



First Capital

REPORT OF THE MANAGER

We have pleasure in presenting the unaudited Interim Financial Statements of First Capital Money Market Fund for the six months ended 30 September 2015.

Economic Review

Sri Lanka's GDP growth rates were 4.4% and 6.7% in the first and second quarters of financial year 2015/16 compared to 0.7% and 1.9% in the previous year (source - Central Bank of Sri Lanka - CBSL). The accelerated growth was primarily driven by the services sector, which in turn was driven by wholesale and retail trade, and financial services.

Interest rates, a key driver of fixed income investment returns, were volatile during the first six months. The benchmark one year government securities yields was 6.75% at the commencement of the year (January 2015), declined to 6.18% during the first half, and increased to 7.20% by 30 September 2015. The resulting net increase of 0.45% reflects market expectations of rising interest rates. Interest rate expectations were impacted by significantly lower excess liquidity in the banking system: adjusted for the CBSL's term repo transactions, excess liquidity declined from Rs. 174 Bn to Rs. 62 Bn during the first half.

Fund Performance

First Capital Money Market Fund reported net profit (after tax) of Rs. 36 Mn for the first half of the financial year 2015/16 and provided a return of 6.51 % (annualised) during the period under review. The funds under management increased to Rs. 1,608 Mn compared to Rs. 618 Mn at the beginning of the year.

Capital infused by the unit holders for the period under review is Rs. 954 Mn. Unit holders' funds represented 1,524,470 units as at 30 September 2015.

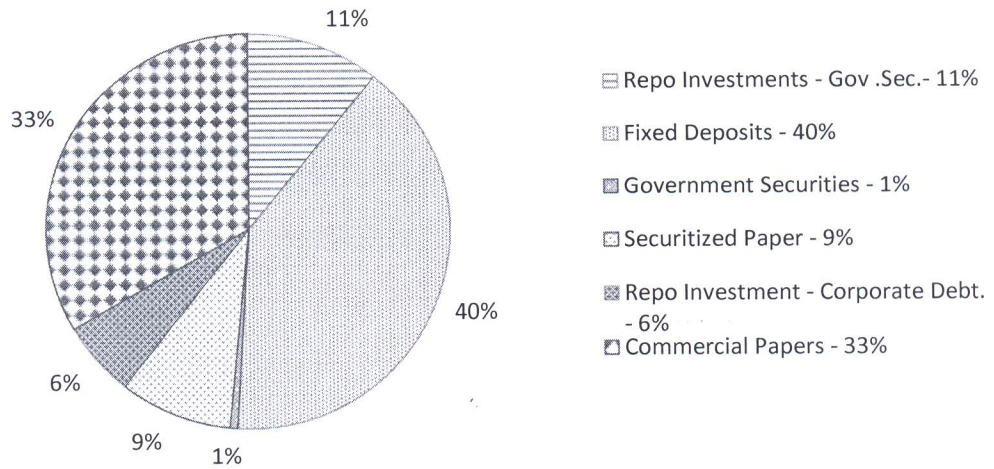
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The asset allocation of the Fund as at the reporting date is as follows.

Asset Allocation as at 30 September 2015 (%)



Appreciations

We would like to extend our sincere gratitude to our valued unit holders for the confidence placed in us. We also place on record our appreciation for the unstinted support and cooperation extended by the Trustee, Bank of Ceylon and Securities and Exchange Commission of Sri Lanka.

**FIRST CAPITAL MONEY MARKET FUND
INTERIM FINANCIAL STATEMENTS
FOR SIX MONTHS ENDED 30 SEPTEMBER 2015**

