



**30 SEPTEMBER 2024**

**FUND MANAGERS  
REVIEW**

**CAPITAL ALLIANCE  
CORPORATE TREASURY FUND**

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**UNIT TRUST 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.

## Table of Contents

	Page
Report from the Investment Manager	2
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Movement in Unit Holders Fund	9
Statement of Cash Flows	10
NAV Reconciliation	11
Investment Portfolio	12
Corporate Directory	13

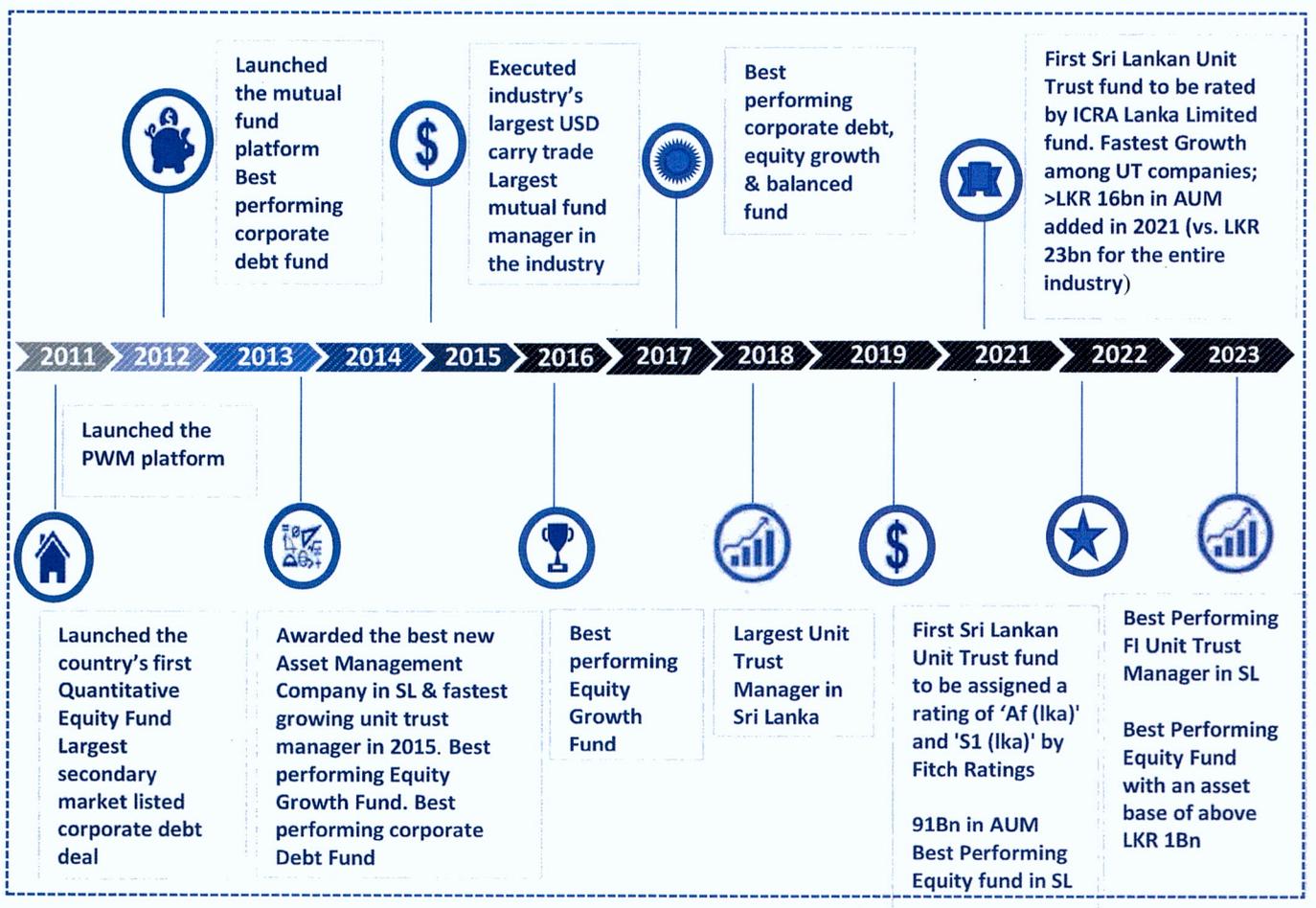
# Capital Alliance Investments Limited

**Capital Alliance Investments Ltd (CALI)** has established itself as one of the largest wealth managers in Sri Lanka as evidenced by its Unit Trust Assets under Management of over LKR 116Bn (as at 30 September 2024), 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, October 2021 and July 2022)
- ✓ 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)

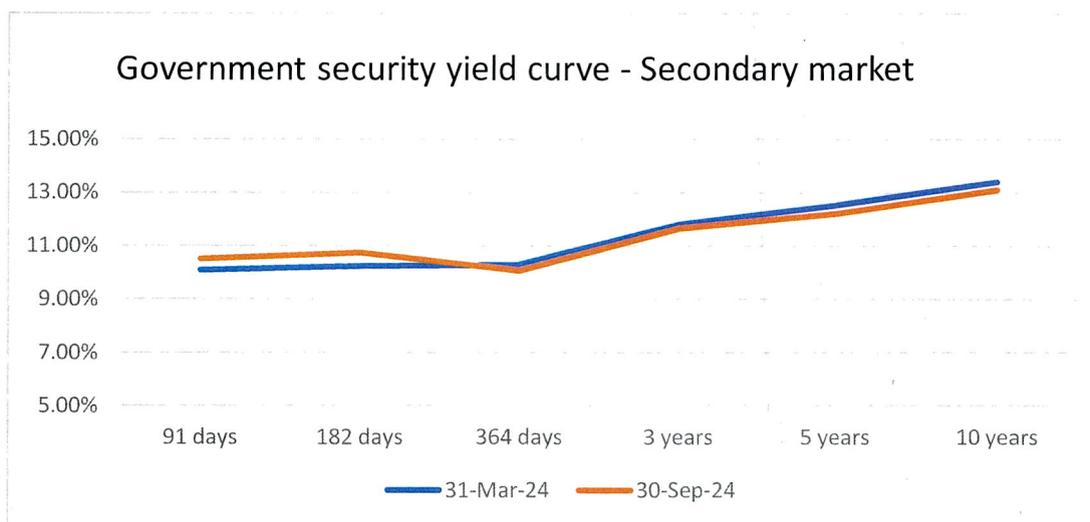
CAL's service offering is built on the pillars of best-in-class service and market outperformance. We are confident that our intimate knowledge of the Sri Lankan economy and our established networks within its capital markets will enable us to deliver attractive returns on your investment.

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”.



### Economic Review – September 2024

Sri Lanka has maintained its accommodative monetary policy stance in FY24 as inflation eased and economic activity rebounded. For the six months ending September 2024, the short term-treasury bills and longer-term bond rates have remained relatively stable, illustrated below.



Furthermore, during the same period, the Central Bank of Sri Lanka (CBSL) has reduced its Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) by 25 basis points, to 8.25% and 9.25% respectively. The Statutory Reserve Ratio (SRR) however, remained unchanged. These monetary policy adjustments aided in stabilizing the economic environment characterized by declining inflation, recovering consumer spending, and increased private sector investments.

Private Sector Credit Growth has experienced a positive trajectory, growing by 8.8% to LKR 7,794Bn year-on-year, contributing to an overall rise in GDP in 2024. The GDP growth YoY for the second quarter of 2024 stood at 4.7%. This rise suggests that both consumer demand and business investments have been on the upswing and serves as a key indicator of the ongoing economic recovery.

As of September 2024, Sri Lanka's inflation has significantly decreased. The Colombo Consumer Price Index (CCPI) recorded a deflation of -0.5% year-on-year in September 2024, down from a 0.5% increase the previous month, marking the first deflation since 1995. This was largely driven by the base effect as 2023 experienced extremely high levels of inflation. The National Consumer Price Index (NCPI) also reflects this, falling to -0.2% year-on-year in September. We expect inflation to loom around positive low single digit levels in the coming few months.

The Gross official reserves as of 30<sup>th</sup> September 2024 have risen close to USD 6Bn, up from USD 4.5Bn at the start of 2024, following the continued fund facility with the International Monetary Fund and other inflows of dollars.

The Sri Lankan Rupee (LKR) has further appreciated against the USD, where end September 2024 records the LKR at 299.36 to USD 1. This represents an approximate 7.60% appreciation of the LKR against the US Dollar since the start of 2024.

Sri Lanka's Balance of Payments surplus has steadily improved, driven by strong foreign remittances, which reached a notable USD 4.8Bn from January to September compared to USD 4.3Bn in 2023 for the same period. Additionally, the number of tourist arrivals saw a robust 46% year-on-year growth during the same period, contributing to a significant increase in tourism earnings, totaling to USD 2.3Bn as of 30<sup>th</sup> September 2024, compared to USD 1.4 Bn in 2023.

The current outlook suggests a continued accommodative monetary policy stance, with low inflation expected to persist through 1Q25, primarily due to the base effect. We anticipate a continued decline in interest rates in the economy, given no sudden changes to economic metrics.

By considering both macro and microeconomic factors, we have strategically adjusted our fund allocations to achieve an optimal balance of risk and return, ensuring above-market returns for our unit trust funds.

**Fund Management team**

## Fund Review

### Fund Update

Yield*	8.0%
AUM – 30 September 2024**	LKR 8 Mn
Fund Currency	LKR
Inception Date	25-Sep-12***

\*Annualized Yield For the period, 01 April 2024 to 30 Sep 2024. Yield Net of fees.

\*\*Assets Under Management

\*\*\* The “Capital Alliance Gilt Fund” was licensed to operate on 27th February 2012 and was launched on 25th September 2012. Subsequently on 22nd February 2013, the name of the fund was changed to “Capital Alliance Corporate Treasury Fund”.

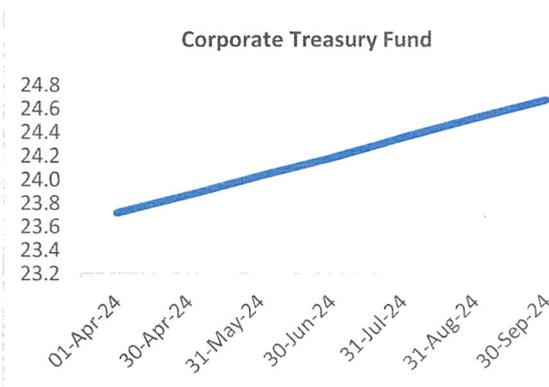
### Fund Overview

The CAL Corporate Treasury Fund is an open-ended fixed income fund that invests in Government securities, Corporate Debt, Securitized papers and deposits issued by Banks. The Fund is suitable for investors looking for regular interest income, liquidity and a competitive risk adjusted yield.

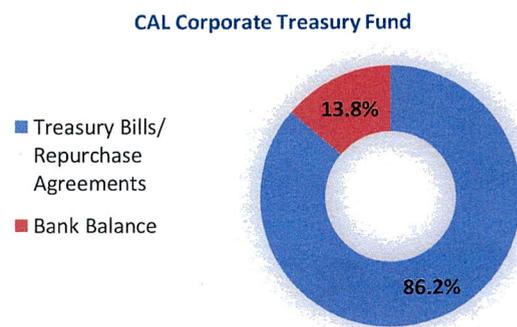
### Fund Performance

The fund returned an annualized yield of 8.0% for the 6 months ended 30 September 2024.

#### CAL Corporate Treasury Fund Unit Price



#### Portfolio Asset Allocation



As at 30 September 2024

CAPITAL ALLIANCE CORPORATE TREASURY FUND  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER

	30.09.2024 Unaudited Rs.	30.09.2023 Unaudited Rs.
Interest income - Reverse repurchase agreements	402,089	230,954
Interest income - Savings account	27,008	36,177
<b>Total investment income</b>	<u>429,098</u>	<u>267,131</u>
<b>Expenses</b>		
Management fees	(28,564)	(10,807)
Trustee fees	(7,426)	(3,415)
Bank charges	(11,320)	(57,721)
Audit fees	(6,527)	(6,343)
<b>Total operating expenses</b>	<u>(53,837)</u>	<u>(78,286)</u>
<b>Net operating profit</b>	375,260	188,845
<b>Profit before tax</b>	375,260	188,845
Income tax expense	-	-
<b>Profit after tax for the period</b>	<u>375,260</u>	<u>188,845</u>
<b>Total comprehensive income</b>	<u><u>375,260</u></u>	<u><u>188,845</u></u>
<b>Increase in net assets attributable to Unitholders</b>	375,260	188,845

CAPITAL ALLIANCE CORPORATE TREASURY FUND  
STATEMENT OF FINANCIAL POSITION  
AS AT

	As at 30.09.2024 Unaudited Rs.	As at 31.03.2024 Audited Rs.
<b>Assets</b>		
Cash and cash equivalents	1,115,177	1,140,175
Investment in Reverse Repurchase Agreement	6,987,045	10,345,101
Money Market Interest Receivable	201	247
<b>Total assets</b>	<b>8,102,423</b>	<b>11,485,523</b>
<b>Liabilities</b>		
Management fee Payable	4,018	5,607
Trustee fee Payable	1,045	1,458
Audit fee Payable	6,526	24,023
<b>Total liabilities</b>	<b>11,588</b>	<b>31,088</b>
<b>Net assets</b>	<b>8,090,835</b>	<b>11,454,435</b>
<b>Unitholders' Fund</b>		
Net assets attributable to Unitholders	8,090,835	11,454,435

Signed for and on behalf of the Management Company by:

  
.....

Director  
Capital Alliance Investments Limited  
Management Company

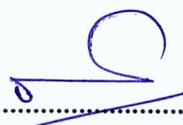
  
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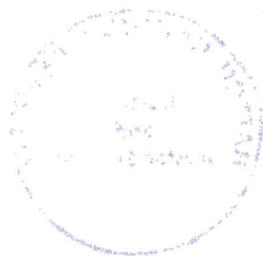
Director  
Capital Alliance Investments Limited  
Management Company

Signed for and on behalf of the Trustee by;

  
.....  
Hatton National Bank PLC  
Trustee



  
.....  
Hatton National Bank PLC  
Trustee



12/11

CAPITAL ALLIANCE CORPORATE TREASURY FUND  
 STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND  
 FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER

	30.09.2024 Unaudited Rs.	30.09.2023 Unaudited Rs.
Unitholders' fund at the beginning of the period	11,454,435	7,704,327
Increase in net assets attributable to Unitholders	375,260	188,845
Creation of Units	8,213,344	12,658,700
Redemption of Units	(11,952,205)	(13,097,898)
Net Decrease due to unitholders' transactions	(3,738,861)	(439,198)
Unitholders' fund at the end of the period	<u>8,090,835</u>	<u>7,453,974</u>

CAPITAL ALLIANCE CORPORATE TREASURY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER

	30.09.2024 Unaudited Rs.	30.09.2023 Unaudited Rs.
<b>Cash flows from operating activities</b>		
Interest and other income received	428,200	260,557
Management fees and trustee fees paid	(37,993)	(14,703)
Other expenses paid	(35,344)	(57,721)
<b>Net cash generated from operating activities</b>	<u>354,863</u>	<u>188,133</u>
<b>Cash flows from Investing activities</b>		
Redemption / (Investment) in Reverse Repurchase Agreement	3,359,000	1,112,000
<b>Net cash generated from investing activities</b>	<u>3,359,000</u>	<u>1,112,000</u>
<b>Cash flows from financing activities</b>		
Cash received on creation of Units	8,213,344	12,658,700
Cash paid on redemption of Units	(11,952,205)	(13,097,898)
<b>Net cash generated used in financing activities</b>	<u>(3,738,861)</u>	<u>(439,198)</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	(24,998)	860,936
Cash and cash equivalents at the beginning of the period	1,140,175	149,795
<b>Cash and Cash Equivalents at the end of the period</b>	<u><u>1,115,177</u></u>	<u><u>1,010,731</u></u>

CAPITAL ALLIANCE CORPORATE TREASURY FUND  
 RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL  
 AND THE PUBLISHED NET ASSET VALUE

	As at 30.09.2024 Rs.	As at 31.03.2024 Rs.
Net asset value as per financial statements	8,090,835	11,454,435
Published net asset value	<u>8,090,835</u>	<u>11,454,435</u>
Number of units outstanding	328,016.97	483,219.87
Published net asset value per unit	<u>24.6659</u>	<u>23.7044</u>

CAPITAL ALLIANCE CORPORATE TREASURY FUND  
PORTFOLIO STATEMENT

AS AT,	30.09.2024	31.03.2024	% of Deposited Property	
	Rs.	Rs.	Sep-24	Mar-24
<b>Assets</b>				
Cash and cash equivalents	1,115,177	1,140,175	13.78%	9.95%
Investment in Reverse Repurchase Agreements	6,987,045	10,345,101	86.36%	90.32%
Money Market Interest Receivable	201	247	0.00%	0.00%
<b>Total assets</b>	<b>8,102,423</b>	<b>11,485,523</b>	<b>100.14%</b>	<b>100.27%</b>
<b>Liabilities</b>				
Fund management fee payable	4,018	5,607	0.05%	0.05%
Trustee fee payable	1,045	1,458	0.01%	0.01%
Audit fee Payable	6,526	24,023	0.08%	0.21%
<b>Total liabilities</b>	<b>11,588</b>	<b>31,088</b>	<b>0.14%</b>	<b>0.27%</b>
<b>Net assets</b>	<b>8,090,835</b>	<b>11,454,435</b>	<b>100.00%</b>	<b>100.00%</b>

Note

The above figures are subject to audit. The same accounting policies as in the Audited Financial Statements for the year ended 31st March 2024 have been followed in the preparation of above financial statements.

## Corporate Information

### BOARD OF DIRECTORS

Mr. Kanishke Mannakkara

Mrs. Sharmali Perera

Ms. M De Zoysa

### UNIT TRUST MANAGEMENT COMPANY

**Capital Alliance Investments  
Limited**

Level 5, "Millennium House",

46 / 58 Nawam Mawatha,

Colombo 02

### TRUSTEE & CUSTODIAN

**Hatton National Bank PLC**

No.479,

T.B Jayah Mawatha,

Colombo 01

### AUDITORS

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

65/2, Sir Chittampalam A Gardiner  
Mawatha,

Colombo 02

### TAX CONSULTANTS

**Dinitway Partners  
Chartered Accountants**

No.7 1/2, Devanampiyatissa  
Mawatha

Colombo 10