



softlogic  
**INVEST**

**Annual Report**  
**2021/2022**

Softlogic Money Market Fund  
Softlogic Asset Management Pvt Ltd



## In this Report

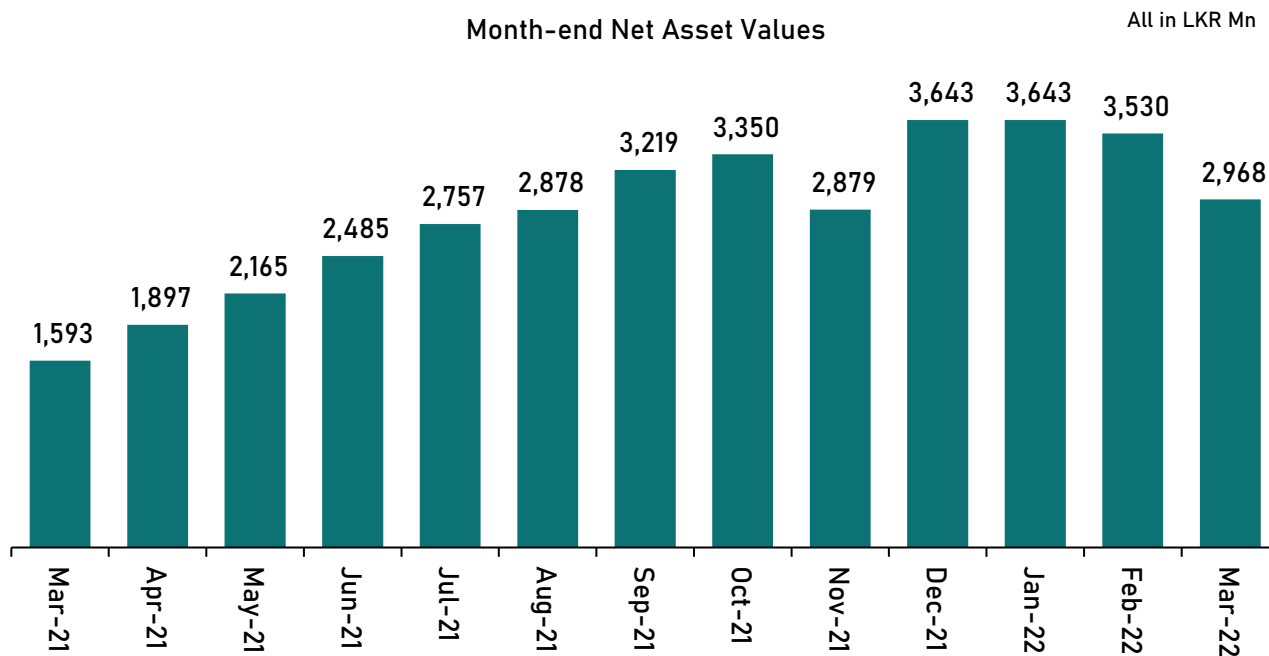
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# Performance

Performance as of March 31<sup>st</sup> March 2022

	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	12M annualized Rate (Mar 2022)	Since Inception <sup>1</sup>
Monthly Annualized Portfolio Yield	8.40%	7.26%	6.99%	6.90%	6.50%	6.30%	6.59%	6.76%	6.60%	7.16%	7.69%	7.72%	6.89%	7.16%	7.68%
Monthly Annualized Benchmark Yield <sup>2</sup>	6.48%	4.63%	5.06%	4.99%	5.01%	3.54%	3.15%	4.68%	9.07%	5.35%	6.79%	7.67%	-0.51%	5.04%	5.01%

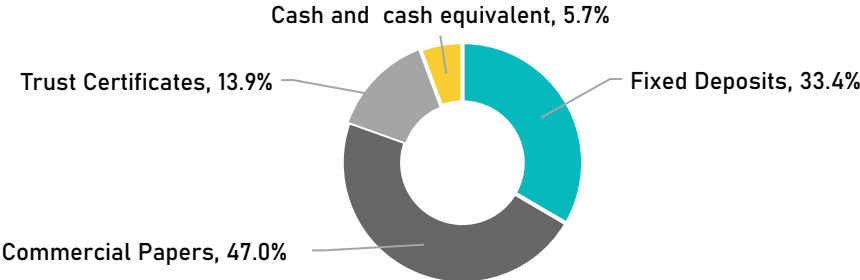
## Net Asset Value of the Fund



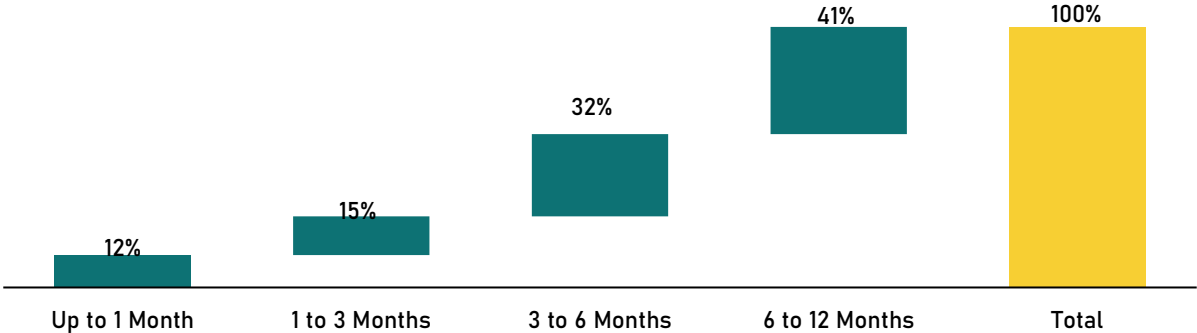
# Holdings

Portfolio Holdings as of March 31, 2022

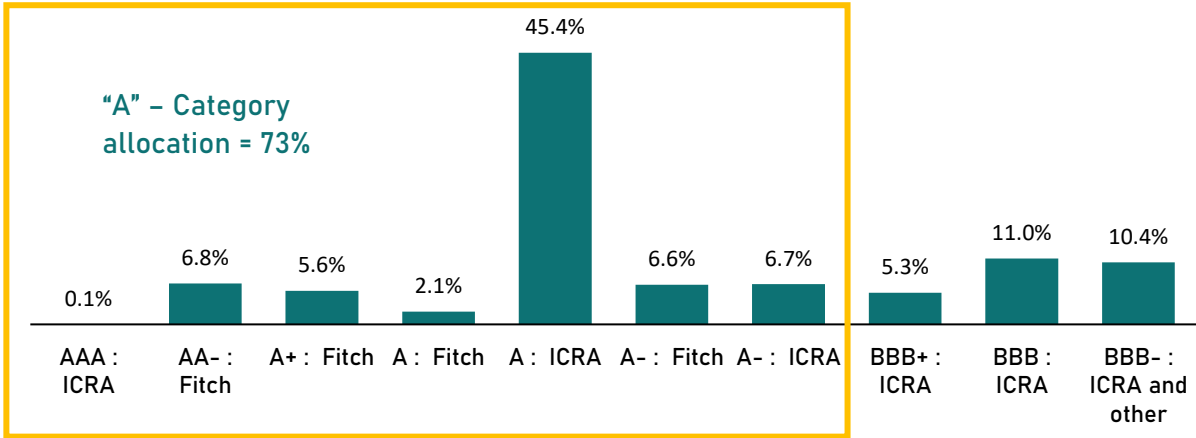
## Type of Instruments



## Maturity Profile



## Credit Profile – ICRA “A” Rated Mutual Fund Scheme in Sri Lanka<sup>2</sup>



<sup>2</sup> The external fund rating is subject to monthly review and will be notified to investors if there is a change.

# Fund Managers' Review

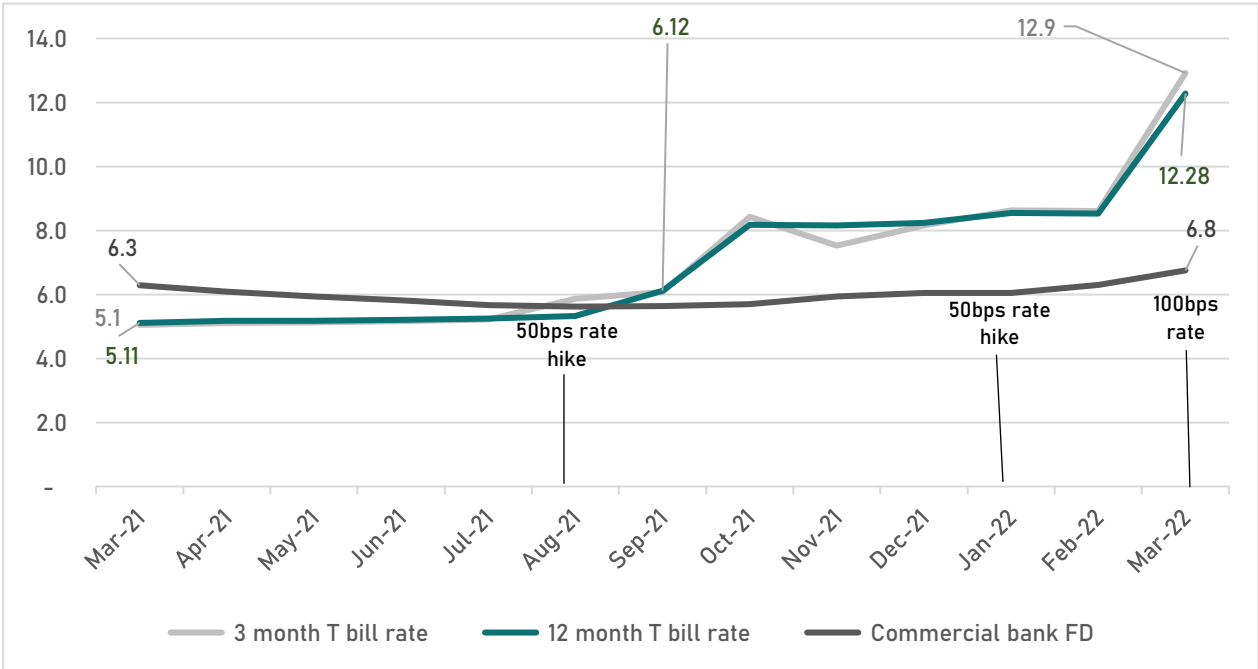
This is our second annual review, and we thank all our unitholders for investing with our fund. The Softlogic Money Market Fund continued to perform under a challenging environment throughout this financial year and showed its continuous resilience amidst tough conditions.

Your money market fund yielded 7.16%<sup>3</sup> annualized yield over the reference period of 12 months ended March 2022. And at the same time the current yield<sup>4</sup> of the fund was 6.89% at end of March 2022. Further since inception basis and over a 12-month annualized basis the fund has comfortably exceeded the respective benchmark yield (NDBIB - CRISIL 91 Day T-Bill Index).

More importantly the above performance was achieved without compromising on credit quality. We have maintained a more than 73% allocation into "A" category issuers and the balance 27% with "B" category issuers. Further, our external fund rating was "A," which was provided by ICRA Lanka Pvt Ltd, reaffirming its rating on 21/04/2022<sup>5</sup>. As a result, your money market continues to be an "A" rated mutual fund scheme in Sri Lanka. The schemes with this rating are "considered to have adequate degree of safety regarding timely receipt of payments from the investments that they have made." At the same time, we have always maintained ample liquidity in the portfolio to satisfy redemptions.

### Investment Environment

Key interest rates (all in %)<sup>6</sup>



<sup>3</sup> YTD annualized return in FY 2022.

<sup>4</sup> Seven-day annualized yield as of 31<sup>st</sup> March 2022

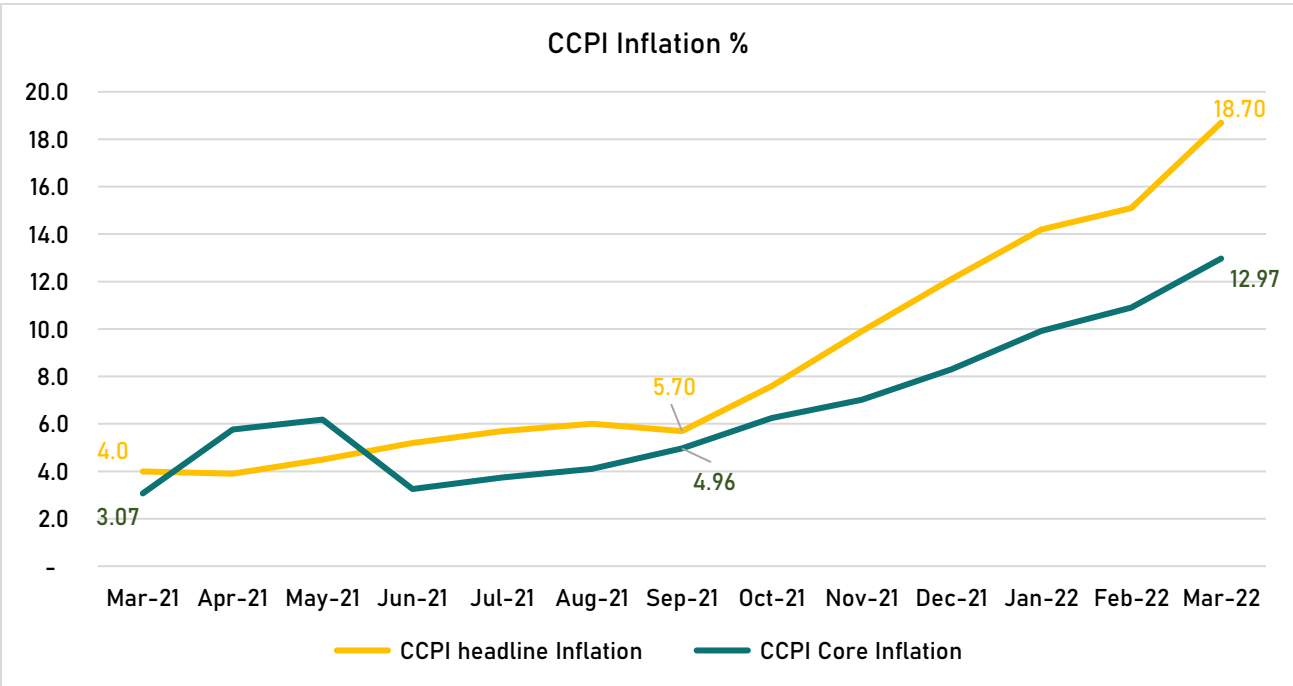
<sup>5</sup> <https://www.icralanka.com/rationale/icra-lanka-reaffirms-slamfs-rating-of-softlogic-money-market-fund/>

<sup>6</sup> SSB Research

Over the financial year a low-rate environment continued during the first half of the financial year. The subdued economic activities (due to COVID) during the first half of the financial year kept the inflationary pressure within the mid-single digit levels. And CBSL (Central Bank of Sri Lanka) maintained its policy rates during that period. However, within the second half of the financial year the country's economic situation started to normalize from the pandemic hit levels resulting in higher economic activity.

The normalization of the economic activities created demand pressures in the system. This heightened demand put pressure on the inflation numbers and as a result both core inflation and headline inflation (indicated by CCPI<sup>7</sup>) increased from 5.7%|4.96% to 18.7%|12.9% respectively during September 2021, to March 2022.

Colombo Consumer Price Inflation (all in %)



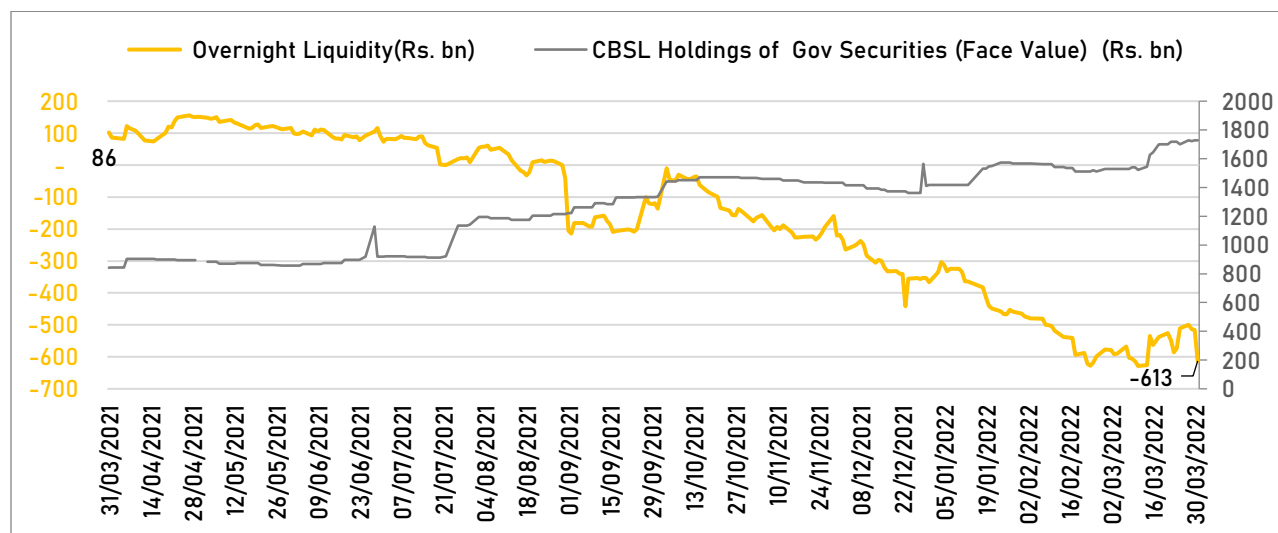
To counter the inflationary impact CBSL has increased its policy rates by 200Bps in the financial year (August 2021 50bps hike, January 2022 50bps hike and March 2022 100 bps hike) as depicted in the key interest rate graph. However, it was evident that the inflationary pressures were continuing to dominate within the system irrespective of the policy rate hike.

Further, amidst the rising interest rates overnight liquidity in the banking system turned short of LKR 613Bn<sup>8</sup> towards 31<sup>st</sup> March 2022. As a result, the surplus overnight liquidity persisted for the most part of the first half of the financial year which then turned negative within the second half. In addition to this CBSL holdings went up by LKR 886Bn (during the financial year) indicating elevated level of money printing within the system.

<sup>7</sup> Colombo Consumer Price Index (CCPI)

<sup>8</sup> [https://www.cbsl.lk/eResearch/Modules/RD/SearchPages/Indicators\\_DailyOperationsNew.aspx](https://www.cbsl.lk/eResearch/Modules/RD/SearchPages/Indicators_DailyOperationsNew.aspx)

## Overnight Liquidity & CBSL Holdings



Amidst all these factors T-bill rates, which are considered the base rates for most of the other financial products, rose approximately six hundred basis points within the second half of the financial year. This hike led to rise in other financial instruments such as fixed deposits, commercial papers, and trust certificates. However, notably most of the commercial banks kept their generic savings rates within the mid-single digit levels.

## Key Macro Indicators<sup>9</sup>

Macro Indicators <sup>10</sup> (for calendar year)	2019	2020	2021
GDP growth (%)	2.3	(3.6)	3.7
LKR/USD	181.63	186.41	200.43
Depreciation (%)	(0.6)	2.6	7.5
Budget Deficit (% of GDP)	(9.6)	(11.1)	(12.2)
Trade balance (% of GDP)	(9.5)	(7.4)	(9.6)
Current balance (% of GDP)	(2.2)	(1.5)	(4.0)
FX reserves (months of imports)	4.6	4.3	2.5
Debt/GDP (%)	86.9	100.6	104.6
Foreign debt (% of total debt)	41.3	40.3	38.6

The year 2021 ended with a positive GDP growth of 3.3%<sup>11</sup>. However, this was a recovery from the previous years negative growth of 3.5%. A steep recovery in the GDP growth did not materialize due to supply side disruptions the country experienced during the year. The trade deficit continues to widen due to elevated import expenditures<sup>12</sup>. This was partly due to recent geopolitical tensions creating higher commodity prices. In the latter part of the financial year

<sup>9</sup> For the calendar year of 2021, Source: CBSL, DoCS, MoF

<sup>10</sup> Source: CBSL, DoCS, MoF

<sup>11</sup> [http://www.statistics.gov.lk/NationalAccounts/StaticallInformation/2015/Reports/Summary\\_Indicators](http://www.statistics.gov.lk/NationalAccounts/StaticallInformation/2015/Reports/Summary_Indicators)

<sup>12</sup> [https://www.cbsl.gov.lk/sites/default/files/cbslweb\\_documents/press/pr/press\\_20220308\\_monetary\\_policy\\_review\\_no\\_3\\_of\\_2022\\_detailed\\_version\\_e.pdf](https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20220308_monetary_policy_review_no_3_of_2022_detailed_version_e.pdf)

CBSL promoted a more market-oriented approach determining exchange rates and we have observed a +47% depreciation<sup>13</sup> in LKR over 8<sup>th</sup> to 31<sup>st</sup> March 2022. This has again exerted pressure on the CCPI inflation basket.

Further beyond our financial year, in April 2022 Sri Lanka had to announce a pre-emptive default on its foreign debt and overall reserve levels dried down to dire levels. General public faced difficulties of sourcing fuel and had to face scheduled power cuts daily. As a result, we have seen a general displeasure towards the ruling system and island wide protest were a common phenomenon. The public compelled cabinet ministers to resign and at the end the prime minister and the entire cabinet resigned from their posts. This led to an appointment of a new premier and a cabinet along with a new CBSL governor. And as a result, the tensed social situation improved towards the month of May 2022.

#### The future and our strategy

We believe Sri Lanka is in a challenging macro-economic environment and this could only improve with a proper IMF deal and the credibility it brings into the government fiscal and monetary stance. During the interim period we expect interest rates to remain elevated and continued inflation could put pressure on the rates further.

To position your portfolios in this challenging environment we have maintained our portfolio durations at the shortest levels for the next 6-9 months and one of our key concerns is to maintain the credit quality of the portfolios.

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<sup>13</sup> <https://www.cbsl.gov.lk/en/rates-and-indicators/exchange-rates/usd-lkr-Indicative-rate-chart>



# Key Management Personnel

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## Board of Directors

**Mr. Iftikar Ahamed**

**Director**

Mr. Iftikar Ahamed heads the Financial Services Sector of the Softlogic Group and is the Managing Director of Softlogic Capital PLC, which is the financial services holding company of the group that has interests in Insurance, Leasing, and Finance and Stockbroking. He is also the Managing Director of Softlogic Life Insurance PLC and Director of Softlogic Stockbrokers (Pvt) Ltd. He counts over 30 years of experience in a wide range of métiers within the financial services industry and has extensive Banking experience both in Sri Lanka and overseas, having held senior management positions as Deputy Chief Executive Officer at Nations Trust Bank PLC and Senior Associate Director at Deutsche Bank AG. He holds an MBA from the University of Wales, UK.

**Mr. Priyantha Wijesekera**

**Director**

Mr. Priyantha Wijesekera is a very well-experienced and thorough professional in the financial services arena, with over 20 years' experience in banking and financial services products. He has held key management positions with a prominent Sri Lankan bank, and has crafted and executed strategy towards achieving a market leading position in leasing whilst specializing in factoring, insurance broking, collections, recoveries and litigation. He is also an Attorney-at-Law/Solicitor with extensive knowledge in shipping law and commercial arbitration in the field of banking and finance. He is an accomplished sportsman who has represented the country in numerous prestigious events, both as an athlete as well as an official.

**Mrs. Niloo Jayatilake**

**Director / CEO**

Ms. Niloo Jayatilake joined Softlogic in 2015 to head the Group Investment Division. Counting over 20 years of experience in the investments and portfolio management field, she is responsible for the Group's investment portfolio. Prior to joining Softlogic Holdings PLC, she worked as Head of Portfolio Management/Director of Guardian Fund Management Ltd for 10 years, handling client funds and Ceylon Guardian Promoters' funds with assets under management of Rs. 25Bn. She is Fellow Member of the Chartered Institute of Management Accountants, UK and Associate Member of the Institute of Chartered Secretaries and Administrators, UK.

## Key Management Personnel (cont.)

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**Charith Gunathilaka**

**Director**

Mr. Charith Gunathilaka has been appointed as a director of Softlogic Asset Management (Pvt) Ltd with effect from 1<sup>st</sup> April 2021. He has joined Softlogic Holdings PLC as a senior manager in strategic planning in 2013. Prior to Softlogic, Charith served as a senior consultant at KPMG. He is a Fellow Member of Institute of Chartered Accountants of Sri Lanka and also an Associate Member of the Chartered Institute of Management Accountants (CIMA, UK). He holds BSc in Finance from University of Sri Jayewardenepura and obtained his MBA from University of Colombo.

### Corporate Management

**Mr. Daham Hettiarachchi**

**Fund Manager**

Daham counts over 13 years of industry experience in asset management and investment research. Before joining Softlogic Asset Management (Pvt) Ltd he worked at JB Financial (Pvt) Ltd and NAMAL as a portfolio manager managing equity and fixed income private portfolios & Unit trust funds. Daham is a CFA® charter holder and an Associate Member of the Chartered Institute of Management Accountants (CIMA, UK). He also holds a BSc Degree specializing in finance from The University of Sri Jayewardenepura.

**Mr. Jayantha Senarathna**

**Fund Accountant**

Mr. Jayantha holds over 9 years of experience in asset management. Prior to joining Softlogic Asset Management (Pvt) Ltd, He has worked in JB Vantage unit trust funds managed by JB Financial (Pvt) Ltd. He is an associate member of the Institute of Chartered Accountants of Sri Lanka and holds a BSc. (Accounting) special degree from the University of Sri Jayewardenepura.



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65/2, Sir Chittampalam A Gardiner Mawatha  
Colombo 02  
Sri Lanka

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SOFTLOGIC MONEY MARKET FUND

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Softlogic Money Market Fund ("the Fund"), which comprise the statement of financial position as at 31<sup>st</sup> March 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in unitholders' funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies as set out on pages 05 to 17.

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> March 2022, and of its financial performance and its cash flows for the year then ended 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 CA Sri Lanka ("Code of Ethics") 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.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Fund Management Company and the Trustee for the Financial Statements

The Fund Management Company and the Trustee are 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.

The Trustee is responsible for overseeing the Fund's financial reporting process.



### **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 an audit conducted in accordance with SLAuSs 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 SLAuSs, 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 audit 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 disclosure 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 the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustee 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**

These financial statements also comply with the requirements of the Rule 27(3) of the Unit Trust Code of September 2011 issued by the Securities and Exchange Commission of Sri Lanka under the Act No. 36 of 1987 and the trust deed.

*BDO Partners.*

**CHARTERED ACCOUNTANTS**

Colombo

24<sup>th</sup> June 2022

MN/cc

**SOFTLOGIC MONEY MARKET FUND  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST MARCH 2022**

	Notes	2021/2022 LKR	For the period from 08.07.2020 to 31.03.2021 LKR
Investment income	4	219,261,001	55,580,567
Operating expenses		(18,452,243)	(4,568,308)
Profit before tax	5	200,808,758	51,012,259
Income tax expense	6	-	-
Profit for the year		200,808,758	51,012,259
Other comprehensive income		-	-
Total comprehensive profit for the year		200,808,758	51,012,259
Increase in net assets attributable to unitholders		200,808,758	51,012,259

Figures in brackets indicate deductions.

The accounting policies and notes from pages 05 to 17 from an integral part of these financial statements.

Colombo  
24th June 2022



**SOFTLOGIC MONEY MARKET FUND  
STATEMENT OF FINANCIAL POSITION  
AS AT 31ST MARCH 2022**

		As at 31.03.2022 LKR	As at 31.03.2021 LKR
<b>Assets</b>			
Cash at bank	7	25,000	25,000
Other receivables	8	5,251,887	599,464
Financial assets measured at amortised cost	9	2,965,480,254	1,592,489,194
<b>Total assets</b>		<u>2,970,757,141</u>	<u>1,593,113,658</u>
<b>Liabilities</b>			
Accrued expenses	10	1,944,433	945,333
Other payable		1,059,199	1,325,848
<b>Total liabilities</b>		<u>3,003,632</u>	<u>2,271,181</u>
<b>Net assets attributable to unitholders</b>		<u>2,967,753,509</u>	<u>1,590,842,477</u>
<b>Unitholder's fund</b>			
Unit capital		2,715,932,492	1,539,830,218
Retained earnings		251,821,017	51,012,259
<b>Net assets attributable to unitholders</b>		<u>2,967,753,509</u>	<u>1,590,842,477</u>

Figures in brackets indicate deductions.

The accounting policies and notes from pages 05 to 17 from an integral part of these financial statements.

The Fund Management Company is responsible for the preparation of these financial statements in accordance with Sri Lanka Accounting Standards.

These financial statements were approved by the Fund Management Company on 24th June 2022.



.....  
**Mrs. Niloo Jayatilake**  
Director  
Softlogic Asset Management (Pvt) Ltd  
Fund Management Company



.....  
**Mr. Iftikar Ahamed**  
Director  
Softlogic Asset Management (Pvt) Ltd  
Fund Management Company




.....  
**Hatton National Bank PLC**  
Trustee

Colombo  
24th June 2022  
MN/cc



**SOFTLOGIC MONEY MARKET FUND  
STATEMENT OF CHANGES IN UNITHOLDERS' FUND  
FOR THE YEAR ENDED 31ST MARCH 2022**

	Unit Capital LKR	Retained Earnings LKR	Total LKR
Balance as at 08 <sup>th</sup> July 2020	-	-	-
Net increase due to creation of units	1,698,513,712	-	1,698,513,712
Net decrease due to redemption of units	(158,683,494)	-	(158,683,494)
Increase in net assets attributable to unitholders	-	51,012,259	51,012,259
Balance as at 01st April 2021	<u>1,539,830,218</u>	<u>51,012,259</u>	<u>1,590,842,477</u>
Increase due to creation of units	4,641,223,634	-	4,641,223,634
Decrease due to redemption of units	(3,465,121,360)	-	(3,465,121,360)
Increase in net assets attributable to unitholders	-	200,808,758	200,808,758
<b>Balance as at 31st March 2022</b>	<u><u>2,715,932,492</u></u>	<u><u>251,821,017</u></u>	<u><u>2,967,753,509</u></u>

Figures in brackets indicate deductions.

The accounting policies and notes from pages 05 to 17 from an integral part of these financial statements.

**Colombo  
24th June 2022**





**SOFTLOGIC MONEY MARKET FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST MARCH 2022**

	2021/2022 LKR	For the period from 08.07.2020 to 31.03.2021 LKR
<b>Cash flows from operating activities</b>		
Interest received	214,281,348	8,426,343
Management, trustee and custodian fees paid	(16,169,376)	(3,487,065)
Other expenses paid	(338,434)	(135,910)
Repurchase agreements	(1,912,564)	(60,098,370)
Fixed deposits	(956,045,406)	(1,121,792,225)
Commercial papers	(1,424,479,469)	(329,514,442)
Trust certificates	(403,026,379)	-
<b>Net cash generated from operating activities</b>	<u>(2,587,690,280)</u>	<u>(1,506,601,669)</u>
<b>Cash flows from financing activities</b>		
Cash received on creation of units	6,181,053,857	1,698,513,712
Cash paid on redemption of units	(3,465,121,360)	(158,683,494)
<b>Net cash generated from financing activities</b>	<u>2,715,932,497</u>	<u>1,539,830,218</u>
<b>Net increase in cash and cash equivalents</b>	128,242,217	33,228,549
<b>Cash and cash equivalents at the beginning of the year</b>	33,228,550	-
<b>Cash and cash equivalents at the end of the year</b>	<u>161,470,767</u>	<u>33,228,549</u>
<b>Cash and cash equivalents at the end of the year comprise of:</b>		
Cash at bank	25,000	25,000
Money market savings	161,445,767	33,203,550
	<u>161,470,767</u>	<u>33,228,550</u>

Figures in brackets indicate deductions.

The accounting policies and notes from pages 05 to 17 from an integral part of these financial statements.

Colombo  
24th June 2022





**SOFTLOGIC MONEY MARKET FUND  
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

**1.1 General**

Softlogic Money Market Fund (“the Fund”) is an open ended unit trust fund licensed by the Securities and Exchange Commission of Sri Lanka and established under trust deed signed on 05<sup>th</sup> February 2020. The Fund was launched on 08<sup>th</sup> July 2020.

The Fund is managed by Softlogic Asset Management (Pvt) Ltd while Hatton National Bank acts as the Trustee of the Fund. The registered office of the Fund manager is located at level 16, One Galle Face Tower, Colombo 02, Sri Lanka and the principal place of business is located at level 16, One Galle Face Tower, Colombo 02, Sri Lanka.

The Trustee’s principal place of business is located at Hatton National Bank PLC, HNB Towers, Level 15, No. 479, T.B. Jayah Mawatha, Colombo 10, Sri Lanka.

The investment objective of the Fund is to earn regular optimal rate of interest income while pressuring the investors capital and liquidity by investing in high quality money market instruments.

**1.2 Date of authorization**

The financial statement of the Fund for the year ended 31<sup>st</sup> March 2022 were authorized for issue by the Fund Management Company and the Trustee on 24<sup>th</sup> June 2022.

**2. PREPARATION OF FINANCIAL STATEMENTS**

**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 and the requirements of the Unit Trust Deed and Unit Trust Code of the Securities and Exchange Commission 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 current and non-current. The financial statements have been prepared on the historical cost basis, except as stated below. Historical cost is generally the fair value of the consideration given in exchange of assets. The financial statements are presented in Sri Lankan rupees (LKR).

**2.2 Statement of compliance**

The financial statements which comprise the statement of financial position as at 31<sup>st</sup> March 2022, statement of profit or loss and other comprehensive income, statement of changes in unitholders’ fund 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 and the requirements of the Unit Trust Deed and Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.



**SOFTLOGIC MONEY MARKET FUND**  
**SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS**

**2.3 Significant Accounting Judgments, Estimates and Assumptions**

The preparation of financial statements in conformity with SLFRSs/LKASs requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, 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 judgments 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 are revised if the revision affects only that period or the period of the revision and future periods as well, if the revision affects both current and future periods.

The management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value.

Management uses its judgment in determining the appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Other financial instruments are valued using a discounted cash flow analysis based on the assumptions supported, where possible, by observable market prices or rates.

**Determination of Fair Value and Fair Value Hierarchy**

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Techniques which use inputs other than quoted prices included within level 1, that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3: Techniques which use inputs that are not based on observable market data

**2.4 Summary of significant accounting policies**

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

**Classification and measurement of financial assets and financial liabilities**

SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.



**SOFTLOGIC MONEY MARKET FUND  
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS**



**2.4.1 Financial instruments**

**i) Recognition and initial measurement**

All financial assets are initially recognized on the date the Fund becomes a party to the contractual provisions of the instrument. This includes purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. A financial asset is initially measured at fair value plus or minus, for an item not at FVTPL and transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**ii) Classification**

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI; 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; and
- its contractual terms give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

The Fund’s financial assets classified under amortised cost include fixed deposits, commercial papers, trust certificates, treasury bill/bond repurchase agreements and cash and cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions:

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

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

**iii) Subsequent measurement and gain and losses**

Financial assets at amortised cost	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.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss, The changes in fair value of FVOCI debt instruments are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.



**SOFTLOGIC MONEY MARKET FUND  
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
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**iv) Impairment**

The Fund recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized 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 is measured as 12-month ECLs.

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.

**Credit-impaired financial assets**

At each reporting date, the Fund assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Fund on terms that the Fund would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

As of the statement of financial position date the Fund has not observed any of the above, thus, no impairment provision has been recognized in the financial statements.

**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.

**2.4.2 Financial liabilities - Classification, subsequent measurement, gains, and losses**

Financial liabilities are classified as measured at amortized cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss. Financial liabilities measured at amortized cost include accrued expenses and other payables.



**SOFTLOGIC MONEY MARKET FUND  
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS**

**2.4.3 Derecognition**

**Financial assets**

The Fund derecognizes 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 nor does it 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 derecognized.

**Financial liabilities**

The Fund derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Fund also derecognizes 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.

**2.4.4 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 realize the assets and settle the liabilities simultaneously.

**2.4.5 Cash and cash equivalents**

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in values.

**2.4.6 Payables and provisions**

Payables are initially recognized at fair value, which is the fair value of the consideration to be paid in the future for goods and service received, whether or not billed to the Fund, and subsequently at amortised cost.

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.





**SOFTLOGIC MONEY MARKET FUND  
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS**

**2.4.7 Recognition of income**

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

**1) 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.

**2.4.8 Expenses**

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

Management fee	0.45% of Net Asset Value of the Fund
Registrar fee	Flat fee of Rs. 20,000 per month
Trustee fee	0.15% of Net Asset Value of the Fund
Custody fee	Flat fee of Rs. 15,000 per month

**2.4.9 Unitholders' funds and net assets attributable to unitholders**

The Unitholders' Fund has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unitholders, as at the statement of financial position date.

Units can be issued and redeemed based on the Fund's net asset value per unit, calculated by dividing the net assets of the Fund calculated in accordance with the valuation guidelines issued by the Unit trust Association of Sri Lanka and directive issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.

**3. TAXATION**

Unit Trusts that conduct eligible investment business are treated as pass through vehicles and tax will be payable by unit holders in accordance with the new Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.



SOFTLOGIC MONEY MARKET FUND  
NOTES TO THE FINANCIAL STATEMENTS

	2021/2022 LKR	For the period from 08.07.2020 to 31.03.2021 LKR
<b>4 INVESTMENT INCOME</b>		
Interest on fixed deposits	105,017,421	35,321,150
Interest on money market saving accounts	5,148,108	1,526,088
Interest on treasury bills	6,022,916	1,346,239
Interest on commercial papers	88,239,851	15,306,407
Interest on trust certificates	9,682,604	-
Placement fee income	5,150,101	2,080,683
	<u>219,261,001</u>	<u>55,580,567</u>
<b>5 OPERATING EXPENSES</b>		
Management fee	13,012,814	2,919,332
Custodian fee	194,399	142,204
Trustee fee	4,684,613	1,050,959
Auditor's remuneration	201,600	144,342
Legal fee	-	100,000
Bank charges	118,819	35,910
Registrar fee	239,998	175,561
	<u>18,452,243</u>	<u>4,568,308</u>
<b>6 INCOME TAX EXPENSE</b>		
Tax expense for the year	Note 6.1	-

6.1 Following the enactment of the new Inland Revenue Act No. 24 of 2017 effective from 01st April 2018, the Fund is deemed as conducting an eligible investment business and is treated as a tax pass through vehicle. Hence, no provision for income tax was made in the financial statements for the year ended 31st March 2022.

	As at 31.03.2022 LKR	As at 31.03.2021 LKR
<b>7 CASH AT BANK</b>		
Hatton National Bank	25,000	25,000
	<u>25,000</u>	<u>25,000</u>



SOFTLOGIC MONEY MARKET FUND  
NOTES TO THE FINANCIAL STATEMENTS

		As at 31.03.2022 LKR	As at 31.03.2021 LKR
<b>8</b>	<b>FINANCIAL ASSETS MEASURED AT AMORTISED COST</b>		
	Fixed deposit	8.1	993,290,216
	Commercial papers	8.2	1,397,374,245
	Repurchase agreement	8.3	1,902,787
	Trust Certificates	8.4	411,467,239
	Savings account	8.5	161,445,767
		<u>2,965,480,254</u>	<u>1,592,489,194</u>
		As at 31.03.2022	As at 31.03.2021
<b>8.1</b>	<b>Fixed deposit</b>	Carrying value LKR	Holding as a % of Net Asset Value
	Abans Finance PLC	13,582,925	0%
	Commercial Credit & Finance PLC	199,057,156	7%
	Commercial Leasing PLC	239,107,686	8%
	LOLC Development Finance PLC	200,370,428	7%
	Merchant Bank of Sri Lanka PLC	75,667,445	3%
	Richard Peiris Finance Limited	203,068,411	7%
	Siyapatha Finance PLC	62,436,165	2%
	L.B. Finance PLC	-	0%
	Citizens Development Business Finance PLC	-	0%
	LOLC Finance PLC	-	0%
	Singer Finance PLC	-	0%
		<u>993,290,216</u>	<u>33%</u>
		<u>1,154,573,127</u>	<u>72%</u>
<b>8.2</b>	<b>Commercial papers</b>		
	Abans Finance PLC	83,051,050	3%
	First Capital Holdings PLC	550,105,761	19%
	Janashakthi PLC	153,917,467	5%
	LOLC ( Lanka Orex Leasing Company Ltd )	455,882,157	15%
	Nawaloka Hospital PLC	154,417,810	5%
		<u>1,397,374,245</u>	<u>47%</u>
		<u>344,606,408</u>	<u>22%</u>
<b>8.3</b>	<b>Repurchase agreement</b>		
	Commercial Bank of Ceylon (Primary dealer Unit)	1,902,787	0%
	First Capital Treasuries Ltd.	-	0%
		<u>1,902,787</u>	<u>0%</u>
		<u>60,106,109</u>	<u>4%</u>
<b>8.4</b>	<b>Trust certificates</b>		
	Abans Finance PLC	100,608,568	3%
	Asia Asset Finance PLC	81,174,007	3%
	Commercial Credit & Finance PLC	127,239,733	4%
	Commercial Leasing Co.Ltd	102,444,931	3%
		<u>411,467,239</u>	<u>14%</u>
<b>8.5</b>	<b>Savings account</b>		
	National Development Bank (NDB) PLC	161,075,617	5%
	Hatton National Bank PLC	370,150	0%
		<u>161,445,767</u>	<u>5%</u>
		<u>33,203,550</u>	<u>2%</u>





**SOFTLOGIC MONEY MARKET FUND  
NOTES TO THE FINANCIAL STATEMENTS**

	As at 31.03.2022 LKR	As at 31.03.2021 LKR
<b>9 OTHER RECEIVABLES</b>		
Interest on money market saving account	4,759	12,780
Payable on unit creation cancel and other receivable	1,698,274	21,926
Placement fee receivable	3,548,854	564,758
	<u>5,251,887</u>	<u>599,464</u>
<b>10 ACCRUED EXPENSES</b>		
Management fee	1,254,367	561,836
Registrar fee	20,383	20,383
Trustee fee	451,572	202,261
Auditor's remuneration	201,600	144,342
Custodian fee	16,511	16,511
	<u>1,944,433</u>	<u>945,333</u>
<b>11 OTHER PAYABLES</b>		
Placement fee received in advance	545,199	1,325,848
Pending Creations	514,000	-
	<u>1,059,199</u>	<u>1,325,848</u>

**12 NET ASSET ATTRIBUTABLE TO UNITHOLDERS**

The movement in the number of units and the net assets attributable to unitholders during the year were as follows:

	As at 31st March 2022		As at 31st March 2021	
	Units	Rs.	Units	Rs.
Opening capital balance	15,047,213	1,590,842,477	-	-
Units issued during the year	41,096,986	4,641,223,634	16,568,903	1,698,513,712
Units redeemed during the year	(29,949,912)	(3,465,121,360)	(1,521,690)	(158,683,494)
Increase in net assets attributable to unitholders	-	200,808,758	-	51,012,259
<b>Closing balance</b>	<u>26,194,287</u>	<u>2,967,753,509</u>	<u>15,047,213</u>	<u>1,590,842,477</u>

The creation price was at Rs. 113.3007 per unit and the redemption price was at Rs. 113.3007 per unit as at 31st March 2022.

**13 DISTRIBUTION FOR THE YEAR**

There were no distributions for the year ended 31st March 2022.

**14 CONTINGENT LIABILITIES**

There were no significant contingencies existing at the end of the reporting date that require adjustments to or disclosures in the financial statements.



SOFTLOGIC MONEY MARKET FUND  
NOTES TO THE FINANCIAL STATEMENTS

15 EVENTS OCCURRING AFTER THE REPORTING PERIOD

No significant events have taken place since the date of the statement of financial position that require adjustments to or disclosures in these financial statements.

16 CAPITAL COMMITMENTS

There were no capital commitments at the end of the reporting date.

17 RELATED PARTY DISCLOSURES

The following have been identified as related parties to Softlogic Maney Market Fund in accordance with LKAS 24 for the reasons below:

The Fund Management Company, Softlogic Asset Management (Pvt) Ltd is a subsidiary of Softlogic Capital PLC. The Fund's ultimate parent entity and controlling party is Softlogic Holding PLC, which is incorporated and domiciled in Sri Lanka.

Mr. Iftikar Ahamed, Mr. Aaron Russel-Davison, Mr. Priyantha Wijesekera, Mrs. Niloo Jayatilake and Mr. Charith Gunathilaka are Directors of the Softlogic Asset Management (Pvt) Ltd.

17.1 Details of the Fund management fees, trustee fees and custodian fees paid/payable are as follows:

Name of the related party	Nature of interest	Particulars of financial dealings	As at 31.03.2022		As at 31.03.2021	
			Transaction value LKR	Outstanding value LKR	Transaction value LKR	Outstanding value LKR
Softlogic Asset Management (Pvt) Ltd	Fund Management Co.	Management fee	13,012,814	1,254,367	2,919,332	561,836
Hatton National Bank	Trustee	Trustee fees	4,684,613	451,572	1,050,959	202,261
		Custodian fees	194,399	16,511	142,204	16,511
		Cash at bank	-	25,000	-	25,000

17.2 The Fund maintains a current account with the Trustee, Hatton National Bank PLC through which all settlement transactions of the Fund were made.

Unit Holder	Relationship	As at 31.03.2022		As at 31.03.2021	
		No of Units	Unit Value	No of Units	Unit Value
Softlogic Asset Management (PVT) Ltd	Management company	146,675	16,618,396	176,528	18,663,534
Softlogic Finance PLC	Affiliate company	-	-	241,113	25,491,895
Mr. Asoka Pathirage	Chairman of the ultimate parent company	20,207	2,289,420	20,207	2,136,357
Mr. Tuan Mihilar Iftikar Ahamed	Director	4,400	498,512	-	-
Mr. Muthu Hennadige Priyantha Wijesekera	Director	105,825	11,990,081	105,825	11,188,465
Mr. Jayantha Senarathna	Fund accountant	-	-	14,837	1,568,649
Miss. Veranthi Kalpani Kumari Uduwawala	Senior manager	14,666	1,661,645	14,525	1,535,642
Mr. Daham Hettiarachchi	Fund manager	482	54,597	47,393	5,010,664

18. FINANCIAL INSTRUMENTS AND RISK MANAGEAENT

(a) Financial Instruments

The Fund's principal financial assets comprise investments in fixed income securities and cash at bank. The main purpose of these financial instruments is to generate a return on the investment made by the unitholders. The Fund has other financial instruments also such as receivables and payables which arise directly from its operations.

(b) Financial risk management objectives, policies and processes

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.



SOFTLOGIC MONEY MARKET FUND  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD...)

(b) Financial risk management objectives, policies and processes (contd...)

(i) Credit risk

Credit risk is the risk that the counterparty to the financial instrument 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 fair value of financial instruments given in Note 9. It is the Fund's policy to enter into financial instruments with reputable counterparties. This is categorized objectively by the criteria that the Fund will invest only in companies carrying an investment grade rating (BBB - and above) from Fitch Ratings Lanka or ICRA Lanka. However, the investment grade rating of the primary dealers in relation to Treasury bill repurchases agreements have not been considered as the Fund has considered the collateral that the primary dealers provided which are government bills and bonds rated as AAA.

The investments grading of the issuers are as follows:

Issuer	Rating	Rating Agency
Abans Finance PLC	-	-
Commercial Credit & Finance PLC	BBB	ICRA Ratings Lanka Ltd
Commercial Leasing Co.Ltd	A	ICRA Ratings Lanka Ltd
LOLC Development Finance PLC	A-	ICRA Ratings Lanka Ltd
Merchant Bank of Sri Lanka PLC	A	ICRA Ratings Lanka Ltd
Richard Peiris Finance Limited	AA-	Fitch Ratings Lanka Ltd
Siyapatha Finance PLC	A	Fitch Ratings Lanka Ltd
First Capital Holdings PLC	A-	ICRA Ratings Lanka Ltd
Janashakthi PLC	BBB	RAM Ratings Lanka Ltd
LOLC ( Lanka Orex Leasing Company Ltd )	A	ICRA Ratings Lanka Ltd
Nawaloka Hospital PLC	-	-
Commercial Bank of Ceylon (Primary dealer Unit)	-	-
First Capital Treasuries Ltd.	A-	ICRA Ratings Lanka Ltd
Asia Asset Finance PLC	-	-

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument 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. However, due to the short term nature of the instruments it is reasonably expected that the fluctuation in interest rate will not materially impact the net assets value of the Fund.

Increase/ (decrease) in basis points	Effect on the profit before tax for the year 2022	Effect on the profit before tax for the year 2021
+ 10	296,548,025	3,981,223
- 10	(296,548,025)	(3,981,223)

(iii) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising Funds to meet its obligation to pay Unitholders.

The Fund investments in financial instruments, which under normal market conditions are readily convertible to cash to control liquidity risk. In addition, the Fund invests within established limits to ensure there is no concentration of risk. The Manager ensures that a minimum liquidity level of 3% of the total NAV of the Fund is available in cash or near cash form at any given time as required by the Unit Trust Deed, reducing the liquidity risk to its investors.

In addition, the Security and Exchange Commission and the Fund require additional business days' notice to the Fund from large investors redeeming over 3% of the Fund and the Fund is also permitted to borrow up to 15% of the deposited property for redemption payouts. No such borrowings have arisen during the year.



SOFTLOGIC MONEY MARKET FUND  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD...)

(b) Financial risk management objectives, policies and processes (contd...)

(iii) Liquidity risk (contd...)

The table below analyses the Fund's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period. The contractual amounts disclosed in this analysis are gross undiscounted cashflows and therefore may not agree with the carrying amounts in the statement of financial position.

31st March 2021	Less than 1 month (LKR)	1-6 months	6-12 months	Total
		(LKR)	(LKR)	(LKR)
<b>Financial assets</b>				
Fixed deposits	46,720,597	473,714,011	634,138,519	1,154,573,127
Commercial papers	-	226,513,277	118,093,131	344,606,408
Cash at bank	25,000	-	-	25,000
Savings account	33,203,550	-	-	33,203,550
Repurchase agreements	60,106,109	-	-	60,106,109
<b>Financial liabilities</b>				
Management fees	561,836	-	-	561,836
Registrar fee	20,383	-	-	20,383
Trustee fee and custodian fee	218,772	-	-	218,772
Audit fee	-	144,342	-	144,342

31st March 2022	Less than 1 month (LKR)	1-6 months	6-12 months	Total
		(LKR)	(LKR)	(LKR)
<b>Financial assets</b>				
Fixed deposits		596,419,211	396,871,005	993,290,216
Commercial papers	230,793,633	877,548,855	289,031,757	1,397,374,245
Trust certificates	24,942,472	102,359,453	284,165,314	411,467,239
Cash at bank	25,000	-	-	25,000
Savings account	161,445,767	-	-	161,445,767
Repurchase agreements	1,902,787	-	-	1,902,787
<b>Financial liabilities</b>				
Management fees	1,254,367	-	-	1,254,367
Registrar fee	20,383	-	-	20,383
Trustee fee and custodian fee	468,083	-	-	468,083
Audit fee	-	201,600	-	201,600

(iv) Capital risk management

The Fund considers its net assets attributable to Unitholders as capital, notwithstanding net assets attributable to Unitholders are classified as a liability. The amount of net assets attributable to Unit Holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of Unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company. Under the terms of the Unit Trust Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of Unitholders.

SOFTLOGIC MONEY MARKET FUND  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD...)

(b) Financial risk management objectives, policies and processes (contd...)

(iv) Capital risk management (contd...)

Following being the disclosures of Unit Holders' Funds;

The movement in the Unit Holders' Funds as at 31st March 2022.

	As at 31.03.2022 LKR	As at 31.03.2021 LKR
<b>I. In term of value</b>		
Balance at the beginning of the year	1,590,842,477	-
Net increase due to creation of units	4,641,223,634	1,698,513,712
Net decrease due to redemption of units	(3,465,121,360)	(158,683,494)
Increase in net assets attributable to Unit Holders	200,808,758	51,012,259
Balance at the end of the year	<u>2,967,753,509</u>	<u>1,590,842,477</u>
<b>II. In term of No of units</b>		
Balance at the beginning of the year	15,047,213	-
Unit creations during the year	41,096,986	16,568,903
Unit redemptions during the year	(29,949,912)	(1,521,690)
Balance at the end of the year	<u>26,194,287</u>	<u>15,047,213</u>

As stipulated within the Trust Deed, each unit represents a right to an individual unit 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.

19. RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER THE FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE

	As at 31.03.2022 LKR	As at 31.03.2021 LKR
Net asset value as per financial statements	2,967,753,509	1,590,842,477
Adjustment to auditors remuneration	77,537	35,934
Published net asset value	<u>2,967,831,046</u>	<u>1,590,878,411</u>
Number of units outstanding	26,194,287	15,047,213
Adjusted net asset value per unit	113.3007	105.7258

20. RECENT ECONOMIC DOWNTURN AND IMPACT ON THE FINANCIAL STATEMENTS

The Central Bank of Sri Lanka (CBSL) adopted a tightening monetary policy stance during the latter half of the financial year, resulting in an upward trend in interest rates. Elevated pressures on inflation on account of many factors including increases in global commodity prices, food supply and the sharp depreciation of the currency in March 2022 have resulted in strong policy actions by the CBSL on monetary policy post the end of the reporting period. Such actions have raised monetary policy rates significantly and helped bridge the gap between policy and market interest rates. The fund has maintained portfolio durations at the shortest levels for the next 6-9 months and maintained the credit quality of the portfolios in order to position portfolios in this challenging environment.



**Declaration by Trustees and Managing Company**

This declaration is issued in line with the SEC Circular No. 02/2009 on Guidelines for Trustees and Managing Companies of Unit Trusts Funds, by the Trustees and Management Company.

Hatton National Bank PLC, the Trustee and Softlogic Asset Management Pvt Ltd, the Managers of the Softlogic Money Market 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 arms 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



.....  
Director



.....  
Trustee



