

**FIRST CAPITAL MONEY MARKET FUND
INTERIM FINANCIAL STATEMENTS
FOR SIX MONTHS ENDED 30TH SEPTEMBER 2020**



First Capital

REPORT OF THE MANAGER

We have pleasure in presenting the Unaudited Interim Financial Statements of First Capital Money Market Fund (the Fund) for the six months ended 30th September 2020.

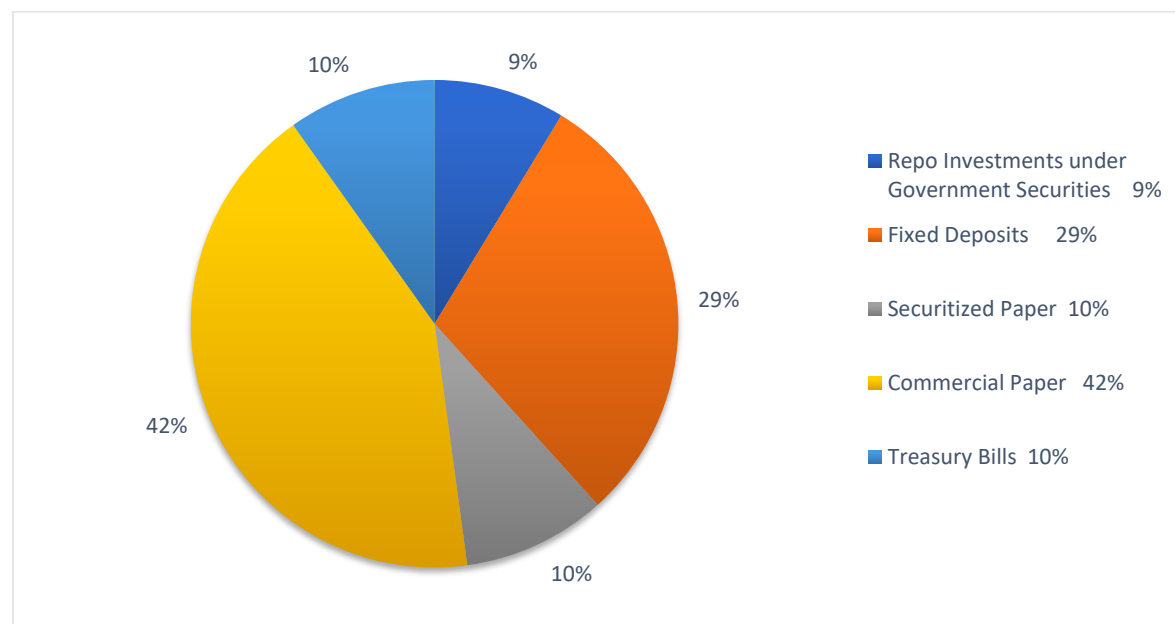
Fund Performance

First Capital Money Market Fund reported a Profit after Tax of Rs. 460Mn for the six months ended 30th September 2020 compared to Rs. 287Mn in the corresponding period of the previous year.

The Fund reported an Annualised Return of 12.29% for the six months ended 30th September 2020 compared to the Average Weighted Deposit Rate of 6.44% (Source: Central Bank of Sri Lanka - Weekly Economic Indicators; <https://www.cbsl.gov.lk/en/statistics/economic-indicators/weekly-indicators>). The Annualised Return reported in the corresponding period of the previous year (2019/20) was 14.61% compared to the Average Weighted Deposit Rate of 8.51% (Source: Central Bank of Sri Lanka - Weekly Economic Indicators). The Funds Under Management increased to Rs. 11.8Bn as at 30th September 2020 compared to Rs. 7Bn as at 31st March 2020 (The Fund's yield is variable and subject to change. Past performance is not an indicator of future performance).

Asset Allocation as at 30th September 2020 (%)

The Asset Allocation of the Fund as at 30th September 2020 is as follows.



FIRST CAPITAL ASSET MANAGEMENT LIMITED

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Company Reg. No: PB 187

Appreciations

We take this opportunity to thank our valued unitholders for the trust and confidence placed in us. We also place on record our appreciation for the support extended by the Securities and Exchange Commission of Sri Lanka and our Trustee, Bank of Ceylon.

We express our sincere thanks to the Board of Directors, Management Team and Staff of First Capital Asset Management Limited for their contribution towards our performance.

FIRST CAPITAL MONEY MARKET FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For Six Months ended 30th September

	2020	2019
	Unaudited	Unaudited
	Rs.	Rs.
Income	485,770,909	301,051,741
Direct expenses	(360,360)	(98,243)
Net trading income	485,410,549	300,953,498
Gain on fair valuation of financial assets of fair value through profit or loss	8,602,121	2,859,769
Provision for impairment of financial assets at amortised cost	(7,114,692)	(1,397,974)
	486,897,978	302,415,294
Operating expenses	(26,853,923)	(15,070,571)
Profit before taxation	460,044,055	287,344,723
Income tax expenses	-	-
Profit for the period	460,044,055	287,344,723
Increase in net assets attributable to unit holders	460,044,055	287,344,723

Figures in brackets indicate deductions.

The notes form an integral part of these financial statements.

**FIRST CAPITAL MONEY MARKET FUND
STATEMENT OF FINANCIAL POSITION**

As at	30.09.2020 Unaudited Rs.	31.03.2020 Audited Rs.
Assets		
Cash at bank	74,819,553	475,248,970
Financial assets -at fair value through profit and loss	7,226,618,581	4,043,542,225
Financial assets -at amortised cost	4,492,331,263	2,439,931,408
Other receivables	52,014,180	191,406,683
Total assets	<u>11,845,783,577</u>	<u>7,150,129,286</u>
Liabilities		
Borrowings on Repurchase Agreement	-	125,141,305
Creditors and accruals	21,973,353	20,715,558
Total liabilities	<u>21,973,353</u>	<u>145,856,863</u>
Unit holders' funds		
Net assets attributable to unit holders	11,823,810,224	7,004,272,423
	<u>11,823,810,224</u>	<u>7,004,272,423</u>
Total unit holders' funds and liabilities	<u>11,845,783,577</u>	<u>7,150,129,286</u>
Net asset per unit	1,853.97	1,749.27

The notes form an integral part of these financial statements.

The Managing Company of First Capital Money Market Fund is responsible for the preparation and presentation of these Financial Statements in accordance with the Sri Lanka Accounting Standards.

Approved by the Managing Company and the Trustee on 21st December 2020.


Mangala Jayashantha
Chief Financial Officer
First Capital Asset Management Limited
Fund Management Company


Dilshan Wirasekara
Director / Chief Executive Officer
First Capital Asset Management Limited
Fund Management Company

FOR BANK OF CEYLON



Authorised Signatories
Bank of Ceylon
Trustee


Dinesh Schaffter
Managing Director
First Capital Asset Management Limited
Fund Management Company

**FIRST CAPITAL MONEY MARKET FUND
STATEMENT OF CHANGES IN UNIT HOLDERS' FUNDS**

For Six Months ended 30th September 2020	Unit holders' Capital Rs.	Retained Earnings Rs.	Unit holders' Funds Rs.
Balance as at 01st April 2019 (Audited)	1,537,236,004	641,045,601	2,178,281,605
Capital infused	9,184,890,560	-	9,184,890,560
Capital redeemed	(5,314,173,088)	-	(5,314,173,088)
Increase in net assets attributable to unit holders	-	287,344,723	287,344,723
Balance as at 30th September 2019 (Unaudited)	<u>5,407,953,476</u>	<u>928,390,324</u>	<u>6,336,343,800</u>
Balance as at 01st April 2020 (Audited)	5,639,972,956	1,364,299,467	7,004,272,423
Capital infused	12,343,801,930	-	12,343,801,930
Capital redeemed	(7,984,308,184)	-	(7,984,308,184)
Increase in net assets attributable to unit holders	-	460,044,055	460,044,055
Balance as at 30th September 2020 (Unaudited)	<u>9,999,466,702</u>	<u>1,824,343,522</u>	<u>11,823,810,224</u>

Figures in brackets indicate deduction
The notes form an integral part of these financial statements.

**FIRST CAPITAL MONEY MARKET FUND
STATEMENT OF CASH FLOWS**

For Six Months ended 30th September

	2020	2019
	Unaudited	Unaudited
	Rs.	Rs.
Cash flows from operating activities		
Profit before taxation	460,044,055	287,344,723
Adjustment for :		
Gain on fair value of financial assets - at fair value through profit or loss	(8,602,121)	(2,859,769)
Provision for impairment of financial assets at amortised cost	7,114,692	1,397,974
Operating profit before working capital changes	<u>458,556,626</u>	<u>285,882,928</u>
Increase in financial assets -at fair value through profit or loss	(3,174,474,234)	(2,182,419,236)
Increase in financial investments - at amortised cost	(2,059,514,549)	(1,943,795,637)
(Increase)/ decrease in other receivables	139,392,504	(31,076,882)
Increase/ (decrease) in accruals and other payables	1,257,795	1,331,967
Decrease in repo borrowings on repurchase agreement	(125,141,305)	-
Cash flow generated used in operations	<u>(4,759,923,163)</u>	<u>(3,870,076,860)</u>
Tax paid	-	-
Net cash flows used in operating activities	<u>(4,759,923,163)</u>	<u>(3,870,076,860)</u>
Net cash flows from/(used in) investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Capital infused during the period	12,343,801,930	9,184,890,560
Capital redeemed during the period	(7,984,308,184)	(5,314,173,088)
Net cash flows from financing activities	<u>4,359,493,746</u>	<u>3,870,717,472</u>
Net increase/ (decrease) in cash and cash equivalents	<u>(400,429,417)</u>	<u>640,612</u>
Cash and cash equivalents at the beginning of the period	475,248,970	3,906,506
Cash and cash equivalents at the end of the period	<u>74,819,553</u>	<u>4,547,118</u>

Figures in brackets indicate deductions.

The notes form an integral part of these financial statements.

**FIRST CAPITAL MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS**

1. The number of Units represented by unitholders' funds as at 30th September 2020 is 6,377,558
2. The above figures are subject to audit. The same accounting policies as in the Audited Financial Statements for the year ended 31st March 2020 have been followed in the preparation of the above financial statements.
3. There have been no material commitment and contingent liabilities as at the reporting date which require disclosures in the financial statements (No commitment and contingent liabilities as at 31st March 2020).
4. There have been no material events after the reporting period which require adjustments/ disclosures in these financial statements.

FIRST CAPITAL MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS

5. Financial instruments- Fair Value Measurement

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements in accordance with SLFRS 13.

Level - 1

Financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level - 2

Financial instruments that are measured at fair value on a recurring basis. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined using relevant information generated by market transactions involving comparable securities.

Level - 3

Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

5.1 Fair values versus the Carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position are as follows;

	As at 30.09.2020		As at 31.03.2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value				
Financial assets -at fair value through profit and loss	7,226,618,581	7,226,618,581	4,043,542,225	4,043,542,225
	7,226,618,581	7,226,618,581	4,043,542,225	4,043,542,225
Financial assets not measured at fair value				
Cash at banks and in hand	74,819,553	74,819,553	475,248,970	475,248,970
Financial assets at amortised cost	4,492,331,263	4,492,331,263	2,439,931,408	2,439,931,408
Trade and other receivables	52,014,180	52,014,180	191,406,683	191,406,683
	4,619,164,996	4,619,164,996	3,106,587,061	3,106,587,061
Total financial investments	11,845,783,577	11,845,783,577	7,150,129,286	7,150,129,286
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Borrowings on Repurchase Agreement	-	-	125,141,305	125,141,305
	-	-	125,141,305	125,141,305
Total financial liabilities	-	-	125,141,305	125,141,305

FIRST CAPITAL MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS

5.2 Financial instruments- Fair Value

The following tables show an analysis of financial instruments at fair value and by level of fair value hierarchy.

As at 30th September 2020

Financial assets measured at fair value

Financial assets -at fair value through profit and loss

Investment in government securities

Investment in securitized paper

Investment in commercial paper

Financial assets not measured at fair value

Financial assets at amortised cost

Total financial assets

Total Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Rs.	Rs.	Rs.	Rs.	Rs.
1,153,603,250	1,153,603,250	-	-	1,153,603,250
1,115,793,006	-	1,115,793,006	-	1,115,793,006
4,957,222,325	-	4,957,222,325	-	4,957,222,325
7,226,618,581	1,153,603,250	6,073,015,331	-	7,226,618,581
4,492,331,263	-	-	4,492,331,263	4,492,331,263
4,492,331,263	-	-	4,492,331,263	4,492,331,263
11,718,949,844	1,153,603,250	6,073,015,331	4,492,331,263	11,718,949,844

As at 31st March 2020

Financial assets measured at fair value

Financial assets -at fair value through profit and loss

Investment in government securities

Investment in securitized paper

Investment in commercial paper

Financial assets not measured at fair value

Financial assets at amortised cost

Total financial assets

Total Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Rs.	Rs.	Rs.	Rs.	Rs.
235,821,250	235,821,250	-	-	235,821,250
1,193,553,649	-	1,193,553,649	-	1,193,553,649
2,614,167,326	-	2,614,167,326	-	2,614,167,326
4,043,542,225	235,821,250	3,807,720,975	-	4,043,542,225
2,439,931,408	-	-	2,439,931,408	2,439,931,408
2,439,931,408	-	-	2,439,931,408	2,439,931,408
6,483,473,633	235,821,250	3,807,720,975	2,439,931,408	6,483,473,633

**FIRST CAPITAL MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS**

5.3 Measurement of fair values

5.3 (a) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation Technique	Significant Unobservable Inputs	Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement
Investment in commercial papers	The valuation model is based on Yield Curve of the Government Securities. Yields relating to Government Securities based on the maturities of the respective commercial paper is interpolated in the valuation considering the initial risk premiums (at the time of issue) of the investee companies are constant as at the reporting date.	Risk premium of the investee companies (4.55% - 10.45%)	The estimated fair value would increase/decrease if risk premium of the investee company is lower or higher
Investment in Securitized papers	The valuation model is based on Yield Curve of the Government Securities. Yields relating to Government Securities based on the maturities of the respective Securitized paper is interpolated in the valuation considering the initial risk premiums (at the time of issue) of the investee companies are constant as at the reporting date.	Risk premium of the investee companies (4.77% - 8.37%)	The estimated fair value would increase/decrease if risk premium of the investee company is lower or higher

FIRST CAPITAL MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS

5.4 Financial instruments - Accounting classifications

As at 30th September 2020

	Financial assets - FVTPL	Financial assets/ liabilities at amortised cost	Total carrying amount	Fair value
	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value				
Financial assets - FVTPL	7,226,618,581	-	7,226,618,581	7,226,618,581
	7,226,618,581	-	7,226,618,581	7,226,618,581
Financial assets not measured at fair value				
Cash at banks and in hand	-	74,819,553	74,819,553	74,819,553
Financial assets at amortised cost	-	4,492,331,263	4,492,331,263	4,492,331,263
Trade and other receivables	-	52,014,180	52,014,180	52,014,180
	-	4,619,164,996	4,619,164,996	4,619,164,996
Total financial assets	7,226,618,581	4,619,164,996	11,845,783,577	11,845,783,577

As at 31st March 2020

	Financial assets - FVTPL	Financial assets/ liabilities at amortised cost	Total carrying amount	Fair value
	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value				
Financial assets - FVTPL	4,043,542,225	-	4,043,542,225	4,043,542,225
	4,043,542,225	-	4,043,542,225	4,043,542,225
Financial assets not measured at fair value				
Cash at banks and in hand	-	475,248,970	475,248,970	475,248,970
Financial assets at amortised cost	-	2,439,931,408	2,439,931,408	2,439,931,408
Trade and other receivables	-	191,406,683	191,406,683	191,406,683
	-	3,106,587,061	3,106,587,061	3,106,587,061
Total financial assets	4,043,542,225	3,106,587,061	7,150,129,286	7,150,129,286
Financial Liabilities not measured at fair value				
Borrowings on Repurchase Agreement	-	-	-	125,141,305
	-	-	-	125,141,305
Total liabilities	-	-	-	125,141,305

First Capital Money Market Fund**Reconciliation for the Net Asset Value reported as at 30th September 2020**

	Rs.
Net Asset Value of the Fund as per Monthly Return	11,814,317,716
Adjustment on fair valuation of financial asset - at fair value through profit or loss	20,249,213
Adjustment on provision for financial asset - at amortised cost as per SLFRS 9	(10,756,705)
Net Asset Value of the Fund as per Interim Financial Statements	11,823,810,224