



30 SEPTEMBER 2024 FUND MANAGERS REVIEW

CAL FIVE YEAR OPTIMUM 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.

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

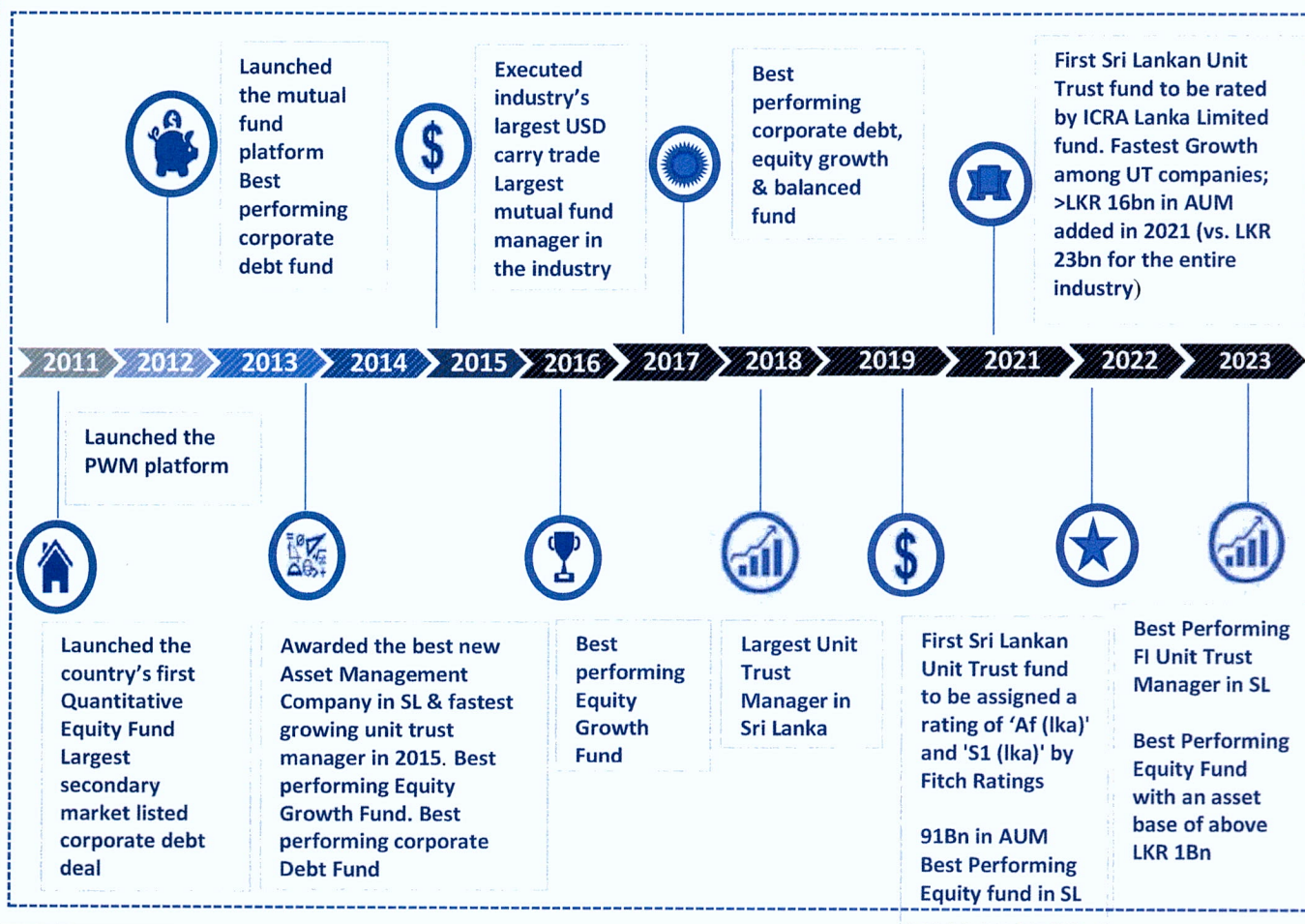
Capital Alliance Investments Limited

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.

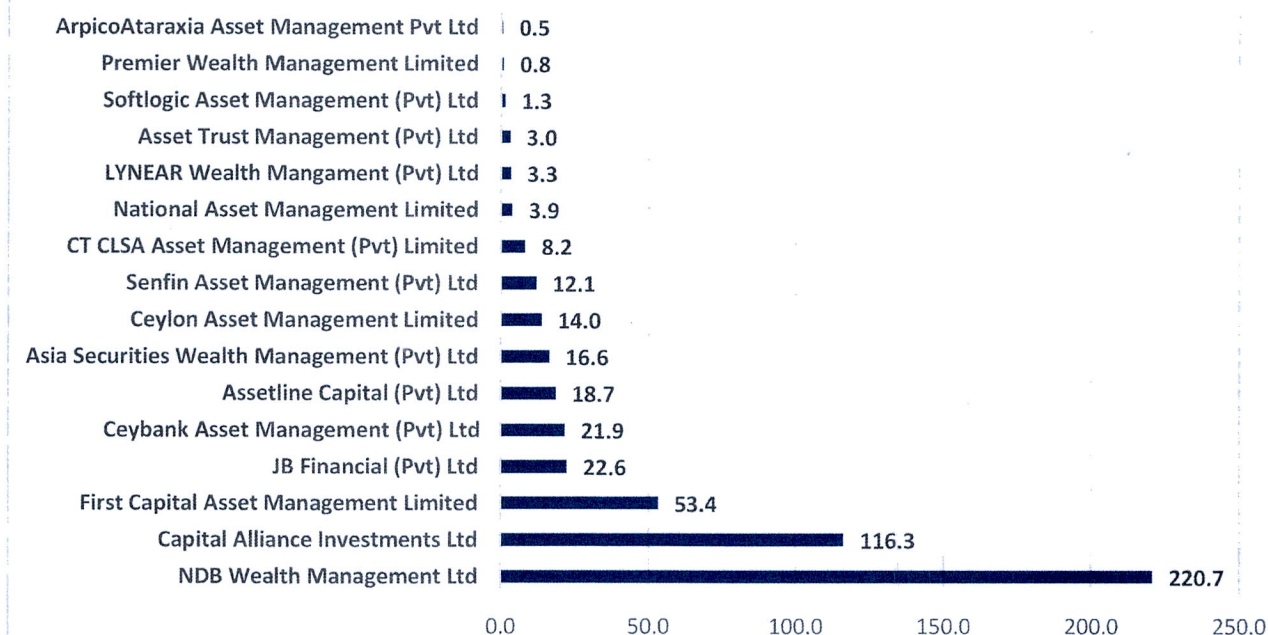
We specialize in originating, trading and investing: in fixed income and equity securities. Our focus on providing innovative solutions tailored to meet the needs of our customers has enabled us to build a reputation as "the Preferred Partner in Financial Markets".



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 Bn)

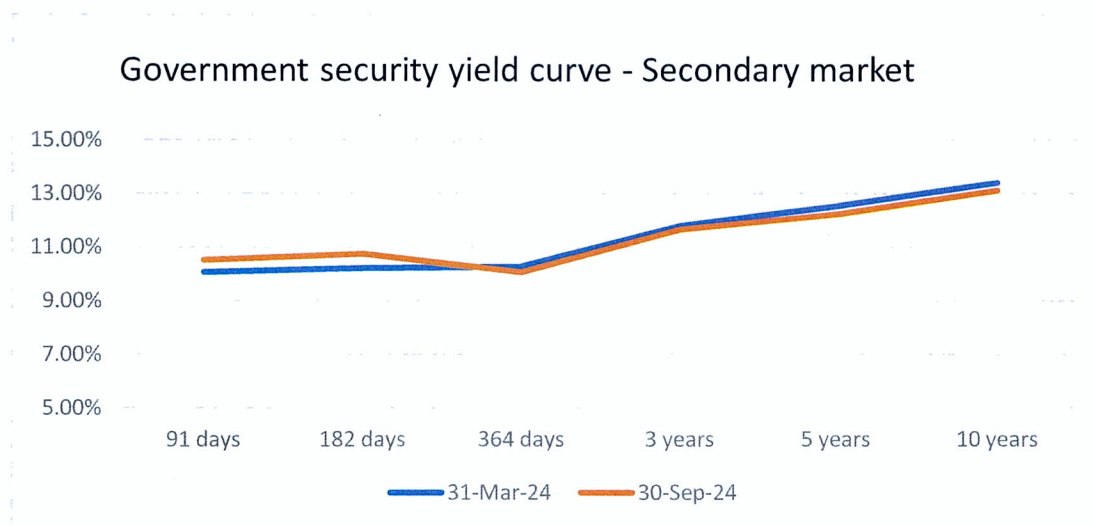


Source: utasl.lk

*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.



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*	10.1%
AUM – 30 September 2024**	LKR 2,470 Mn
Fund Currency	LKR
Inception Date	19-Jul-23

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

**Assets Under Management

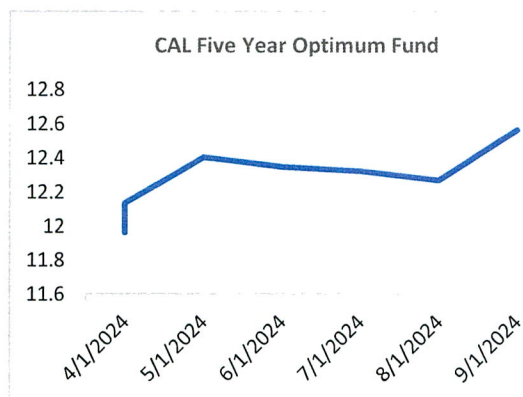
Fund Overview

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.

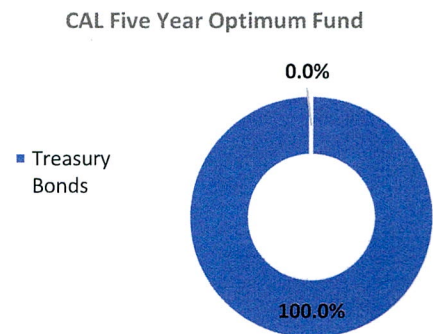
Fund Performance

The fund returned an annualized yield of 10.1% for the 6 months ended 30 September 2024.

CAL Five Year Optimum Fund Unit Price



Portfolio Asset Allocation



As at 30 September 2024

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

	2024	For the period from 07th June 2023 to 30th September 2023
	Unaudited Rs.	Unaudited Rs.
Interest income - Treasury Bonds	150,429,881	57,460,900
Interest income - Savings	633,577	1,478,301
Total investment income	151,063,458	58,939,201
Realised Gain on Financial Assets at Fair Value through Profit or Loss	95,385,363	-
Unrealised Gain/ (Loss) on Financial Assets at Fair Value through Profit or Loss	(113,823,465)	124,630,640
Expenses		
Management fees	(14,389,198)	(4,301,896)
Trustee fees	(1,870,596)	(643,133)
Custodian fees	(145,231)	(57,391)
Audit fees	(168,768)	(50,832)
Miscellaneous expenses	(17,028)	(2,662,421)
Total operating expenses	(16,590,821)	(7,715,673)
Profit before tax	116,034,535	175,854,168
Income tax expense	-	-
Net profit after tax for the Period	116,034,535	175,854,168
Total comprehensive income for the period	116,034,535	175,854,168
Increase in net assets attributable to unitholders	116,034,535	175,854,168

CAL FIVE YEAR OPTIMUM 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	702,489	17,258,265
Financial Assets at Fair Value through Profit or Loss - Investment in Treasury Bonds	2,470,267,654	2,321,285,395
Money market interest receivable	122	3,795
Total assets	2,470,970,265	2,338,547,455
Liabilities		
Fund management fee payable	(30,918,938)	(16,529,740)
Trustee fee payable	(4,209,943)	(2,339,348)
Custodian fee payable	(346,190)	(200,960)
Audit fee payable	(248,252)	(265,000)
Total liabilities	(35,723,323)	(19,335,048)
Net assets	2,435,246,942	2,319,212,407
Unitholders' fund		
Net assets attributable to Unitholders	2,435,246,942	2,319,212,407

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 ENDED 30TH SEPTEMBER**

	2024	For the period from 07th June 2023 to 30th September 2023
	Unaudited Rs.	Unaudited Rs.
Unitholders' fund at the beginning of the period	2,319,212,407	-
Total comprehensive income for the period	116,034,535	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>2,435,246,942</u></u>	<u><u>2,114,898,433</u></u>

CAL FIVE YEAR OPTIMUM FUND
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30TH SEPTEMBER

	2024	For the period from 07th June 2023 to 30th September 2023
	Unaudited Rs.	Unaudited Rs.
Cash flows from operating activities		
Interest received	113,096,246	-
Other income received	637,250	1,473,032
Other expenses paid	(202,546)	(2,660,273)
Net investment in treasury bonds	(130,086,726)	(1,917,456,935)
Net cash used in operating activities	(16,555,776)	(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/ (decrease) in cash and cash equivalents	(16,555,776)	20,400,089
Cash and cash equivalents at the beginning of the Period	17,258,265	-
Cash and cash equivalents at the end of the Period	702,489	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 30.09.2024 Unaudited Rs.	As at 31.03.2024 Audited Rs.
Net asset value as per financial statements	2,435,246,942	2,319,212,407
Audit fee adjustment	79,484	79,484
Published net asset value	<u>2,435,326,426</u>	<u>2,319,291,891</u>
Number of Units outstanding	193,904,428	193,904,428
Published net asset value per Unit	<u>12.5594</u>	<u>11.9610</u>

CAL FIVE YEAR OPTIMUM FUND
PORTFOLIO STATEMENT
As at

	30.09.2024 Unaudited Rs.	31.03.2024 Audited Rs.	% of Deposited Property Sep-24 Mar-24	
Assets				
Cash and cash equivalents	702,489	17,258,265	0.0%	0.7%
Financial Assets at Fair Value through Profit or Loss - Investment in Treasury Bonds	2,470,267,654	2,321,285,395	101.4%	100.1%
Money market interest receivable	122	3,795	0.0%	0.0%
Total assets	2,470,970,265	2,338,547,455	101.5%	100.8%
Liabilities				
Fund management fee payable	(30,918,938)	(16,529,740)	-1.3%	-0.7%
Trustee fee payable	(4,209,943)	(2,339,348)	-0.2%	-0.1%
Custodian fee payable	(346,190)	(200,960)	0.0%	0.0%
Audit fee payable	(248,252)	(265,000)	0.0%	0.0%
Total liabilities	(35,723,323)	(19,335,048)	-1.5%	-0.8%
Net Assets	2,435,246,942	2,319,212,407	100.0%	100.0%

Notes:

The current period financial statements reflect the financial performance for a six-month period. However, the comparative information provided corresponds to a period of less than six months. As a result, direct comparison between the two periods may be limited due to the variance in

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