

**CAL FIVE YEAR CLOSED END FUND
COLOMBO 02**

**FINANCIAL STATEMENTS FOR THE
PERIOD FROM 06TH SEPTEMBER 2024
TO 31ST MARCH 2025**



Tel : +94-11-2421878-79-70
+94-11-2387002-03
Fax : +94-11-2336064
E-mail : bdo partners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CAL FIVE YEAR CLOSED END FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of CAL Five Year Closed End Fund ("the Fund"), which comprise the statement of financial position as at 31st March 2025 and the statement of profit or loss and other comprehensive income, the statement of movement in unitholders' fund and the statement of cash flows for the period then ended and notes to the Financial Statements, including a summary of material accounting policy information as set out on page 05 to 23.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Fund as at 31st March 2025, and of its financial performance and its cash flows for the period then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in the audit of the Financial Statements of the current period. These matters were addressed in the context of the audit of the Financial Statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the following matter, our description of how our audit addressed the matter is provided in that context.

| Key Audit Matter | How our audit addressed the key audit matter |
|---|--|
| <p>Investments in financial assets</p> <p>The Fund's investments in financial assets, consists of investments in Treasury bills/bonds repurchase agreements, debentures and commercial papers which represent 99.9% of the total assets of the Fund.</p> <p>As at the reporting date the total investments in financial assets amounts to Rs 9.9Bn approximately.</p> <p>Financial assets are measured at fair value or amortised cost as more fully described in Note 9 and 10.</p> <p>We focused on recognition and measurement of investments in financial assets (including related income) as investments are the key driver of the Fund's net asset value and total return.</p> <p>Considering all the above factors, we considered investments in financial assets as a key audit matter.</p> | <p>Our audit procedures included;</p> <ul style="list-style-type: none">• obtaining an understanding of the Fund Manager's processes and controls relating to recognition and measurement of investments• obtaining external direct confirmations relating to all the investments as at the reporting date• validating a sample of additions and disposals of investments by tracing to related supporting documents such as bank statements, third party confirmation etc• checking the investment income for the year, through re-computations and validation of underlying supporting documents <p>Further we assessed the adequacy of the related financial statement disclosures as set out in notes 9 and 10 as required by SLFRS 7 & SLFRS 13.</p> |

Partners : Sujeewa Rajapakse FCA, ACCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA.
F. Sarah Z. Afker FCA, FCMA (UK), CGMA, MCSI (UK). Dinusha C. Rajapakse FCA, LLB (Hons)(Colombo), CTA, Attorney at Law.
Nirosha Vadivel Bsc (Acc.), FCA, ACMA. R. D. Chamika N. Wijesinghe FCA, BBA (Acc.) Sp. H. M. R. Thilina Ranaweera FCA, BBMgt (Acc.) Sp.

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



Other information included in the Fund's Annual Report

Management is responsible for the other information. The other information comprises the information included in the Fund's Annual Report but does not include the Financial Statements and our Auditor's Report thereon, which is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially consistent with the Financial Statements and our knowledge obtained from the audit or otherwise whether it appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

Responsibilities of the Fund Management Company and the Trustee for the Financial Statements

The Management Company ("the Management") and the Trustee of the Fund ("the Trustee") are responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



- evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustee and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the Financial Statements of the current period and are therefore, the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

These Financial Statements also comply with the requirements of Rule 50 of the Collective Investment Scheme Code (CIS Code) issued by the Securities and Exchange Commission of Sri Lanka in terms of Section 183 of the Securities and Exchange Commission Act No. 19 of 2021 and the Trust Deed.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent Auditor's Report is 4639.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

31st July 2025

NV/dm

CAL FIVE YEAR CLOSED END FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 06TH SEPTEMBER 2024 TO 31ST MARCH 2025

Page 1

| | | For the period from 06th September 2024 to 31st March 2025 |
|---|-------|--|
| | Note | Rs. |
| Investment income | | |
| Interest income | 4 | 464,295,029 |
| Unrealised gains on financial assets at fair value through profit or loss | 9.2 | 61,614,700 |
| Realised gains on financial assets at fair value through profit or loss | 9.3 | 311,611,450 |
| Total investment income | | <u>837,521,179</u> |
| Other income | 5 | 990,049 |
| Expenses | | |
| Management fees | | (54,697,823) |
| Trustee fees | | (7,110,717) |
| Custodian fees | | (136,595) |
| Audit fees | | (181,123) |
| Miscellaneous expenses | | (439,698) |
| Impairment of financial assets at amortised cost | | (358,229) |
| Total operating expenses | | <u>(62,924,185)</u> |
| Profit before tax | | 775,587,043 |
| Income tax expense | 6 | - |
| Net profit after tax for the period | | <u>775,587,043</u> |
| Other Comprehensive Income | | - |
| Total comprehensive income for the period | | <u><u>775,587,043</u></u> |
| Increase in net assets attributable to unitholders for the period | | 775,587,043 |
| Earnings per unit | 7 | 1.81 |

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 23 form an integral part of these Financial Statements.

Colombo
31st July 2025



**CAL FIVE YEAR CLOSED END FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2025**

Page 2

| | | As at 31.03.2025 Rs. |
|---|-----------|----------------------------|
| Assets | | |
| Cash and cash equivalents | 8 | 1,011,339 |
| Financial assets at fair value through profit or loss | 9 | 4,942,334,773 |
| Financial assets at amortised cost | 10 | 5,016,123,955 |
| Other receivables | 11 | 167 |
| Total assets | | 9,959,470,234 |
| Liabilities | | |
| Accrued expenses | 12 | 62,949,004 |
| Total liabilities | | 62,949,004 |
| Net assets | | 9,896,521,230 |
| Unitholders' fund | | |
| Net assets attributable to unitholders | | 9,896,521,230 |
| Published Net assets value per unit (Rs.) | 19 | 10.8171 |

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 23 form an integral part of these Financial Statements.

The Board of Directors of the Management Company and the Trustee are responsible for preparations and presentation of these financial statements in accordance with Sri Lanka Accounting Standards.


The Financial Statements were approved by the Management Company and the Trustee on 31st July 2025.


Signed for and on behalf of the Management Company by:


.....
Mr. K. P. Mannakkara
Director
Capital Alliance Investments Limited
Management Company


.....
Ms. H. M. S. Perera
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 CLOSED END FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE PERIOD FROM 06TH SEPTEMBER 2024 TO 31ST MARCH 2025**

Page 3

**For the period from
06th September 2024
to 31st March 2025**

Rs.

| | |
|---|----------------------|
| Total comprehensive income for the period | 775,587,043 |
| Received on creation of Units | 18,270,188,985 |
| Paid on redemption of Units | (9,149,254,798) |
| Net Increase due to unitholders' transactions | 9,120,934,187 |
| Unitholders' fund at the end of the period | 9,896,521,230 |

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 23 form an integral part of these Financial Statements.

**Colombo
31st July 2025**



CAL FIVE YEAR CLOSED END FUND
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 06TH SEPTEMBER 2024 TO 31ST MARCH 2025

Page 4

For the period from
06th September 2024
to 31st March 2025

Rs.

| | |
|--|------------------------|
| Cash flows from operating activities | |
| Interest received and capital gained from government securities | 576,760,549 |
| Other income received | 989,881 |
| Other expenses paid | (439,698) |
| Payable on unit creations | 822,746 |
| Net investment in treasury bonds | (4,705,676,037) |
| Net investment in commercial papers | (807,012,289) |
| Investment in debentures | (80,400,000) |
| Net investment in treasury bills | (4,104,968,000) |
| Net cash used in operating activities | (9,119,922,848) |
| Cash flows from financing activities | |
| Cash received on creation of Units | 18,270,188,985 |
| Cash paid on redemption of Units | (9,149,254,798) |
| Net cash generated from financing activities | 9,120,934,187 |
| Net increase in cash and cash equivalents | 1,011,339 |
| Cash and cash equivalents at the beginning of the period | - |
| Cash and cash equivalents at the end of the period (Note A) | 1,011,339 |
| At the end of the period | Note A |
| Cash and bank balances | 1,011,339 |
| | 1,011,339 |

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 23 form an integral part of these Financial Statements.

Colombo
31st July 2025



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION**1.1 General information**

The CAL Five Year Closed End Fund is a closed-end fixed income unit trust scheme with a life span of five years approved by the Securities and Exchange Commission of Sri Lanka. The Fund was launched on 06th September 2024 and started its commercial operations on 11th October 2024. The Fund has been listed on 20th March 2025.

The Fund is managed by Capital Alliance Investments Limited which has been incorporated and domiciled in Sri Lanka. The registered office of the Management Company is located at Level 05, "Millennium House", No.46/58, Nawam Mawatha, Colombo 02. The Trustee of the Fund is Hatton National Bank PLC whose place of business is at "HNB Towers", No. 479, T. B. Jayah Mawatha (Darley Road), Colombo 10.

1.2 Operating activities

The investment objectives of the Fund are given below.

- Benefits of capital preservation and interest income from the fixed income asset class,
- To help investors benefit from the interest rate environment that persisted at the time of issuance of units and the expected decline in interest rates at the time,
- Potential for capital gains given that Capital Alliance Investments Limited's macroeconomic outlook of interest rates declining at the time of issuance of units, and
- Benefits of a closed-end fund to maximise returns for unitholders.

1.3 Date of authorisation for issue

The Financial Statements of the Fund for the period ended 31st March 2025 were authorised for issue by the Management Company and the Trustee on 31st July 2025.

2. PREPARATION OF FINANCIAL STATEMENTS**2.1 Basis of preparation**

The Financial Statements have been prepared on the historical cost basis unless otherwise indicated. The Financial Statements have been presented in Sri Lankan rupees. The statement of financial position is presented on a liquidity basis.

2.2 Statement of compliance

The Financial Statements which comprise the statement of financial position as at 31st March 2025, statement of profit or loss and other comprehensive income, statement of movement in Unitholders' Fund and the statement of cash flows for the period then ended, and a summary of material accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) and the requirements of the Unit Trust Deed and Collective Investment Scheme Code (CIS Code 2022) of the Securities and Exchange Commission of Sri Lanka.

2.3 Basis of measurement

The Financial Statements have been prepared under the historical cost convention with the exception of certain assets and liabilities at fair value.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS**2.4 Functional and presentation currency**

The Financial Statements have been presented in Sri Lankan Rupees, the Fund's functional and presentation currency, which is the primary economic environment in which the Fund operates.

2.5 Materiality aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.6 Going concern

The Fund has a defined life span of five years from its inception and these Financial Statements are prepared on the assumption that the Fund will be continuing for 5 years. i.e. as continuing in operation for the stipulated period. Accordingly, these Financial Statements are prepared on the going concern basis.

2.7 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements in conformity with SLFRSs/LKASs requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the Fund's accounting policies, which are described below, the Fund Management Company is required to make judgments and assumptions and use assumptions in measuring items reported in the Financial Statements. These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or the period of the revision and future periods as well, if the revision affects both the current and the future periods.

The Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value.

The Management uses its judgment in determining the appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Other financial instruments are valued using a discounted cash flow analysis based on the assumptions supported, where possible, by observable market prices or rates.

Determination of Fair Value and Fair Value Hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** techniques which use inputs other than quoted prices included within Level 1, that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** techniques which use inputs that are not based on observable market data.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

2.8. Changes in Accounting Standards

No changes in Accounting standards which have significant impact on the financial statements of the Fund due to changes in Accounting Standards and disclosures during the year and Standards Issued but not yet Effective.

2.9. Summary of material accounting policy information**2.9.1. Financial instruments****2.9.1.1. Initial recognition**

Financial assets and liabilities, are initially recognized on the trade date, i.e the date that the Fund becomes a party to the contractual provisions of the instrument. This includes purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

2.9.1.2. Initial measurement of financial instrument

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. At initial recognition, the Fund measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at Fair Value through Profit and Loss (FVTPL) are expensed in the statement of profit or loss.

2.9.1.3. Measurement categories of financial assets and liabilities

The Fund classifies all of its financial assets in the following measurement categories:

- those to be measured at amortized cost
- those to be measured at fair value through profit or loss

Financial liabilities of the Fund are measured at amortized cost, and include all financial liabilities, other than those measured at fair value through profit or loss. The financial liabilities of the Fund include accrued expenses and other payables.

2.9.1.4. Subsequent measurement**Amortised cost:**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

Debt instruments at amortised cost in the statement of financial position comprise investments in treasury bill repurchase agreements, trust certificates, fixed deposits and commercial papers. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in realised gain/(loss) on debt instruments held at amortised cost.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

Fair value through profit or loss:

A financial asset is measured at fair value through profit or loss if:

- (a) its contractual terms do not give rise to cash flows on specified dates that are solely the payments of principal and interest on the principal amount outstanding,
or
- (b) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell,
or
- (c) at initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising their gains and losses on different bases.

A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within unrealized gains/(losses) in the period in which it arises.

2.9.1.5. Financial liabilities**a) Initial recognition and measurement**

The Fund determines the classification of its financial liabilities at initial recognition. The Fund's financial liabilities comprise accrued expenses and other payables in the Statement of Financial Position.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in the profit or loss and other comprehensive income statement when the liabilities are de-recognized as well as through the EIR amortization process.

2.9.1.6. Impairment

The Fund assesses on a forward-looking basis, the expected credit losses (ECLs) associated with its debt instruments not held at fair value through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since the initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures from which there has been a significant increase in credit risk since the initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

The Fund uses the ratings from either Fitch Rating Lanka Limited or Lanka Rating Agency Limited as applicable to determine the significant deterioration in credit risk and to estimate the ECLs.

Consistent with the policies of the Fund, investments when rated below BBB- are considered as non-investment grade investments and the Fund considers such investments as having incurred significantly deteriorated credit risk. Such investments are considered for life time ECL calculation.

Further, movements within the ratings of the investment grade stipulate significant deterioration of credit risk. Significant deterioration is measured through a two-notch downgrade of the external credit rating of the counterparty since the origination of the instrument.

For debt instruments at amortised cost issued by the Sovereign, the Fund applies the low-risk simplification.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the financial assets.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

2.9.1.7. Derecognition

A financial asset is derecognized when,

- 1) the rights to receive cash flows from the asset have expired.
- 2) the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - the Fund has transferred substantially all the risks and rewards of the asset, or
 - the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.9.1.8. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- there is currently an enforceable legal right to offset the recognised amounts, and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.9.2. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and statement of cash flows comprise cash at bank.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

2.9.3. Income tax

Subsequent to the enactment of the new Inland Revenue Act No. 24 of 2017, effective 01st April 2018, an Eligible Unit Trust would not be liable for income tax on any income which is a pass through to its Unitholders. Hence, the Fund has considered all income as being a pass through to its Unitholders.

2.9.4. Recognition of income

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognized.

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income from treasury bonds is recognized on accrual basis.

2.9.5. Other income

Other income is recognised on an accrual basis.

2.9.6. Expenses

The Management, Trustee fees and Custodian fee of the Fund as per the Trust Deed are as follows.

| | |
|----------------|--|
| Management fee | - 1% per annum of Net Asset Value of the Fund |
| Trustee fee | - 0.13% per annum of Net Asset Value of the Fund |
| Custodian fee | - Rs: 20,000/- per month |

The Fund has commenced to accrue the above expenses from 11th October 2024 since the Fund has commenced its operations from 11th October 2024.

2.9.7. Unitholders' fund and net assets attributable to Unitholders

Unitholders' fund has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to Unitholders as at the reporting date.

Units can be issued and redeemed based on the Fund's net asset value per unit, calculated by dividing the net assets of the Fund as described in the Trust Deed and directives issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue. Income not distributed is included in net assets attributable to Unitholders.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT**3.1. Financial instruments**

The Fund's principal financial assets comprise investments repurchase agreements, commercial papers, trust certificates, fixed deposits and cash at bank. The overall objective of the Fund is to optimise income at very low levels of risk, essentially retaining the risk-free nature of Government securities but offering the convenience of a unit trust. The Fund's principal financial liabilities comprise amounts attributable to Unitholders, which are the amounts owed to Unitholders of the Fund. The Fund also has other financial instruments such as receivables and payables, which arise directly from its operations.

In accordance with SLFRS 9 Financial Instruments: Recognition and Measurement, the investments in repurchase agreements, commercial papers, trust certificates and fixed deposits are classified as 'financial assets at amortized cost' and are valued at amortized cost. Amounts attributable to Unitholders are classified as 'equity' and are carried at the redemption amount being net asset value. Accrued expenses are classified as 'other financial liabilities' at amortized cost.

3.2. Financial risk management objectives, policies and processes

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Fund is exposed to credit risk, market risk and liquidity risk.

Financial instruments of the Fund comprise investments in treasury bills/bond repurchase agreements, for the purpose of generating a return on the investment made by Unitholders, in addition to cash at bank, and other financial instruments such as receivables and payables, which arise directly from its operations.

The Fund Management Company is responsible for identifying and controlling the risks that arise from these financial instruments. The Fund Management Company agrees to policies for managing each of the risks identified below.

The risks are measured using a method that reflects the expected impact on the statement of profit or loss and other comprehensive Income and Statement of Financial Position of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

The Fund Management Company also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the Fund Management Company on a regular basis as deemed appropriate, including the Fund Manager, other key management, Risk and Investment Committees and ultimately the Trustees of the Fund.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

Concentration of risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, politics or other conditions.

3.3. Credit risk

Credit risk is the risk that the counterparty to the financial instruments will fail to discharge an obligation and cause the Fund to incur a financial loss of interest and/or principal. The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in debt securities, cash and cash equivalents and other receivables.

3.3.1. Debt securities

The credit risk exposure on these instruments is not deemed to be significant. It is the Fund's policy to enter into financial instruments with reputable counterparties with high credit quality.

The Fund invests in debt securities which are risk free investments, medium risk investments and low risk investments. An analysis of debt securities by rating is set out in the table below.

| | As of 31.03.2025 Rs. |
|-------------|----------------------------|
| Risk rating | |
| Risk free | 4,942,334,773 |
| Medium risk | 824,729,525 |
| Low risk | 4,191,752,659 |
| Total | 9,958,816,957 |

The methodology used for ECL calculation is disclosed under 3.3.3 Impairment and it was updated for latest macroeconomic forecasts. ECL calculations also consider weighted scenario analysis. Further, the Fund has taken initiatives to de-risk the Unit Trust portfolios with investments in Government Securities and instruments rated A- and above.

3.3.2. Cash and cash equivalents

All counterparties have a rating of AA- as determined by the Fitch rating agency. However, in accordance with the Fund's policy, the investment manager monitors the Fund's credit position on a daily basis, to maintain credit risk at a minimum level.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

3.3.3. Credit risk by class of financial assets

| | 12 Month expected credit losses | Life time expected credit losses not credit impaired | Life time expected credit losses credit impaired | Total |
|---------------------------------------|---------------------------------------|--|--|---------------|
| As at 31 st March 2025 | Rs. | Rs. | Rs. | Rs. |
| Financial assets at amortised cost | 5,016,482,184 | - | - | 5,016,482,184 |
| Other receivables | 167 | - | - | 167 |
| Cash and cash equivalents | 1,011,339 | - | - | 1,011,339 |
| | 5,017,493,690 | - | - | 5,017,493,690 |

There are no difference in the net exposure to the credit risk and the maximum exposure to the credit risk for the above financial assets.

3.3.4. Risk concentration of credit risk exposure

Concentration of credit risk is managed by the counterparty and by market sector. The Fund is also subject to credit risk on its commercial papers, bank balance and receivables. The credit risk exposure on these instruments is not deemed to be significant.

The exposure to credit risk for Treasury Bills/Bonds Repurchase agreements is extremely low as the Fund has considered the collateral that the primary dealers provided.

The credit ratings of the counterparties with which the Fund places investments are as set out below:

| Counterparty | Credit Rating | Rating Agency |
|-----------------------------|---------------|---------------------|
| Asiri Hospital Holdings PLC | BBB- | Lanka Rating Agency |
| Capital Alliance PLC | A | Lanka Rating Agency |
| Asia Asset Finance PLC | A+ | Fitch Rating |
| Hatton National Bank PLC | AA- | Fitch Rating |

The Fund's maximum exposure to credit risk can be analysed as follows:

| | As of 31.03.2025 | |
|---|---------------------|-----------------|
| | Maximum Exposure | Net Exposure |
| Financial assets at fair value through profit or loss | 4,942,334,773 | 4,942,334,773 |
| Financial assets at amortised cost | 5,016,482,184 | 5,016,123,955 |
| | 9,958,816,957 | 9,958,458,728 |



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

3.4. Market risk

Market risk represents the risk that the value of the Fund's investment portfolios will fluctuate as a result of changes in market prices.

This risk is managed by ensuring that all investment activities are undertaken in accordance with established mandate limits and investments strategies. As such, Unitholders can manage this risk through their choices of which investment portfolios to participate in.

The Fund uses a range of different fund arrangements for investment assets. Where a Unitholder has invested in more than one investment portfolio, this reduces the impact of a particular manager underperforming. Within the underlying investment portfolio, diversification is achieved at a number of levels. The diversified portfolios are invested across a range of investment sectors. Within each sector of the diversified portfolios, the Fund managers invest in a variety of securities.

3.4.1. Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk. The Fund's interest bearing financial assets are exposed to risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using the sensitivity analysis.

The Fund's policy is to hold all its net assets attributable to unit holders invested in debt securities and equity securities. The table below summarises the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair values, categorised by the earlier contractual re-pricing on maturity dates.

| | Floating interest Rs. | Fixed interest Rs. | Non-interest Rs. | Total Rs. |
|---|-----------------------------|--------------------------|---------------------|----------------------|
| As at 31st March 2025 | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | Nil | Nil | 1,011,339 | 1,011,339 |
| Financial assets at FVTPL | Nil | 4,942,334,773 | Nil | 4,942,334,773 |
| Financial assets at amortized cost | 824,729,525 | 4,191,752,659 | Nil | 5,016,482,184 |
| Other receivable | Nil | Nil | 167 | 167 |
| Total exposure | 824,729,525 | 9,134,087,432 | 1,011,506 | 9,959,828,463 |

3.5. Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders' interest rate risk and other price risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical level of changes in interest rates, historical correlation of the Fund's investment with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in performances and correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

| | As at 31.03.2025 | |
|--|---|---|
| | Increase/(decreases) on profit before tax Rs. | Impact on operating profit/net assets attributable to unitholders' interest rate risk |
| Change in interest rate of the Trust's investment in financial assets | | |
| Increase in 100 basis points | (94,611,401) | (94,611,401) |
| Decrease in 100 basis points | 100,606,136 | 100,606,136 |

3.6. Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet its obligation to pay unitholders.

Due to the nature of a unit trust, it is unlikely that a significant number of unitholders would exit at the same time. However, to control liquidity risk, the Fund invests in financial instruments which readily convert into cash under normal market conditions. In addition, the Fund invests within established limits to ensure there is no concentration of risk. The Manager ensures that a minimum liquidity level of 3% of the total NAV of the Fund is available in cash or near cash form at any given time as required by the Unit Trust Code, reducing the liquidity risk to its investors.

In addition, the Security and Exchange Commission and the Fund require an additional number of business days' notice to the Fund from large investors redeeming over 3% of the Fund and the Fund is also permitted to borrow up to 15% of the deposited property for redemption pay-outs. No such borrowings have arisen during the period.

The Fund's investments are managed on short-term basis and by investing in government securities. Further, liquidity is managed by the Fund Management Company through bank facilities and investment in highly liquid short-term instruments.

The table below analyses the Fund's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are the contractual undiscounted cash flows.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

| 31 March 2025 | Less than 1 month Rs. | 1-6 months Rs. | 6-12 months Rs. | 1-2 Years Rs. | Over 2 years Rs. | Total Rs. |
|-------------------------------------|-----------------------------|----------------------|-----------------------|---------------------|------------------------|---------------|
| <u>Financial assets</u> | | | | | | |
| Financial assets at FVTPL | - | - | - | - | 4,465,868,324 | 4,465,868,324 |
| Financial assets at amortized cost | 4,108,523,460 | - | - | - | 887,412,289 | 4,995,935,749 |
| Cash and cash equivalents | 1,011,339 | - | - | - | - | 1,011,339 |
| Other receivable | 167 | - | - | - | - | 167 |
| | 4,109,534,966 | - | - | - | 5,353,280,613 | 9,462,815,579 |
| <u>Financial liabilities</u> | | | | | | |
| Management fee | 54,697,823 | - | - | - | - | 54,697,823 |
| Trustee fee | 7,110,717 | - | - | - | - | 7,110,717 |
| Custodian fee | 136,595 | - | - | - | - | 136,595 |
| Audit fee | 181,123 | - | - | - | - | 181,123 |
| Other payable | 822,746 | - | - | - | - | 822,746 |
| | 62,949,004 | - | - | - | - | 62,949,004 |

The contractual amounts disclosed in this analysis are gross undiscounted cash flows and therefore, may not agree with the carrying amounts in the Statement of Financial Position.

3.7. Economic risk

The decelerated trend was witnessed in year on year Inflation measured by the CCPI (2021=100) which recorded at 0.70 % in March 2025 from 3.40% in April 2024.

Interest rates displayed a declining trend during the period. The benchmark 12-month Treasury bill rate which was at 10.28% p.a. in April 2024 recorded a drop to 8.25% p.a. by the end of March 2025. Yields on long-term Treasury bonds also followed a decreasing trend. Central Bank key policy rates were gradually reduced two times during the financial year 2024/25. As of end March 2025, the SDFR, SLFR and SRR were at 7.50%, 8.50% and 2% respectively.

The exchange rate which was at 300.4081 (Rs/US\$) at the beginning of April 2024, depreciated by 1.35% against USD during the year and was recorded at 296.3472 (Rs/USD) as at 31st March 2025.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

The United States has introduced new reciprocal tariffs under President Donald Trump, significantly impacting global trade. Sri Lanka is among the top 10 countries affected, with tariffs reaching up to 44%. Due to tariff announcement, the equity market took a nosedive, dropping 4.5% - its biggest one-day drop in 2 years, which was at the peak of the economic crisis. Government securities also lost ground, as yields rose between 20-50 bps across the curve (from the tariff announcement to the pause) which saw the Treasury utilise its cash buffers at auctions to limit volatility in interest rates while reducing borrowing needs from the market as recommended by the IMF. Then, when the 90-day pause was announced, equity markets did a 180, bouncing back 4.7% in a single day, with bond yields falling 20-40 bps to date since the pause.

The Fund's management continuously monitors these macroeconomic factors and employs diversification and portfolio adjustments to mitigate potential adverse impacts.

3.8. Capital risk management

The Fund considers its net assets attributable to Unitholders as capital, notwithstanding that net assets attributable to Unitholders are classified as a liability. The amount of net assets attributable to Unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of Unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company. Under the terms of the Unit Trust Code, the Management Company has the discretion to reject an application for Units and to defer redemption of Units if the exercise of such discretion is in the best interests of Unitholders.

The following are the disclosures of Unitholders' fund:

The movement in the Unitholders' fund as at 31st March 2025

I. In terms of Value

| | Rs. |
|--|----------------------|
| Creations during the period | 18,270,188,985 |
| Redemptions during the period | (9,149,254,798) |
| Increase in net assets attributable to unitholders | 775,587,043 |
| Balance at the end of the year | <u>9,896,521,230</u> |

II. In terms of No. of Units

| | Units |
|---|--------------------|
| Unit creations during the period | 1,821,968,720 |
| Unit redemptions during the period | (907,043,274) |
| Closing number of units as at 31 st March 2025 | <u>914,925,446</u> |

As stipulated within the Trust Deed, each Unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attached to it as all other Units of the Fund.



For the period from
06th September 2024
to 31st March 2025

| | Rs. |
|---|--------------------|
| 4. INTEREST INCOME | |
| Interest on treasury bonds | 227,766,563 |
| Interest on commercial papers | 25,076,210 |
| Interest on debentures | 2,829,199 |
| Interest on treasury bills/bonds re-purchase agreements | 208,623,057 |
| | <u>464,295,029</u> |

| | |
|------------------------------|----------------|
| 5. OTHER INCOME | |
| Money market interest income | 990,049 |
| | <u>990,049</u> |

6. TAXATION

Following the enactment of the new Inland Revenue Act No. 24 of 2017 effective from 1st April 2018, the Fund is deemed as conducting an eligible investment business and is treated as a tax "pass through" vehicle. Hence, no provision for income tax was made in the Financial Statements for the period ended 31st March 2025.

7. EARNINGS PER UNIT

Earnings per unit is calculated by dividing the net profit attributable to unitholders of the Fund by the weighted average number of units outstanding during the period and calculated as follows.

For the period from
06th September 2024
to 31st March 2025

| | Rs. |
|---|--------------------|
| Amounts used as numerator | |
| Net profit attributable to ordinary unitholders - (Rs.) | 775,587,043 |
| Number of ordinary units used as the denominator | |
| Outstanding number of ordinary units | 914,925,446 |
| Earnings per unit - (Rs.) | <u>0.85</u> |
| Weighted average number of ordinary units | |
| Earnings per unit - (Rs.) | <u>428,636,305</u> |
| | <u>1.81</u> |

As at
31.03.2025

8. CASH AND CASH EQUIVALENTS

Hatton National Bank PLC- savings account



| | |
|--|------------------|
| | 1,011,339 |
| | <u>1,011,339</u> |

For the period from
06th September 2024
to 31st March 2025

Rs.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | | |
|--|----------|---------------|
| Cost of investment during the period | | 4,705,676,037 |
| Interest receivable | | 175,044,036 |
| Unrealised gain on financial assets at fair value through profit or loss | | 61,614,700 |
| Market value as at 31st March | Note 9.1 | 4,942,334,773 |

As at 31.03.2025

| Fair value Rs. | Holding as a % of net asset value |
|----------------------|---|
|----------------------|---|

9.1 Treasury Bonds

| | | |
|------------------------|---------------|--------|
| Capital Alliance PLC | 4,187,257,373 | 42.31% |
| HNB Securities Limited | 755,077,400 | 7.63% |
| | 4,942,334,773 | 49.94% |

For the period from
06th September 2024
to 31st March 2025

Rs.

9.2 Unrealised gains on financial assets at fair value through profit or loss

| | |
|---|------------|
| Unrealised gains on Government Securities | 61,614,700 |
| | 61,614,700 |

9.3 Realised gains on financial assets at fair value through profit or loss

| | |
|------------------------------------|-------------|
| Net gains on Government Securities | 311,611,450 |
| | 311,611,450 |

As at
31.03.2025

Rs.

10. FINANCIAL ASSETS AT AMORTISED COST

| | | |
|--------------------------------------|------|---------------|
| Treasury bills repurchase agreements | 10.1 | 4,108,523,460 |
| Commercial papers | 10.2 | 824,729,525 |
| Debentures | 10.3 | 83,229,199 |
| Less: Impairment Provision | 10.4 | (358,229) |
| | | 5,016,123,955 |



| | | As at 31.03.2025 | |
|------|--|--------------------------|--|
| | | Carrying value Rs. | Holdings as a % of net asset value |
| 10. | FINANCIAL ASSETS AT AMORTISED COST (CONTD....) | | |
| 10.1 | Treasury bills repurchase agreements | | |
| | Hatton National Bank PLC | 3,965,102,832 | 40.07% |
| | HNB Securities Limited | 143,420,628 | 2.45% |
| | | 4,108,523,460 | 42.52% |
| 10.2 | Commercial papers | | |
| | Asiri Hospital Holdings PLC | 824,729,525 | 8.33% |
| | | 824,729,525 | 8.33% |
| 10.3 | Debentures | | |
| | Asia Asset Finance PLC | 83,229,199 | 0.84% |
| | | 83,229,199 | 0.84% |
| 10.4 | Impairment provision | | |
| | 10.4.1- Movement in impairment during the period | | |
| | Stage 1(12-month expected credit loss) | | |
| | Balance at the beginning of the period | | 358,229 |
| | Impairment charge to the income statement | | 358,229 |
| | Balance at the end of the period | | 358,229 |
| 11. | OTHER RECEIVABLES | | |
| | Money market interest receivables | | 167 |
| | | | 167 |
| 12. | ACCRUED EXPENSES | | |
| | Management fee | | 54,697,823 |
| | Trustee fee | | 7,110,717 |
| | Custodian fee | | 136,595 |
| | Audit fee | | 181,123 |
| | Other payables | | 822,746 |
| | | | 62,949,004 |



13. CONTINGENCIES

13.1 Contingent liabilities

There were no contingent liabilities as at the reporting date.

13.2 Contingent assets

There were no contingent assets as at the reporting date.

14. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that would require adjustments or disclosure in these Financial Statements.

15. CAPITAL COMMITMENTS

The Fund does not have significant capital commitments as at the reporting date.

16. UNITS IN ISSUE AND PUBLISHED UNIT PRICE

Units in issue and deemed to be in issue as at 31st March 2025 are 914,925,446 and published unit price as at this date is Rs.10.8171. The market value of the Unit as at the reporting date is Rs.15.00.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Financial assets carried at fair value

| | Level 1 Rs. | Level 2 Rs. | Level 3 Rs. | Total Rs. |
|---|----------------|----------------|----------------|---------------|
| As at 31st March 2025 | | | | |
| Financial assets at fair value through profit or loss | 4,942,334,773 | - | - | 4,942,334,773 |

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Accordingly, the following is a list of financial instruments whose carrying amount is a reasonable approximation of fair value.

Assets

Cash and cash equivalents
Financial assets at amortised cost
Other receivables

Liabilities

Accrued expenses



18. RELATED PARTY DISCLOSURES

18.1 Management Company and Trustee

The responsible entities of Five year closed End Fund are Capital Alliance Investments Limited ("the Management Company") and Hatton National Bank PLC("the Trustee").

18.2 Key management personnel

Key management personnel includes persons who were directors of Capital Alliance Investments Limited at any time during the financial period.

i) Directors

Ms. H. M. S. Perera

Dr. M. De Zoysa

Mr. K P Mannakkara

ii) Other key management personnel

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

18.3 Key management personnel compensation

Key management personnel are paid by Capital Alliance Investments Limited. Payments made from the Fund to Capital Alliance Investments Limited do not include any amounts directly attributable to the compensation of key management personnel.

18.4 Other transactions within the Fund

Apart from those details disclosed in Note 18.5, key management personnel have not entered into any other transactions involving the Fund during the financial year.

18.5 Other transactions with and amounts due to related parties

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

| | For the period from 06th September 2024 to 31st March 2025 Rs. | Balance as at 31.03.2025 Rs. |
|---|--|------------------------------------|
| Fund Management fee | 54,697,823 | 54,697,823 |
| Trustee fees | 7,110,717 | 7,110,717 |
| Custodian fees | 136,595 | 136,595 |
| The Bank balance held at Hatton National Bank PLC | | 1,011,339 |



18. RELATED PARTY DISCLOSURES (CONTD....)

18.5 Other transactions with and amounts due to related parties (Contd....)

In addition to the above, certain administrative expenses are borne by the Management Company.

Investments in treasury bonds, and investments in treasury bills/bonds re-purchase agreements have been made in the ordinary course of operations with the following related parties. The resulting investment income and outstanding investment balances are given below.

| | Investment income for the period ended 31st March 2025 Rs. | Investment balance as at 31st March 2025 Rs. |
|--|---|---|
| Investments in Treasury bonds with Capital Alliance PLC - (Subsidiary of ultimate parent company of the management company) | 226,764,163 | 4,187,257,373 |
| Investments in Treasury bills/bonds re-purchase agreements with Capital Alliance PLC - (Subsidiary of ultimate parent company of the management company) | 25,989,110 | - |

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

| | As at 31.03.2025 Rs. |
|--|----------------------------|
| Net asset value as per Financial Statements | 9,896,521,230 |
| Under provision of impairment | 358,229 |
| Published net asset value | <u>9,896,879,459</u> |
| Number of units outstanding | 914,925,446 |
| Published net asset value per unit | <u>10.8171</u> |
| Net asset value per unit as per Financial Statements | <u>10.8168</u> |
| Market price of the unit | 15.00 |

20. COMPARATIVE INFORMATION

The accounting policies have been consistently applied by the Fund.

