



2024

Semi-Annual
Report

In This Report

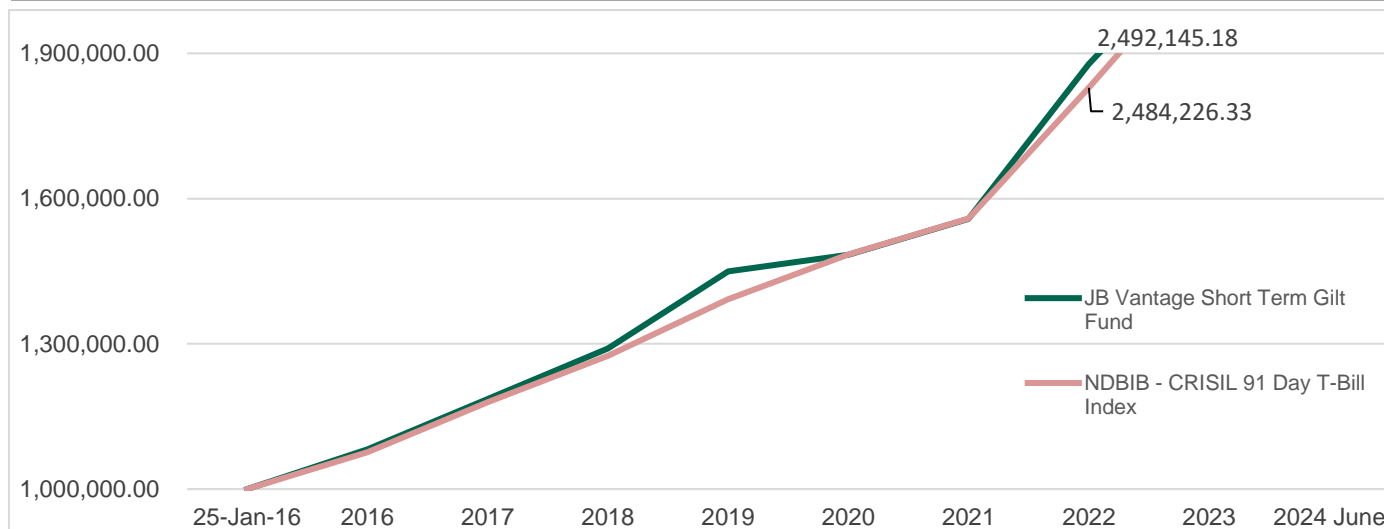
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Please [click here](#) for more information on the fund objective and strategy.

Performance as of June 30, 2024

The performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. To obtain performance information current to the most recent month end, please visit <http://www.jbvantage.lk/short-term-gilt-fund/>

Performance Of Hypothetical LKR 1,000,000 Investment¹ (25 January, 2016 – 30 June 2024)



Yield Summary (Annualized)

(%) as at 30 June 2024	07 day current yield ²	01 month yield ³	06 month yield
JB Vantage Short Term Gilt Fund	9.11	9.78	12.48
NDBIB - CRISIL 91 Day T-Bill Index	6.02	5.50	12.62

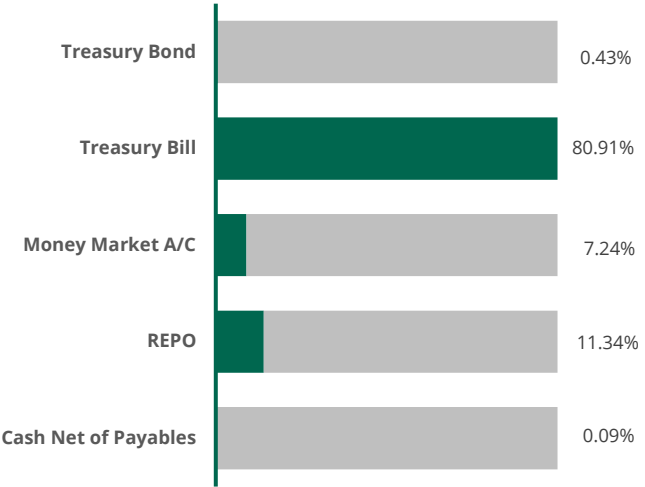
Annual Total Returns ⁴

(%) as at 30 June 2024	01 Year	03 Year	05 Year	Since Inception ⁵
JB Vantage Short Term Gilt Fund	16.45	21.43	16.93	11.43
NDBIB - CRISIL 91 Day T-Bill Index ⁶	17.60	21.15	17.12	11.39

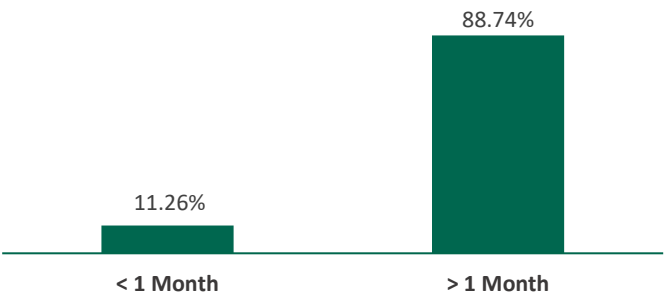
- This line graph compares the performance since inception of a hypothetical LKR 1,000,000 initial investment in the fund against its benchmark. The benchmark for the fund is the NDBIB – CRISIL 91 day T-bill index.
- The 7-day current yield is the annualized net yield that describes the annualized income earned over a 07-day period ended 30 June 2024.
- The 01 month yield is the annualized net yield that describes the annualized income earned over a 01 month period ended 30 June 2024.
- Annual total returns presented are net of fees (management fees, trustee fees, audit and custody fees)
- The fund commenced operations on 25 January 2016. Since inception figures were computed using the compound annual growth rate formula.
- NDBIB – CRISIL 91 day T-bill index seeks to capture the movement of the most recently issued 'on the run' 91 Day T- bill in Sri Lanka's government securities market.

Holdings as of June 30, 2024

Portfolio Composition - Instrument Wise

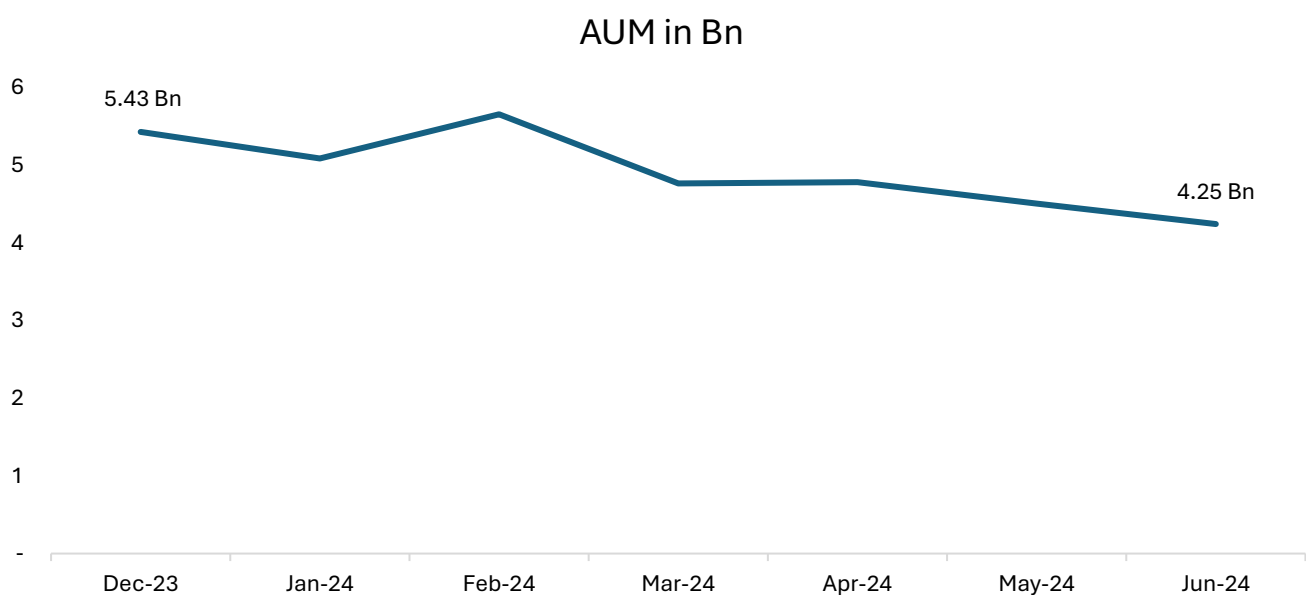


Maturity Profile



Fund Manager's Review as of June 30, 2024

In the first half of 2024, the fund underperformed compared to the benchmark 3 months NDB Crisil Index, delivering a return of 12.48% against the index's return of 12.62%. This underperformance was due to an inverse yield curve, as we invested in 12-month maturities to lock in yields in a declining interest rate environment. The fund's assets under management (AUM) decreased from Rs. 5.4 billion on December 31, 2023, to Rs. 4.2 billion on June 30, 2024, primarily due to the more attractive returns offered by corporate debt compared to T-bill rates.



Throughout the first half of the year, the Central Bank of Sri Lanka adjusted policy rates several times to stimulate economic activity and manage inflation. On 26th March 2024, the Monetary Policy Board decided to reduce the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) by 50 basis points to [8.50%](#) and [9.50%](#), respectively. This decision aimed at maintaining medium-term inflation at the targeted level of [5%](#) while enabling the economy to reach its potential.

Fund Manager's Review cont. as of June 30, 2024

The 3-month Treasury bill rates experienced a significant decline over the period, starting at [14.45%](#) on 3rd January 2024 and dropping to [10.07%](#) by 27th March 2024 and [9.04%](#) by 15th May 2024, before slightly rising again to [10.07%](#) by 26th June 2024 due to increased government borrowing requirements. Despite the general downward trend, the slight spike in June reflects ongoing adjustments in fiscal policy.

Inflation dynamics played a crucial role in shaping the monetary policy environment. Headline inflation, as measured by the Colombo Consumer Price Index (CCPI, 2021=100), decelerated to [2.4% in June 2024 from 6.4% in January 2024](#), driven mainly by the deceleration in non-food inflation. The central bank's projections suggest that headline inflation will eventually converge to the targeted level of [5%](#) over the medium term, supported by appropriate policy measures and moderated food prices.

Looking forward, we anticipate continued market volatility as the government adjusts its borrowing strategies and global economic conditions evolve. However, the central bank's proactive measures to manage policy rates and maintain inflation targets provide a stable environment for continued growth. Our fund remains well-positioned to capitalize on attractive investment opportunities, maintaining a balanced approach to risk and return.

Christine Dias Bandaranaike

The Investment Environment 1H 2024

The Sri Lankan economy rebounded in the first quarter of 2024, recording a growth of [5.3%](#) compared to the contraction of [10.7%](#) in the same period of 2023. All sectors of the economy, namely Agriculture, Industry, and Services, exhibited positive signs of recovery. The agriculture sector grew by [1.1%](#) in the first quarter, driven by the expansion in the growing of cereals, freshwater fishing, and aquaculture, as well as animal production. The industry sector showed remarkable growth of [11.8%](#), primarily due to expansions in the construction, mining and quarrying, and manufacturing industries. The Services sector also saw growth of [2.6%](#), supported by increases in accommodation, food and beverage service activities, and insurance, reinsurance, and pension funding activities.

The external sector showed improved performance in the early months of 2024. Merchandise exports increased by [5.5% to USD 4,056.1 million](#) in the first four months of 2024 compared to [USD 3,846.2 million](#) in the same period of 2023. Merchandise imports rose by [9.5% to USD 5,833.2 million](#) in the first four months of 2024 compared to [USD 5,325.2 million](#) in the same period of 2023, resulting in a widened merchandise trade deficit of [USD 1,777 million](#). Workers' remittances increased by [11.4%](#) to [USD 2,079.9 million](#), and earnings from tourism surged by [91.9%](#) to [USD 1,251.6 million](#), highlighting a significant recovery in foreign currency inflows. Consequently, gross official reserves increased to [USD 5.4 billion](#) by the end of April 2024, supported by a swap facility from the People's Bank of China. The Sri Lankan Rupee appreciated by [7.3%](#) against the US Dollar up to the end of May 2024, reflecting the improved external sector performance.

Fiscal developments were marked by significant milestones in debt restructuring. Sri Lanka completed negotiations and entered into agreements with the Official Creditor Committee (OCC) chaired by India, Japan, and France, as well as with the Exim Bank of China, on June 26, 2024. Agreements were reached to treat [USD 10 billion](#) of major bilateral creditors, including China and the OCC members. This restructuring will be implemented through individual MoUs with each member and domestic regulatory formalities with the Exim Bank of China. The successful restructuring of external bilateral debt is expected to enable the resumption of bilateral lending to Sri Lanka, positively impacting the construction sector and the overall economy. The IMF Executive Board completed the 2024 Second Review under the 48-month Extended Fund Facility (EFF) program, providing immediate access to the third tranche of [USD 336 million](#), with total disbursements over [USD 1 billion](#) since March 2023.

Inflation remained at single-digit levels from July 2023 onwards. Year-on-year headline inflation, measured by the Colombo Consumer Price Index (CCPI, 2021=100), declined sharply from [6.4%](#) in January 2024 to [1.7%](#) in June 2024, primarily due to the downward revisions in electricity tariffs, and fuel and LP gas prices. Inflation is expected to stabilize around the targeted level of [5%](#) in the upcoming months due to reduced food prices and the implementation of accommodative policy measures.

The Investment Environment 1H 2024 cont.

Credit growth and interest rates were influenced by the Central Bank of Sri Lanka's monetary policy easing. The Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) were reduced by 50 basis points to [8.50% and 9.50%](#), respectively, by the end of March 2024. This policy stance aimed to support economic recovery by maintaining medium-term inflation at the targeted level of [5%](#) while enabling the economy to reach its potential. The 3-month Treasury bill rates experienced a significant decline over the period, reflecting the central bank's efforts to stimulate economic activity.

The first half of 2024 witnessed a robust economic rebound, improved external sector performance, significant fiscal developments in debt restructuring, and a favorable inflation outlook. The central bank's proactive monetary policy measures have contributed to a stable investment environment, positioning the economy for continued growth and recovery.

Annual Financial Highlights

	2023	2022	2021	2020	2019
(in LKR Mn)					
Income from investment operations:					
Net investment income	758.46	321.93	44.58	77.16	40.5
Net realized and unrealized gains	0.46	0.30	-	-	-
Total from investment operations	758.91	322.23	44.58	77.16	40.5
Net asset value at end of period	5,433.95	2,269.27	287.18	1,113.61	986.66
Unit Price	23.4620	18.7792	15.5825	14.8409	14.0171
Total return (%)	24.94%	20.51%	5.00%	5.86%	8.65%
Ratios/ Supplemental Data					
Total expenses (LKR)	19.24	8.10	5.09	6.83	3.01
Daily average assets during the period	3,445.86	1418.38	871.72	1,249.56	478.04
Total expense ratio (%)	0.56%	0.57%	0.58%	0.55%	0.63%

Key Management Personnel

Portfolio Manager - Christine Dias Bandaranaike, CFA

Worked in private and institutional fund management since 1996. She joined JB Financial in 2011 to set up the firm's pooled asset management program.

She began her career in 1996 with TD Bank Financial Group of Canada in mutual funds and retail treasury, moving onto private asset management. In Sri Lanka, she has worked at CitiNational Investment Bank from 2000 to 2004 and independently advised institutions on setting investment policy.

Christine trained as an economist and holds an MA from the University of Toronto and a BA (Hons) Economics from the University of Western Ontario. She is a CFA charter holder since 1999.

Chief Ethics and Compliance Officer - Sonali Perera

Sonali joined JB Financial in 2013 as its Chief Ethics and Compliance Officer. She has actively worked towards setting up robust processes to prevent fraud, manage conflicts of interest and fiduciary responsibility towards clients.

Sonali has over two decades of experience in banking and finance. She began her financial career with Deutsche Bank AG, Colombo branch in 1996, which included several years in Trustee and Fund Management Operations.

Sonali is a member of the Chartered Institute of Management Accountants, UK and holds a dealer's certificate from the Central Bank of Sri Lanka.

Chief Investment Officer - Sashika Wickremaratne

Sashika joined JB Financial as CIO in 2023 with 14 years' experience in the Sri Lankan investment industry. Sashika began his career at Guardian Fund Management, commencing as an investment analyst and progressing to become a portfolio manager over the course of nine years.

He moved on to Capital Alliance where he managed unit trusts and then worked at the Softlogic Group, managing the investment of its insurance portfolios, while also overseeing unit trusts and private client assets.

Sashika has a BSc in Business Administration from the University of Sri Jayawardenepura and is a past finalist of the Chartered Institute of Management Accounting. He is currently pursuing the CFA designation.

Manager - Operations - Shanuka Jayaweera

Shanuka joined JB Financial in Aug 2014 as its Senior Fund Accountant and now heads the unit trust operations and is responsible for fund valuations, financial accounts of the funds and overall operational reporting and trade verification.

She began her career at KPMG, Sri Lanka and spent 3.5 years with the firm.

Shanuka is a Chartered Accountant (ACA) and holds a BBA in Finance from the University of Colombo.

Semi-Annual Financial Statements

30 June 2024

Financial Statements

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Financial Statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six- months period ended 30 June 2024

		Unaudited Six months ended 30.06.2024	Unaudited Six months ended 30.06.2023	Audited Year Ended 31.12.2023
	Notes	LKR	LKR	LKR
INVESTMENT INCOME				
Interest Income	1	322,239,362	384,220,314	758,455,734
Realised gain on financial assets held at amortised cost		660,721	458,642	458,642
		<u>322,900,083</u>	<u>384,678,956</u>	<u>758,914,376</u>
EXPENSES				
Management Fees		(12,081,814)	(5,921,050)	(14,295,624)
Trustee and Custodian Fees		(3,129,060)	(1,805,081)	(4,276,722)
Audit & Taxation Fees		(208,195)	(257,423)	(465,845)
Other Expenses		(1,477,166)	(95,420)	(197,910)
		<u>(16,896,235)</u>	<u>(8,078,974)</u>	<u>(19,236,101)</u>
NET PROFIT BEFORE TAX		306,003,848	376,599,982	739,678,275
Income Tax Expense		-	-	-
NET PROFIT AFTER TAX		<u>306,003,848</u>	<u>376,599,982</u>	<u>739,678,275</u>
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		306,003,848	376,599,982	739,678,275

The Notes form an integral part of the financial statements

Financial Statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		Unaudited	Unaudited	Audited
		30.06.2024	30.06.2023	31.12.2023
	Notes	LKR	LKR	LKR
ASSETS				
Cash at Bank	2	314,013,591	238,541,169	282,902,766
Debt Instruments at Amortized Cost	3	3,934,251,887	2,900,007,296	5,154,937,908
		<u>4,248,265,478</u>	<u>3,138,548,465</u>	<u>5,437,840,674</u>

UNIT HOLDERS' FUNDS & LIABILITIES

Accrued Expenses	4	2,801,272	1,789,524	2,643,008
Other Liabilities	5	319,999	5,200,000	1,247,999
		<u>3,121,271</u>	<u>6,989,524</u>	<u>3,891,007</u>

UNIT HOLDERS' FUNDS

Net Assets Attributable to Unit holders		4,245,144,207	3,131,558,941	5,433,949,667
		<u>4,245,144,207</u>	<u>3,131,558,941</u>	<u>5,433,949,667</u>
		<u>4,248,265,478</u>	<u>3,138,548,465</u>	<u>5,437,840,674</u>

The Management company is responsible for the preparation and presentation of these financial statements and these financial statements were approved by the Board of Directors of the Management Company. Signed for and on behalf of the Management Company and Trustee.


 Director
 Management Company


 Director
 Management Company


 DEUTSCHE BANK AG
 Colombo Branch
 Authorised Signatories
 Trustee

The Notes form an integral part of the financial statements.

August 20, 2024
 Colombo

Financial Statements

STATEMENT OF MOVEMENT IN UNIT HOLDERS'S FUNDS

For the six- months period ended 30 June 2024

	Unaudited Six months ended 30.06.2024 LKR	Unaudited Six months ended 30.06.2023 LKR	Audited Year ended 31.12.2023 LKR
UNIT HOLDERS' FUNDS AS AT THE BEGINNING OF THE YEAR	5,433,949,667	2,269,307,334	2,269,307,334
Increase in net assets attributable to Unit Holders	306,003,848	376,599,982	739,678,275
Creation of Units	4,248,733,349	1,732,384,971	5,461,750,681
Redemption of Units	(5,743,542,657)	(1,246,733,347)	(3,036,786,623)
Net Increase/(decrease) due to Unit holders' Transactions	(1,494,809,308)	485,651,624	2,424,964,058
UNIT HOLDERS' FUNDS AS AT THE END OF THE PERIOD	4,245,144,207	3,131,558,941	5,433,949,667

The Notes form an integral part of the financial statements

Financial Statements

STATEMENT OF CASH FLOWS

For the six- months period ended 30 June 2024

	Unaudited Six months ended 30.06.2024 LKR	Unaudited Six months ended 30.06.2023 LKR
Cash flows from operating activities		
Interest received	544,292,190	261,317,739
Management, trustee and custodian fees paid	(15,259,847)	(7,224,793)
Realised Gain from Sale of Debt Instruments at Amortised Cost	660,721	458,642
Other expenses paid	(125,506)	(445,879)
Investments in treasury bill repurchase agreements & treasury bills	(13,463,179,700)	(3,490,599,185)
Maturities in treasury bill repurchase agreements & treasury bills	14,477,554,832	2,799,443,049
T Bond Investment	(295,219,557)	-
T Bond Maturities	250,000,000	-
T Bond Coupon received	28,125,000	-
Net cash flow from operating activities	1,526,848,133	(437,050,428)
Cash flows from financing activities		
Cash received on creation of units	4,247,805,349	1,730,901,970
Cash paid on redemption of units	(5,743,542,657)	(1,246,733,347)
Net cash flow from financing activities	(1,495,737,308)	484,168,623
Net (decrease) / increase in cash and cash equivalents	31,110,825	47,118,196
Cash and cash equivalents at the beginning of the period	282,902,766	191,422,973
Cash and cash equivalents at the end of the period	314,013,591	238,541,169

The Notes form an integral part of the financial statements

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NOTES TO THE FINANCIAL STATEMENTS

For the six- months period ended 30 June 2024

1. INVESTMENT INCOME

	30.06.2024	30.06.2023	31.12.2023
	LKR	LKR	LKR
Interest on			
Treasury Bill Repurchase Agreements	23,699,937	10,706,774	34,171,846
Treasury Bills	267,863,047	346,125,256	668,610,222
Treasury Bond	2,648,777	-	-
Savings Accounts	28,027,601	27,388,284	55,673,666
	<u>322,239,362</u>	<u>384,220,314</u>	<u>758,455,734</u>

2. CASH AT BANK

	30.06.2024	30.06.2023	31.12.2023
	LKR	LKR	LKR
Deutsche Bank AG	6,802,324	5,987,764	7,546,258
National Development Bank PLC - Savings A/C	-	232,553,405	275,356,508
Cargills Bank PLC - Savings A/C	307,211,267	-	-
	<u>314,013,591</u>	<u>238,541,169</u>	<u>282,902,766</u>

3. FINANCIAL ASSETS AT AMORTISED COST

	30.06.2024	30.06.2023	31.12.2023
	LKR	LKR	LKR
Debt Instruments at Amortised Cost			
Treasury Bill Repurchase Agreements	481,300,149	120,548,383	625,704,140
Treasury Bills	3,434,560,439	2,779,458,913	4,529,233,768
Treasury Bonds	18,391,299	-	-
	<u>3,934,251,887</u>	<u>2,900,007,296</u>	<u>5,154,937,908</u>

4. ACCRUED EXPENSES

	30.06.2024	30.06.2023	31.12.2023
	LKR	LKR	LKR
Management Fee	1,731,628	1,200,511	1,709,245
Trustee Fee and Custodian Fee	450,691	325,277	522,046
Audit Fee, Taxation Fee and Bank Charges	618,953	263,736	411,717
	<u>2,801,272</u>	<u>1,789,524</u>	<u>2,643,008</u>

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

For the six- months period ended 30 June 2024

5. OTHER LIABILITIES

	30.06.2024	30.06.2023	31.12.2023
	LKR	LKR	LKR
Cash received on Unit Creation	319,999	5,200,000	1,247,999
	<u>319,999</u>	<u>5,200,000</u>	<u>1,247,999</u>

6. RELATED PARTY DISCLOSURES

6.1 Management company and trustee

The Management Company is JB Financial (Private) Limited.

The Trustee is Deutsche Bank AG.

6.2 Key management personnel

Key management personnel includes persons who are directors of JB Financial (Private) Limited at any time during the financial period.

a) Directors

- Mr. Murtaza Ali Jafferjee
- Mr. Mufaddal Gulzar Hussein Ibrahim Jafferjee
- Ms. Sudarshi Pradeepa Singhasiriweera

b) Other key management personnel

Other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial period.

c) Key management personnel compensation

Key management personnel are paid by JB Financial (Private) Limited. Payments made from the Fund to JB Financial (Private) Limited do not include any amounts directly attributable to the compensation of key management personnel.

d) Other transactions within the fund

Apart from those details disclosed in note 6.3 and 6.4, key management personnel have not entered in to any other transactions involving the Fund during the period.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

For the six months period ended 30 June 2024

6.3 Related party unitholding

Company/KMP	Relationship	30 June 2024		30 June 2023	
		No. of units held	Value of units held LKR	No. of units held	Value of units held LKR
JB Financial (Private) Limited	Management Company	108,350	2,700,238	108,350	2,317,903
Mr. M. A. Jafferjee	Director	-	-	98,978	2,117,397
Ms. Christine Dias Bandaranaike	Fund Manager	5,042	125,662	5,042	107,869
Ms. Christine Dias Bandaranaike & Miss. Chalya Rodrigo	Fund Manager & Daughter	7,568	188,617	7,568	161,910
Maxwell Insurance Brokers (Private) Limited	Directorship	108,350	2,700,238	108,350	2,317,903
Katunayake Garments Limited	Directorship	18,928	471,705	8,270	176,910
Jafferjees Investments (Pvt) Limited	Directorship	100,000	2,492,140	100,000	2,139,270
Odyssey Capital Partners (Private) Limited	Directorship	-	-	8,257	176,636
JB Capital (Pvt) Limited	Directorship	8,268	206,047	8,268	176,872
Lanka Garments Manufacturing Company (Pvt) Limited	Directorship	8,253	205,682	8,253	176,558
Dunsinane Power Company (Pvt) Limited	Directorship	-	-	-	-
Lanka Garments Bibile (Pvt) Limited	Directorship	965,349.21	24,057,854	8,253	176,558

6.4 Transactions with and amounts due to related parties

The fees charged by the Management Company and Trustee for services provided during the period and the balances outstanding from such dues as at period end are as disclosed below:

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS
For the six months period ended 30 June 2024

	30-Jun-24		30-Jun-23	
	Paid during the period	Balance outstanding	Paid during the period	Balance outstanding
	LKR	LKR	LKR	LKR
Management fees	12,059,432	1,731,628	5,497,771	1,200,511
Trustee and custodian fees	3,200,415	450,691	1,727,022	325,277
The Bank balance held at Deutsche Bank AG		6,802,324		5,987,764

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

	30.06.2024	30.06.2023	31.12.2023 (Audited)
	LKR	LKR	LKR
Net Asset Value as per Financial Statements	4,245,144,207	3,131,558,941	5,433,949,667
Published Net Asset Value	<u>4,245,144,207</u>	<u>3,131,558,941</u>	<u>5,433,949,667</u>
Number of units outstanding	170,341,216	146,384,161	231,606,882
Net Asset Value per Unit	24.9214	21.3927	23.4620