



30 SEPTEMBER 2024

**FUND MANAGERS
REVIEW**

**CAL FIXED INCOME
OPPORTUNITIES FUND**

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.

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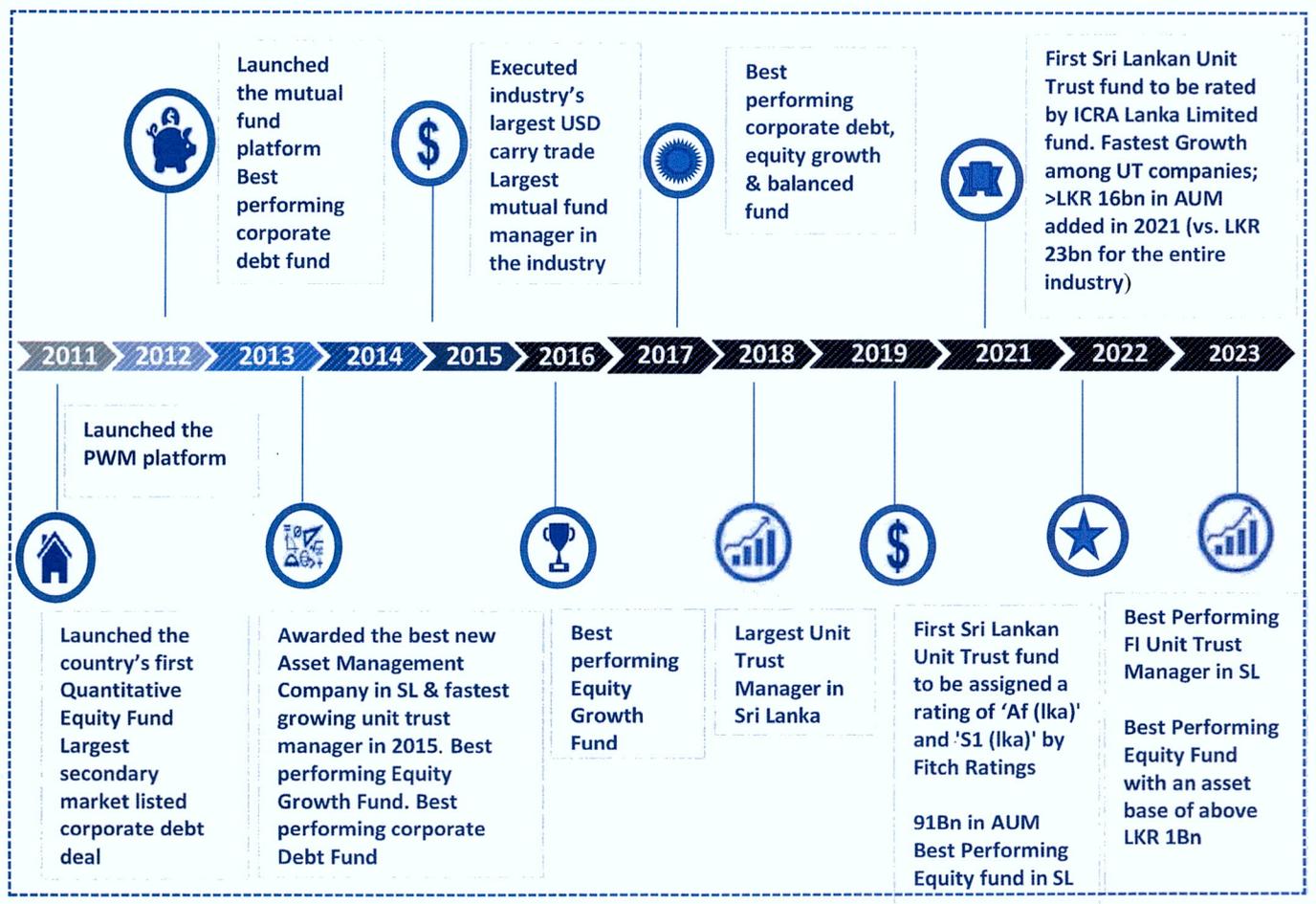
Capital Alliance Investments Limited

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.

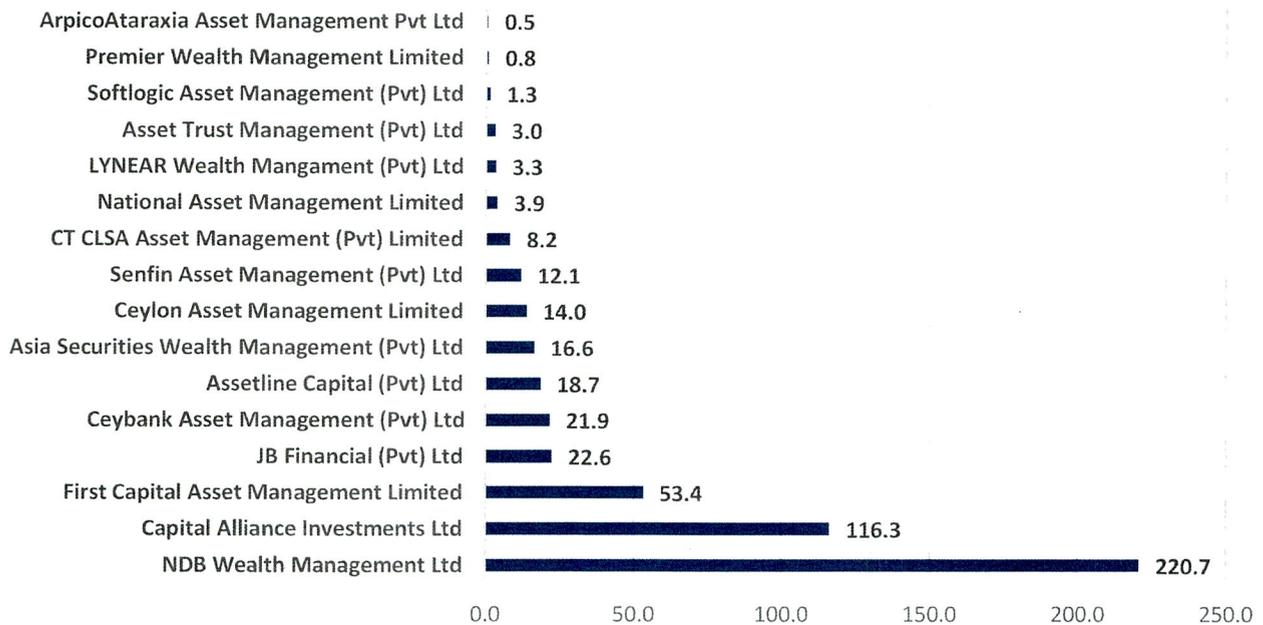
We specialize in originating, trading and investing: in fixed income and equity securities. Our focus on providing innovative solutions tailored to meet the needs of our customers has enabled us to build a reputation as "the Preferred Partner in Financial Markets".



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.

CALI 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 Bn)



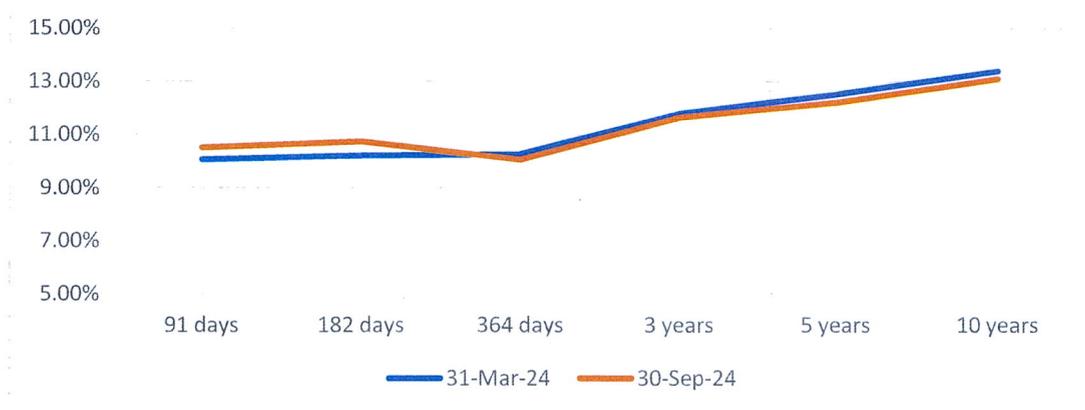
Source: utasl.lk

*As at 30 September 2024

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.

Government security yield curve - Secondary market



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 30th 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 30th 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*	12.2%
AUM – 30 September 2024**	LKR 54,729Mn
Fund Currency	LKR
Inception Date	05-Dec-13

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

**Assets Under Management

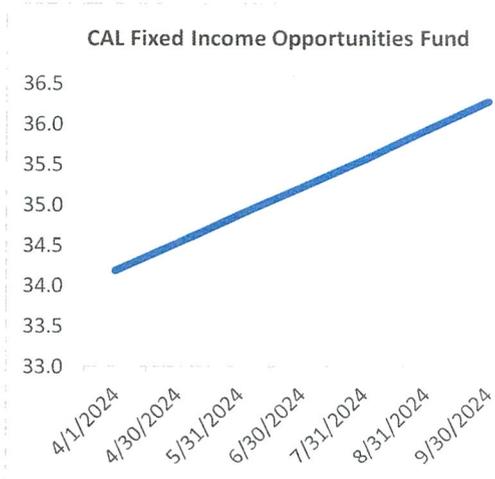
Fund Overview

The CAL Fixed Income Opportunities Fund is an open-ended fixed income fund that invests in Government securities, Corporate Debt, Securitized papers and deposits issued by Banks and Finance Companies. 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 12.2% for the 6 months ended 30 September 2024. The fund was active at the beginning of FY 2020/2021, and turned dormant on 27 November 2020.

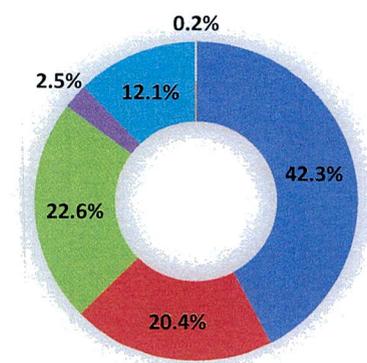
CAL Fixed Income Opportunities Fund Unit Price



Portfolio Asset Allocation

CAL Fixed Income Opportunities Fund

- Treasury Bills/ Repurchase Agreements
- Commercial Papers
- Trust certificates
- Listed Debenture
- Fixed Deposit
- Bank Balance



As at 30 September 2024

CAL FIXED INCOME OPPORTUNITIES 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.
Investment income		
Interest from Reverse Repurchase Agreements	760,521,081	64,157,759
Interest from Treasury Bills	-	20,920,700
Interest from Debentures	53,528,258	223,306,263
Interest from Commercial Papers	616,164,713	1,255,207,133
Interest from Fixed Deposits	283,813,861	213,454,998
Interest from Trust Certificates	2,349,631,285	665,142,944
Interest from Savings and Money Market	11,737,673	20,093,289
Interest income from Treasury Bonds	7,018,000	363,771,683
Total income	<u>4,082,414,870</u>	<u>2,826,054,768</u>
Impairment Change	(954,031,823)	(107,119,326)
Realised gain on Financial Assets at Fair Value through Profit or Loss	56,472,900	7,340,850
Unrealised Gain/ (Loss) on Financial Assets at Fair Value through Profit or Loss	(55,996,600)	99,929,418
Expenses		
Management fees	(147,548,072)	(62,033,512)
Trustee fees	(38,362,499)	(22,320,425)
Custodian fee	(145,231)	(141,926)
Audit fees	(1,459,082)	(397,670)
Bank charges	(1,106,550)	(476,849)
Other expenses	(17,458)	-
Total operating expenses	<u>(188,638,892)</u>	<u>(85,370,382)</u>
Profit before tax	2,940,220,455	2,740,835,328
Income tax expense	-	-
Profit after tax for the period	<u>2,940,220,455</u>	<u>2,740,835,328</u>
Total comprehensive income for the period	<u>2,940,220,455</u>	<u>2,740,835,328</u>
Increase in net assets attributable to unitholders	<u>2,940,220,455</u>	<u>2,740,835,328</u>

CAL FIXED INCOME OPPORTUNITIES FUND
STATEMENT OF FINANCIAL POSITION
AS AT

	As at 30.09.2024 Unaudited Rs.	As at 31.03.2024 Audited Rs.
Assets		
Cash and cash equivalents	100,009,463	123,113,133
Financial Assets - Fair Value through Profit or Loss		
Investment in Treasury Bonds	-	1,442,223,200
Financial assets at amortised cost		
Investment in Reverse Repurchase Agreements	23,132,194,872	8,942,834,808
Investment In Fixed deposits	6,618,441,918	1,016,374,487
Investment in Trust Certificates	12,353,598,460	11,969,805,875
Investment in - Debentures	1,386,202,808	480,289,071
Investment In Commercial Papers	11,138,601,085	10,845,468,955
Less - Impairment for Financial Assets at amortized cost	(1,124,645,519)	(170,613,696)
Income tax receivable	-	-
Other Receivables	248,528,257	913,773
Total assets	<u>53,852,931,344</u>	<u>34,650,409,606</u>
Liabilities		
Fund management fee payable	(28,501,301)	(18,144,427)
Trustee fee payable	(7,410,338)	(4,717,551)
Custodian Fees payable	(23,808)	(24,602)
Audit fee	(245,298)	(535,755)
Consultancy fee payable	(18,744)	(1,243)
Payable on unit creation	(20,486,930)	(20,912,315)
Total liabilities	<u>(56,686,419)</u>	<u>(44,335,893)</u>
Net assets	<u>53,796,244,925</u>	<u>34,606,073,713</u>
Unit holders' Fund		
Net assets attributable to unitholders'	<u>53,796,244,925</u>	<u>34,606,073,713</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 FIXED INCOME OPPORTUNITIES 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 as at 01st April	34,606,073,713	24,829,669,364
Total comprehensive income for the period	2,940,220,455	2,740,835,328
Received on creation of Units	98,709,492,332	46,128,717,665
Paid on redemption of Units	(82,459,541,575)	(45,798,505,270)
Net increase due to unitholders' transactions	16,249,950,757	330,212,395
Unitholders' fund as at 30th of September	<u>53,796,244,925</u>	<u>27,900,717,087</u>

CAL FIXED INCOME OPPORTUNITIES FUND
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER

	30.09.2024	30.09.2023
	Unaudited Rs.	Unaudited Rs.
Cash flows from operating activities		
Interest received	3,746,550,049	2,570,365,097
Management fees, trustee fees and custodian fees paid	(173,006,935)	(86,230,312)
Other expenses paid	(2,856,046)	(1,270,518)
Other income received	11,748,572	20,093,289
Net change in other payable	(425,385)	7,613,799
Net change in other receivable	(247,625,384)	33,934,230
Net investment in reverse repurchase agreements	(14,145,049,000)	(3,199,902,715)
Net investment (in)/upliftment of Fixed deposits	(5,369,999,999)	200,000,000
Net investment in Trust Certificates	(423,438,362)	(702,214,491)
Net investment in Treasury Bills	-	(8,213,500)
Net investment (in)/upliftment of Treasury Bonds	1,402,363,600	(2,866,652,305)
Net investment in Debentures	(900,000,000)	(1,020,000,000)
Net investment (in)/upliftment of Commercial Papers	(171,315,537)	4,688,340,814
Net cash used in operating activities	<u>(16,273,054,427)</u>	<u>(364,136,612)</u>
Cash flows from financing activities		
Cash received on creation of units	98,709,492,332	46,128,717,665
Cash paid on redemption of units	(82,459,541,575)	(45,798,505,270)
Net cash generated from financing activities	<u>16,249,950,757</u>	<u>330,212,395</u>
Net decrease in cash and cash equivalents	(23,103,670)	(33,924,217)
Cash and cash equivalents at the beginning of the period	123,113,133	113,862,164
Cash and cash equivalents at the end of the period	<u><u>100,009,463</u></u>	<u><u>79,937,947</u></u>

CAL FIXED INCOME OPPORTUNITIES FUND
 RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS
 AND THE PUBLISHED NET ASSET VALUE

	As at 30.09.2024 Unaudited Rs.	As at 31.03.2024 Audited Rs.
Net asset value as per financial statements	53,796,244,925	34,606,073,713
Impairment provision	88,845,519	118,083,605
Published net asset value	<u>53,885,090,444</u>	<u>34,724,157,318</u>
Number of units outstanding	1,485,626,488	1,016,361,567
Published net asset value per unit	36.2710	34.1652

**CAL FIXED INCOME OPPORTUNITIES FUND
PORTFOLIO STATEMENT**

	As at 30.09.2024 Rs.	As at 31.03.2024 Rs.	% of Deposited Property	
			Sep-24	Mar-24
Assets				
Cash and cash equivalents	100,009,463	123,113,133	0.19%	0.36%
Financial Assets - Fair Value through Profit or Loss				
Investment in Treasury Bonds	-	1,442,223,200	0.00%	4.17%
Financial assets at amortised cost				
Investment in Reverse Repurchase Agreements	23,132,194,872	8,942,834,808	43.00%	25.84%
Investment In Fixed deposits	6,618,441,918	1,016,374,487	12.30%	2.94%
Investment in Trust Certificates	12,353,598,460	11,969,805,875	22.96%	34.59%
Investment in Debentures	1,386,202,808	480,289,071	2.58%	1.39%
Investment In Commercial Papers	11,138,601,085	10,845,468,955	20.71%	31.34%
Less - Impairment for Financial Assets at amortized cost	(1,124,645,519)	(170,613,696)	-2.09%	-0.49%
Income tax receivable	-	-	0.00%	0.00%
Other Receivables	248,528,257	913,773	0.46%	0.00%
Total assets	53,852,931,344	34,650,409,606	100.11%	100.13%
Liabilities				
Fund management fee payable	(28,501,301)	(18,144,427)	-0.05%	-0.05%
Trustee fee payable	(7,410,338)	(4,717,551)	-0.01%	-0.01%
Custodian Fees payable	(23,808)	(24,602)	0.00%	0.00%
Audit fee	(245,298)	(535,755)	0.00%	0.00%
Consultancy fee payable	(18,744)	(1,243)	0.00%	0.00%
Payable on unit creation	(20,486,930)	(20,912,315)	-0.04%	-0.06%
Total liabilities	(56,686,419)	(44,335,893)	-0.11%	-0.13%
Net Assets	53,796,244,925	34,606,073,713	100.00%	100.00%

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 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