Lanka Rating Agency Limited

STABILITY RATING REPORT

ASTRUE MONEY MARKET FUND
[CATEGORY: MONEY MARKET FUND]

Date	Rating Type	Action	Rating	Outlook	Rating Watch
10-Sep-26	Stability Rating	Maintain	A+ (f)	Stable	-

FUND STABILITY REPORT

MAY-26

ASTRUE Money Market Fund

Fund Facts (MAY-26)

Fund	ASTRUE Money Market Fund
Fund Category	Money Market Fund
Launch Date	3-Apr-24
Fund Size	1,038.75 LKR Mn
Fund Management Company	Asset Trust Management (Pvt) Ltd
Rating of Fund Management Company	N/A
Fund Manager	Nirosha Geeganage
Peer Universe	Open Ended Money Market Fund

History

	May'26	March'26	December'25	September'25
Fund Size (LKR Mn)	1,038.75	960.40	960.00	806.43
Category Size (LKR Mn)	219,970.71	240,757.82	263,349.62	293,918.48
Fund NAV (LKR/Unit)	11.95	11.81	11.57	11.34
Fund Dividend (LKR/Unit)	N/A	N/A	N/A	N/A
WAM (Days)	124	167	106	104
Duration (Days)	120	157	102	102

Asset Allocation Summary

	May'26	March'26	December'25	September'25
T- Bills	4.56%	4.87%	0.00%	24.13%
Reserve Repo against GS	49.62%	34.37%	46.65%	30.38%
Placement (NBFI)- FD	15.12%	21.50%	21.45%	13.24%
T-Bonds	0.00%	0.00%	0.00%	7.00%
Trust Certificates	30.67%	28.51%	5.69%	6.63%
Commercial Papers	0.00%	10.79%	26.21%	18.54%
Placement (Banks)	0.03%	0.06%	0.00%	0.08%
	100%	**100%**	**100%**	**100%**

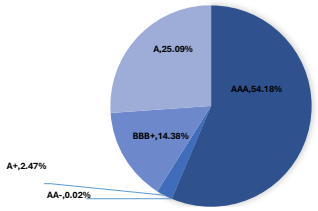
Fund's Objective

The Fund's objectives are to preserve capital, maintain a stable NAV growth, provide higher liquidity, and offer regular dividend income to investors by investing in high-quality, short-term money market instruments. The managers aim to achieve investment returns and minimize risks by constructing a portfolio with diverse maturity tenures (maximum 397 days), facilitating risk minimization in volatile interest rate environments. The maturity profile is determined based on prevalent market conditions, and the managers strive to boost overall returns by realizing capital gains.

Asset Manager (MAY-26)

Year of Incorporation	2008
MONEY MARKET FUND	1
INCOME FUND	1
EQUITY FUND	1
CEO	Ms. Indulekha Karunarathne
Funds Under Management (LKR MN)	3,854.08

Credit Quality (MAY-26)

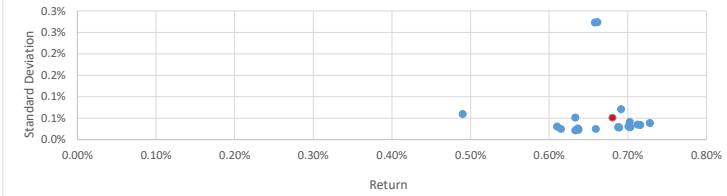


Return Summary

Period	ASTRUE Money Market Fund	Peer Avg	Fund SD.	Peer SD.
1Q	2.1%	2.0%	0.01%	0.07%
2Q	2.1%	2.0%	0.03%	0.05%
3Q	2.1%	1.9%	0.06%	0.13%
4Q	2.0%	2.1%	0.10%	0.13%
1 Year	8.5%	8.3%	0.05%	0.10%

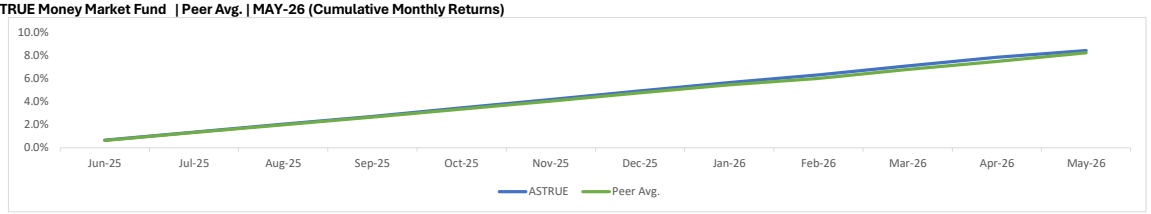
Risk

Return | Standard Deviation Analysis | 01 Year



Performance

ASTRUE Money Market Fund | Peer Avg. | MAY-26 (Cumulative Monthly Returns)



Commentary

The **ASTRUE Money Market Fund** ("the Fund") was established in 2024 and is characterized by a low to medium risk profile. The Fund seeks to preserve capital, maintain stable NAV appreciation, provide high liquidity, and generate regular dividend income for investors through investments in high-quality short-term money market instruments with maturities not exceeding 397 days. The Fund invests in securities rated BBB- and above.Under the applicable investment guidelines, the Fund may invest in securities permitted by the SEC Act, including: (i) Treasury bills, (ii) repurchase agreements backed by government securities, (iii) Treasury bonds, (iv) deposits with Licensed Commercial Banks (LCBs), Licensed Specialized Banks (LSBs), and Licensed Finance Companies (LFCs), (v) commercial papers issued by listed or rated corporates, (vi) listed corporate debentures, and (vii) repurchase agreements backed by corporate debt securities.As at May 2026, the Fund's portfolio consisted primarily of Reverse Repos against Government Securities (~49.62%), Trust Certificates (~30.67%), placements in banks (~0.03%), placements in Non-Bank Financial Institutions (~15.12%), and Treasury Bills (~4.46%). The Fund's performance is benchmarked against the prevailing Treasury Bill rates. Management expects the Fund's investment strategy to remain broadly unchanged over the near term.In accordance with its internal investment policy, the Fund has significantly reduced its exposure to AAA-rated securities, with the allocation declining from over ~70% to approximately ~54.18%. As of May 2026, the Fund reported a Weighted Average Maturity (WAM) of 124 days and a duration of 120 days. The Fund's returns have remained broadly in line with those of its peers. During the period from March 2026 to May 2026, the Fund generated a return of approximately 2.0%, marginally below the peer average of approximately ~2.1%. Given the prevailing interest rate environment, with the Central Bank having raised policy rates by 100 basis points treasury bills, fixed deposits, and other short-term securities are now offering higher yields. Since the Astrue MMF invests in these instruments and has a short WAM of 124 days, the portfolio will reprice quickly to these higher rates, which should improve the fund's returns going forward.The Fund accounted for ~0.47% of the market share within its category. Investor concentration remains relatively high, with the top 10 investors representing approximately ~67% of total fund assets, exposing the Fund to elevated redemption and concentration risk. The Fund currently adheres to its approved investment policy and prevailing market expectations and is expected to continue doing so. However, any significant deviations in asset allocation, credit risk, duration, maturity profile, or performance relative to peers could affect the Fund's rating.

Stability Ratings Explained

The Stability rating is based on a detailed quantitative assessment of fund's portfolio and qualitative assessment of fund management. It provides the investors with an objective measure as to the main areas of risk to which the income funds are exposed, which is credit risk, liquidity risk and interest rate risk.

Credit Risk

- The foremost factor is credit risk, having the highest weight in the rating matrix. The opinion is based on review of various factors, including the fund's investment policies regarding credit risk exposure towards various market segments, individual and cumulative credit quality of the investment portfolio, the diversification of assets across investment types and issuers, and weighted average maturity.

Market Risk

- The more complex part of evaluating a fund's stability involves determining the fund's sensitivity to the changing market conditions. LRA assess market risk in the nexus of variables affecting the market value of the underlying portfolio. Market value can fluctuate due to a number of variables largely including interest rate, liquidity and operating environment.

Liquidity Risk

- The liquidity of a security refers to the speed at which that security can be sold for approximately the price at which the fund has it valued. Securities which are less liquid are subject to greater price variability. While analyzing the liquidity of investment portfolio, LRA considers the types of investments in the portfolio, the maturity structure, and secondary market liquidity.

Historical Returns Volatility

- Funds having operational history of six-months or more, the variability in returns is gauged on standardized basis through coefficient of variation for each fund in a category. The coefficient of variation is calculated by dividing standard deviation of fund's monthly returns by average monthly return (SD of Monthly Returns/Average Monthly Return).

Asset Manager

- Management scoring is derived from the asset manager rating of the company managing the fund. LRA reviews the policies and procedures developed by the management to meet its investment objectives. Therefore, an assessment of the fund manager's qualification and experience, asset management company's capabilities and track record are an integral part to the fund rating process.

FUND STABILITY RATING SCALE	
Symbols	**Definitions**
AAA(f)	An exceptionally strong capacity to maintain relative stability in returns and possesses negligible exposure to risks.
AA+(f) AA(f) AA-(f)	A very strong capacity to maintain relative stability in returns and possesses low exposure to risks. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions.
A+(f) A(f) A-(f)	A fund with stable performance generally in line with its peers with strong capacity to respond to future opportunities or stress situations.
BBB+(f) BBB(f) BBB-(f)	An adequate capacity to maintain relative stability in returns and possesses high exposure to risks. This capacity may be impacted adversely by changes in circumstances or in economic conditions.
BB+(f) BB(f) BB-(f)	A low capacity to maintain stability in returns and possesses very high exposure to risks.
B(f)	A very low capacity to maintain stability in returns and possesses very high exposure to risks.

The fund stability rating scale of AAA to B is appended by the letter (f) to denote fund ratings and to differentiate it from the nomenclature used for issue and issuer ratings

Rating Watch

Alerts to the possibility of a rating change subsequent to, or in anticipation of some material identifiable event. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled.

Rating Outlooks

Indicates the potential and direction of a rating in response to a) trends in economic and/or fundamental business/financial conditions and/or deviation from expected trend. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

Disclosure

Name of Fund	Astrue Money Market Fund
Sector	Mutual Funds
Type of Relationship	Solicited
Purpose of the Rating	Stability Rating
Applicable Criteria	Assessment framework| Stability Rating Criteria| Jun-24
Related Research	Sector Study | Mutual Funds - May-26
Rating Analysts	Mohamed Imran | imran@lra.com.lk | +0778338804

Regulatory and Supplementary Disclosure

(Rules applicable to Credit Rating Agencies, No. 19 of 2021 - issued on 15th March 2022)

Rating Team Statements

(1) Credit Rating Agency means a body corporate engaged in the business of assessing and evaluating the credit- worthiness of any issuer or a specific issue of securities. (https://www.sec.gov.lk/credit-rating-agency/)

2) Conflict of Interest

i. LRA shall not engage in any other business which in the view of the Commission creates a conflict of interest unless prior written approval of the Commission is obtained (Section 35- Rules applicable to Credit Rating Agencies)

Restrictions

(3) LRA is not entitled to outsource any part of its work, which has a direct bearing on the function of rating. (Section 24- Rules applicable to Credit Rating Agencies). The LRA shall enter into a written agreement with the party to whom any work is outsourced. Such agreement contains an undertaking from the party to whom any work is outsourced that they comply with the laws, rules and directives that the LRA is bound to follow. (Section 25- Rules applicable to Credit Rating Agencies).

(4) LRA cannot appoint any individual as a member of the Rating Committee who has a business development function of the LRA, or who initiates or participates in discussions regarding fees or payments with any Client of LRA. (Section 28- Rules applicable to Credit Rating Agencies).

Conduct Of Business

(5) Prior to the commencement of a rating or during such process LRA does not promise, assure or guarantee to a client that a particular rating will be assigned. (Section 39- Rules applicable to Credit Rating Agencies).

(6) LRA performs a rigorous and formal periodic review of all its methodologies. Such methodologies are made available to the Commission for perusal, upon request. (Section 41- Rules applicable to Credit Rating Agencies).

Independence & Conflict of interest

(7) LRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on LRA´s opinions or other analytical processes. In all instances, LRA is committed to preserving the objectivity, integrity and independence of its ratings.

(8LRA does not engage in any other business which in the view of the Commission creates a conflict of interest unless prior written approval of the Commission is obtained (Section 35- Rules applicable to Credit Rating Agencies).

(9) LRA structure its rating teams and processes to promote continuity, consistency and avoid bias in the rating process. (Section 47- Rules applicable to Credit Rating Agencies).

Monitoring and review

(10) For purposes of transparency, LRA publishes sufficient information about an entity/security rated, frequency of default and whether a rating grade assigned has changed over time. The definitions and computation methods for the default rates stated in the default studies are also be disclosed. (Section 44- Rules applicable to Credit Rating Agencies).

LRA maintains the following records pertaining to Clients:

a) all internal records to support its credit rating opinions.

b) all particulars relating to Clients at its office which shall include the name and registered address and contact numbers of such Client, names and addresses of their directors as at the date of rating, its issued share capital and the nature of business; and

c) a written record of all complaints received from Clients and action taken thereon by the Credit Rating Agency.

(Section 48- Rules applicable to Credit Rating Agencies).

(11) LRA ensures confidentiality of all non-public information entrusted to it by Clients at all times including such Client's identity and transaction carried out for such Client unless and to the extent such disclosure is required by law, or unless authorized by the Client to disclose such information (Section 50- Rules applicable to Credit Rating Agencies).

(12) LRA does not destroy, conceal or alter any records, property or books relating to the business of the LRA which are in its possession or under its control with the intention of defeating, preventing, delaying or obstructing the carrying out of any examination. (Section 53- Rules applicable to Credit Rating Agencies).

Proprietary Information

(13) All information contained herein is considered proprietary by LRA. Hence, none of the information in this document can be copied or, otherwise reproduced, stored or disseminated in whole or in part in any form or by any means whatsoever by any person without LRA's prior written consent.