

CAL FIVE YEAR OPTIMUM FUND

FUND MANAGERS REVIEW

30 SEPTEMBER 2023

FUND MANAGEMENT COMPANY

Capital Alliance Investments Limited,
Level 5, 'Millennium House',
46/58, Nawam Mawatha,
Colombo 02.

TRUSTEE & CUSTODIAN

Hatton National bank
Custody and Trustee Services
Level 15, No. 479,
T B Jayah Mawatha, Colombo 10, Sri Lanka.

Table of Contents

Report from the Investment Manager	02
Statement Of Profit Or Loss And Other Comprehensive Income	07
Statement of Financial Position	08
Statement of Movement in Unit Holders Fund	09
Statement of Cash Flows	10
Reconciliation between the NAV As Per FS and the Published NAV	11
Portfolio Statement	12
Corporate Information	13

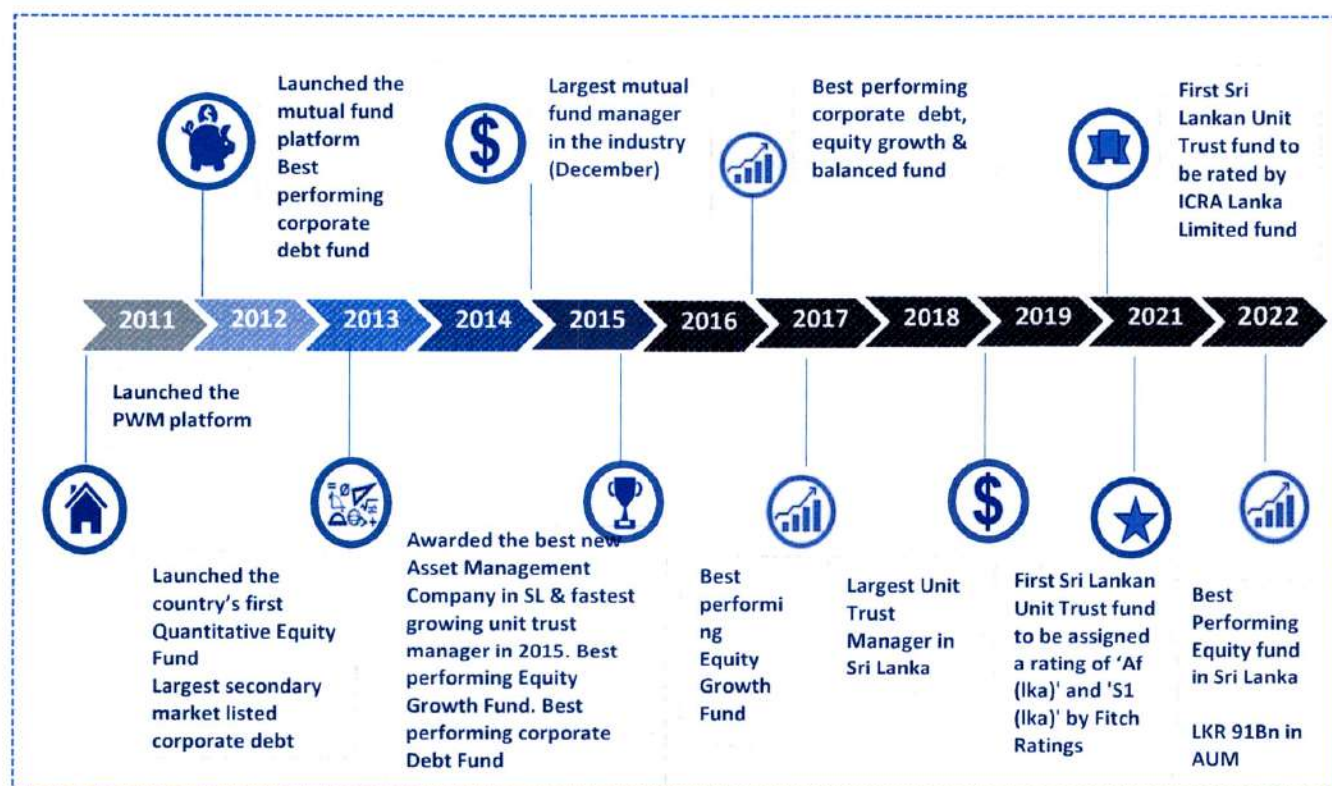
Capital Alliance Investments Limited

Capital Alliance Investments Ltd (CALI) has established itself as a leading wealth manager in Sri Lanka as evidenced by its Assets under Management of over LKR 65Bn (as at 30 Sept 2023), with Sri Lanka Insurance Corporation as our strategic Partner. CALI has been in the forefront of wealth management space and some of our milestones include:

- ✓ Largest Unit Trust Manager in Sri Lanka (as at March 2018)
- ✓ Launched Sri Lanka's first ever Quantitative Equity Fund
- ✓ CAL Investment Grade Fund was the first Sri Lankan Unit Trust fund to be rated by ICRA Lanka Limited (July 2019)
- ✓ CAL Investment Grade Fund was the first Sri Lankan Unit Trust fund to be assigned a rating of 'Af (lka)' and 'S1 (lka)' by Fitch Ratings (May 2021)

CAL's service offering is built on the pillars of best-in-class service and market outperformance. We are confident that our intimate knowledge of the Sri Lankan economy and our established networks within its capital markets will enable us to deliver attractive returns on your investment.

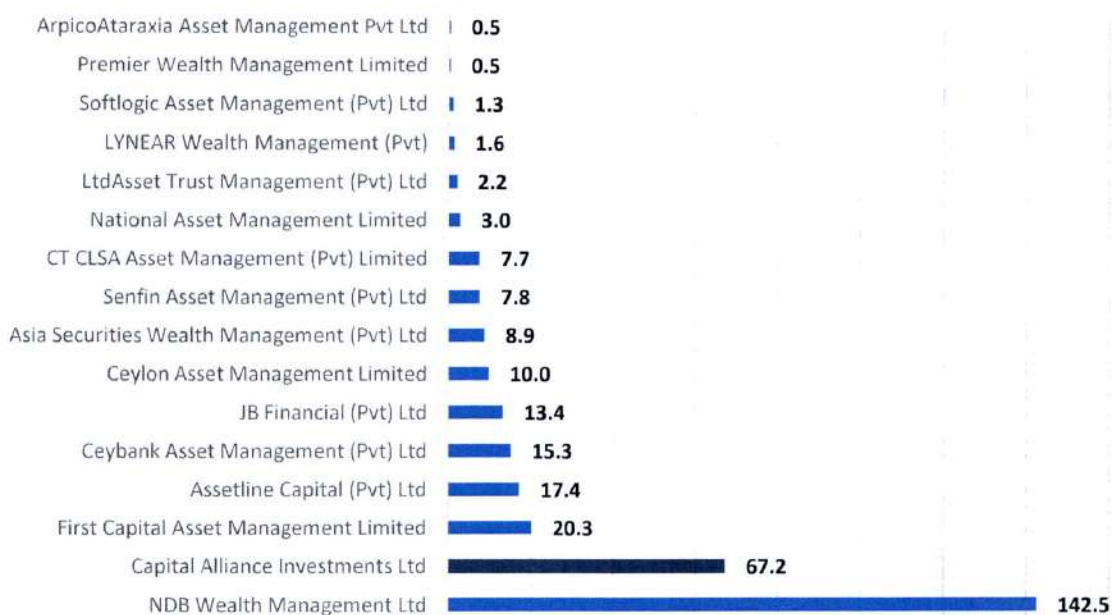
We specialize in originating, trading and investing: in fixed income and equity securities. Our focus on providing innovative solutions tailored to meet the needs of our customers has enabled us to build a reputation as "the Preferred Partner in Financial Markets".



Our strong fiduciary culture enables us to stay focused, first and foremost on our top priority, long-term investment performance. This core principle of our business, combined with advice-driven client coverage teams, has enabled us to build a leading client franchise that delivers superior investment strategies to our clients and strong financial performance to our shareholders.

CAL is a completely independent wealth management firm that works with a large network of Primary dealers, stockbrokers, Banks, registered Finance Companies and corporates to provide the best financial solutions to our clients. Our interests are aligned in every way, and as such, you can be assured of our complete and objective advice at all times.

Assets under Management- Unit Trust Industry (LKR Billion)

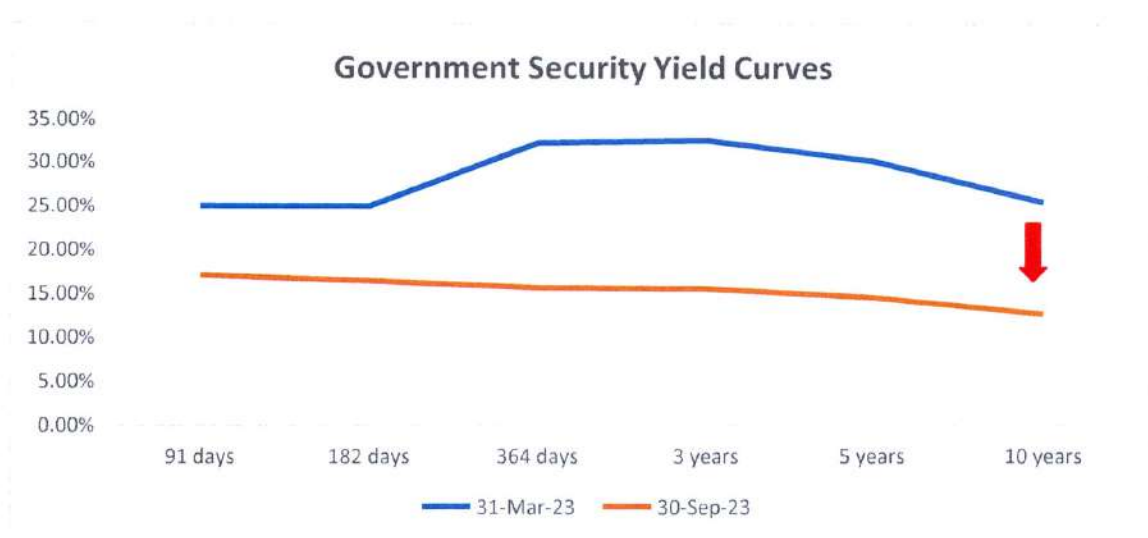


Source: utasl.lk

*As at 30 Sept 2023

Economic Review – September 2023

The period of six months ending 30 Sept 2023 has been one where Sri Lanka experienced the highest ever secondary market T-Bond interest rates, owing to the uncertainty looming around Treasury bonds due to a domestic debt restructure requirement of the International Monetary Fund. However, interest rates started diminishing towards the latter part; the end of an interest rate tightening cycle. The Monetary Policy Committee reduced the Monetary Policy Rate (MPR) by 300bps in June 2023, with a reduction of 200bps in the Statutory Reserve Ratio to 2.0% in the beginning of August 2023. By the end of the period 30 Sept 2023, SDFR & SLFR stood at 11.0% & 12.0%.



Private sector credit has regained positive momentum in June 2023 after a 12 -month of contraction (on a MoM basis). As interest rates ease, we believe this would spur credit expansion and drive economic growth, in the long term.

Gross official reserves increased up to USD 3.5Bn (as at 30 Sept 2023) from USD 2.1Bn at the start of the financial year. With an improved materialization of dollars into the country, there is potential for a positive trajectory toward economic stability.

The rupee started and ended at the same levels within the period ending six months 30 Sept 2023. There was a slight appreciation owing to a higher supply of dollars in to the country within this period due to a surplus in the Balance of Payments. A reduction of the trade deficit, increased foreign inflows, improved worker remittances, and a boost in tourism contributed to a current account and balance of payments surplus in the second half of 2023. Through this period, the LKR appreciated slightly and then depreciated back to the same levels at the start of the period owing to the higher demand for the rupee by the Central Bank of Sri Lanka, other Banks etc.

Over the six months ending September 2023, there was a decrease of LKR 164 billion in the Central Bank's holdings of Treasury Bills. During this period, inflation experienced a significant decline, mainly owing to the base effect. The year-on-year (YoY) figures for September 2021 indicate that the Headline Colombo Consumer Price Index (CCPI) stood at 1.30%, while the Headline National Consumer Price Index (NCPI) was at 0.8%.

As of the end of September 2023, Fitch Ratings upgraded Sri Lanka's Long-Term Local-Currency Issuer Default Rating (IDR) from 'RD' (Restricted Default) to 'CCC-', signaling a positive outlook for the country's economy.

With uncertainty growing day by day, CAL Investments took the stance to mainly invest funds in long term duration instruments to lock in higher interest rates, while maintaining a competitive return in the unit trust funds. Entities which were considered for such long-term investments have been thoroughly credit screened and invested at competitive market rate premiums.

CAL Investments Fund Management team

Fund Review

Fund Update

Yield*	41.4%
AUM – 30 September 2023**	LKR 2114 Mn
Fund Currency	LKR
Inception Date	19-Jul-23

*Annualized Yield For the period, 19 July 2023 to 30 September 2023. Yield Net of fees.

**Assets Under Management

Fund Overview

The CAL Five year Optimum Fund is a Close-ended fixed income fund that invests in Government securities, Corporate Debt, Securitized papers, deposits issued by Finance companies and Banks. The Fund is suitable for long term investors.

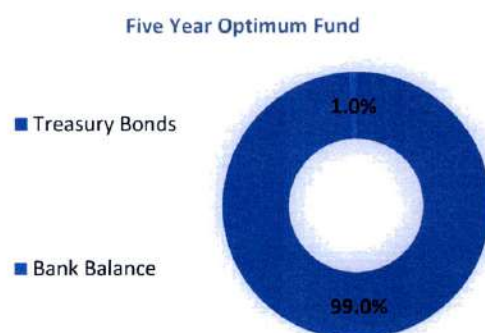
Fund Performance

The fund returned an annualized yield of 41.4% for the 4 months ended 30 September 2023.

CAL Five Year Optimum Fund Unit Price



Portfolio Asset Allocation



As at 30 September 2023

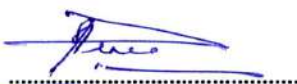
CAL FIVE YEAR OPTIMUM FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 19TH JULY TO 30TH SEPTEMBER

	30.09.2023 Unaudited Rs.
Interest income - Treasury Bonds	57,460,900
Interest income - Savings	1,478,301
Total investment income	<u>58,939,201</u>
Unrealised Gain on Financial Assets at Fair Value through Profit or Loss	124,630,640
Expenses	
Management fees	(4,301,896)
Trustee fees	(643,133)
Custodian fees	(57,391)
Audit fees	(50,832)
Miscellaneous expenses	(2,662,421)
Total operating expenses	<u>(7,715,673)</u>
Profit before tax	175,854,168
Income tax expense	-
Net profit after tax for the Period	<u>175,854,168</u>
Total comprehensive income for the period	<u><u>175,854,168</u></u>
Increase in net assets attributable to unitholders	175,854,168

CAL FIVE YEAR OPTIMUM FUND
STATEMENT OF FINANCIAL POSITION
As At

	As at 30.09.2023 Unaudited Rs.
Assets	
Cash and cash equivalents	20,400,089
Financial Assets at Fair Value through Profit or Loss - Investment in Treasury Bonds	2,099,548,475
Money market interest receivable	5,269
Total assets	<u>2,119,953,833</u>
Liabilities	
Fund management fee payable	(4,301,896)
Trustee fee payable	(643,133)
Custodian fee payable	(57,391)
Audit fee payable	(52,980)
Total liabilities	<u>(5,055,400)</u>
Net assets	<u>2,114,898,433</u>
Unitholders' fund	
Net assets attributable to Unitholders	<u>2,114,898,433</u>

Signed for and on behalf of the Management Company by;



Director
Capital Alliance Investments Limited
Management Company



Director
Capital Alliance Investments Limited
Management Company

Signed for and on behalf of the Trustee by;



Hatton National Bank PLC,
Trustee



Hatton National Bank PLC,
Trustee

CAL FIVE YEAR OPTIMUM FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE PERIOD FROM 19TH JULY TO 30TH SEPTEMBER

	30.09.2023 Unaudited Rs.
Unitholders' fund at the beginning of the period	-
Total comprehensive income for the period	175,854,168
Received on creation of Units	1,939,044,521
Paid on redemption of Units	(256)
Net Increase due to unitholders' transactions	1,939,044,265
Unitholders' fund at the end of the period	<u><u>2,114,898,433</u></u>

CAL FIVE YEAR OPTIMUM FUND
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 19TH JULY TO 30TH SEPTEMBER

	30.09.2023 Unaudited Rs.
Cash flows from operating activities	
Interest received	-
Other income received	1,473,032
Other expenses paid	(2,660,273)
Net investment (in)/upliftment of treasury bonds	(1,917,456,935)
Net cash used in operating activities	(1,918,644,176)
Cash flows from financing activities	
Cash received on creation of Units	1,939,044,521
Cash paid on redemption of Units	(256)
Net cash generated from financing activities	1,939,044,265
Net increase in cash and cash equivalents	20,400,089
Cash and cash equivalents at the beginning of the Period	-
Cash and cash equivalents at the end of the Period	20,400,089

CAL FIVE YEAR OPTIMUM FUND
RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS
AND THE PUBLISHED NET ASSET VALUE

	As at 30.09.2023 Unaudited Rs.
Net asset value as per financial statements	2,114,898,433
Published net asset value	<u>2,114,898,433</u>
Number of Units outstanding	193,904,428
Published net asset value per Unit	<u>10.9069</u>

CAL FIVE YEAR OPTIMUM FUND
PORTFOLIO STATEMENT
As at

	30.09.2023	% of Deposited Property
	Rs.	Sep-23
Assets		
Cash and cash equivalents	20,400,089	1.0%
Financial Assets at Fair Value through Profit or Loss - Investment in Treasury Bonds	2,099,548,475	99.3%
Money market interest receivable	5,269	0.0%
Total assets	2,119,953,834	100.2%
Liabilities		
Fund management fee payable	(4,301,896)	-0.2%
Trustee fee payable	(643,133)	0.0%
Custodian fee payable	(57,391)	0.0%
Audit fee payable	(52,980)	0.0%
Total liabilities	(5,055,400)	-0.2%
Net Assets	2,114,898,433	100.0%

Note:

The Fund commenced on July 19, 2023, covering a period of less than one year. Consequently, these interim condensed financial statements lack comparative information

Corporate Information

BOARD OF DIRECTORS

Mr. Ajith Fernando
Mrs. Sharmali Perera
Mr. Kanishke Mannakkara
Mr. Chaminda Gunasinghe

UNIT TRUST MANAGEMENT COMPANY

**Capital Alliance Investments
Limited**

Level 5, "Millennium House",
46 / 58 Nawam Mawatha,
Colombo 2

TRUSTEE & CUSTODIAN

Hatton National bank
Custody and Trustee Services
Level 15, No. 479,
T B Jayah Mawatha,
Colombo 10, Sri Lanka.

AUDITORS

**BDO Partners
Chartered Accountants**
"Charter House"

65/2, Sir Chittampalam A Gardiner
Mawatha,
Colombo 2

TAX CONSULTANTS

**Dinitway Partners
Chartered Accountants**

No.7 1/2, Devanampiyatissa
Mawatha
Colombo 10