40,991,215	27,124,260
Interest on Fixed Deposits	11,824,955	-
Interest on Commercial Papers	2,276,162	11,854,969
Interest on Debentures	695,916	-
Interest on Savings	276,947	676,701
	<u>82,328,100</u>	<u>84,313,149</u>

	For the Period Apr 24 - Sep 24 Rs.	For the Period Apr 23 - Sep 23 Rs.
4 Realized Gain on Financial Assets Held at FVTPL		
Gain on disposal of treasury bills	3,110,181	470,002
Gain on disposal of treasury bonds	28,693,959	-
	<u>31,804,140</u>	<u>470,002</u>

	For the Period Apr 24 - Sep 24 Rs.	For the Period Apr 23 - Sep 23 Rs.
5 Unrealized (Loss)/Gain on Financial Assets Held at FVTPL		
Treasury Bills	(5,267,281)	958,201
Treasury Bonds	(45,202,879)	44,596,578
Debenture	101,950	-
	<u>(50,368,210)</u>	<u>45,554,778</u>

	30.09.2024 Rs.	31.03.2024 Rs.
6 Cash at Bank	-	25,000
HNB Money Market Savings Account	4,927	2,652,351
Deutsche Savings Account	1,910,794	-
	<u>1,915,721</u>	<u>2,677,351</u>

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

	Notes	30.09.2024 Rs.	31.03.2024 Rs.
7 Financial Assets at FVTPL			
Investment in Treasury Bills		146,161,574	1,322,649,181
Investment in Treasury Bonds		-	671,050,705
Investment in Listed Debenture	7.1	47,988,076	-
		<u>194,149,650</u>	<u>1,993,699,886</u>
7.1 Investment in Listed Debenture			
Asia Asset Finance PLC		47,257,364	-
		<u>47,257,364</u>	<u>-</u>
		30.09.2024 Rs.	31.03.2024 Rs.
8 Financial Assets- at Amortised Cost			
Investment in Repurchase Agreements	8.1	-	53,096,274
Investment in Commercial Papers	8.2	25,402,611	29,828,496
Investment in Fixed Deposits	8.3	211,233,707	-
		<u>236,636,319</u>	<u>82,924,770</u>
		30.09.2024 Rs.	31.03.2024 Rs.
8.1 Repurchase Agreements			
Acuity Securities Ltd		-	53,096,274
		<u>-</u>	<u>53,096,274</u>
		30.09.2024 Rs.	31.03.2024 Rs.
8.2 Commercial Papers			
Asia Securities (Pvt) Ltd		-	29,828,496
LOLC Holdings PLC		25,402,611	-
		<u>25,402,611</u>	<u>29,828,496</u>
		30.09.2024 Rs.	31.03.2024 Rs.
8.3 Fixed Deposits			
Pan Asia Banking Corporation PLC		211,233,707	-
		<u>211,233,707</u>	<u>-</u>

ASIA SECURITIES INCOME 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	224,345	932,943
Trustee & Custodian Fee Payable	253,047	363,399
Audit Fee Payable	326,004	669,719
WHT Payable	331	-
	<u>803,728</u>	<u>1,966,061</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 28,948,826.48 and net assets value per unit as at 30 September 2024 was Rs.14.9193

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

