

An aerial night photograph of a city skyline, likely Colombo, Sri Lanka. The image shows a wide river with a bridge, surrounded by illuminated buildings and greenery. The sky is dark blue with some clouds.

30 SEPTEMBER 2024

FUND MANAGERS REVIEW

CAPITAL ALLIANCE GILT MONEY MARKET 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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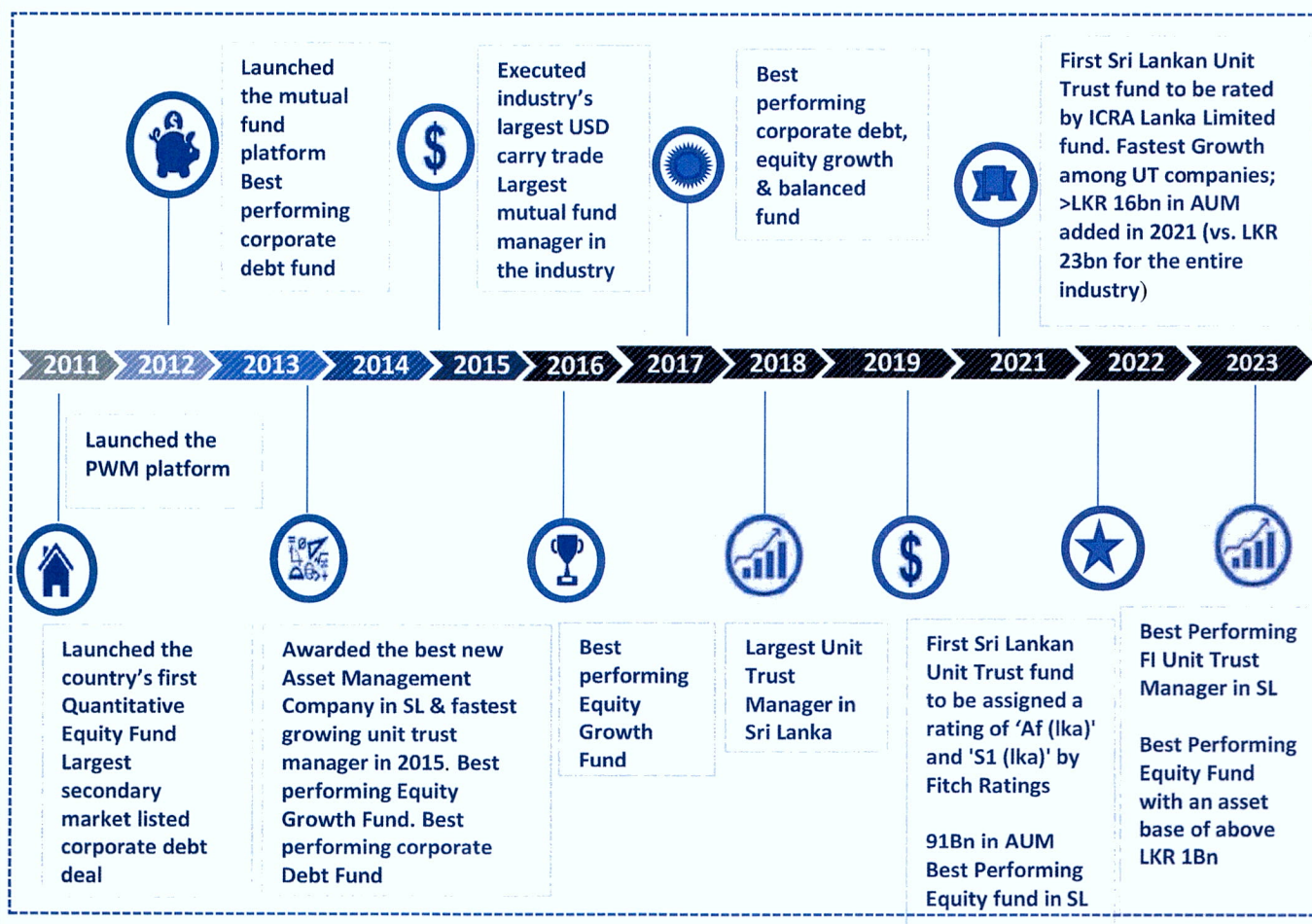
Capital Alliance Investments Limited

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.

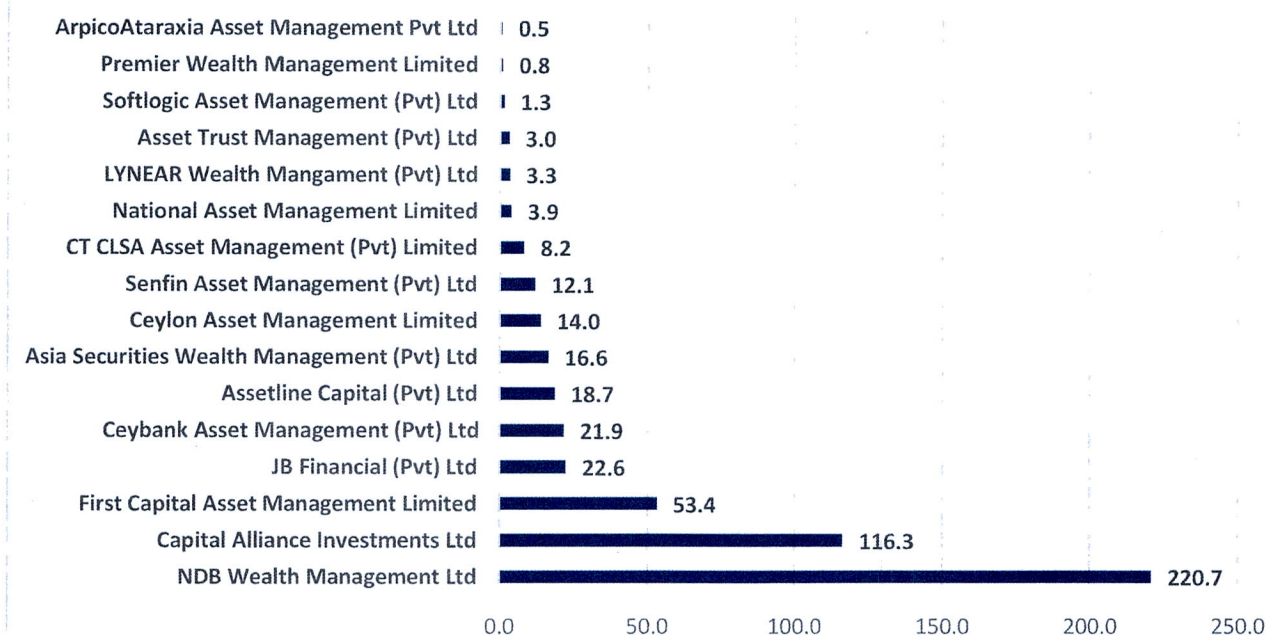
We specialize in originating, trading and investing: in fixed income and equity securities. Our focus on providing innovative solutions tailored to meet the needs of our customers has enabled us to build a reputation as "the Preferred Partner in Financial Markets".



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.

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)

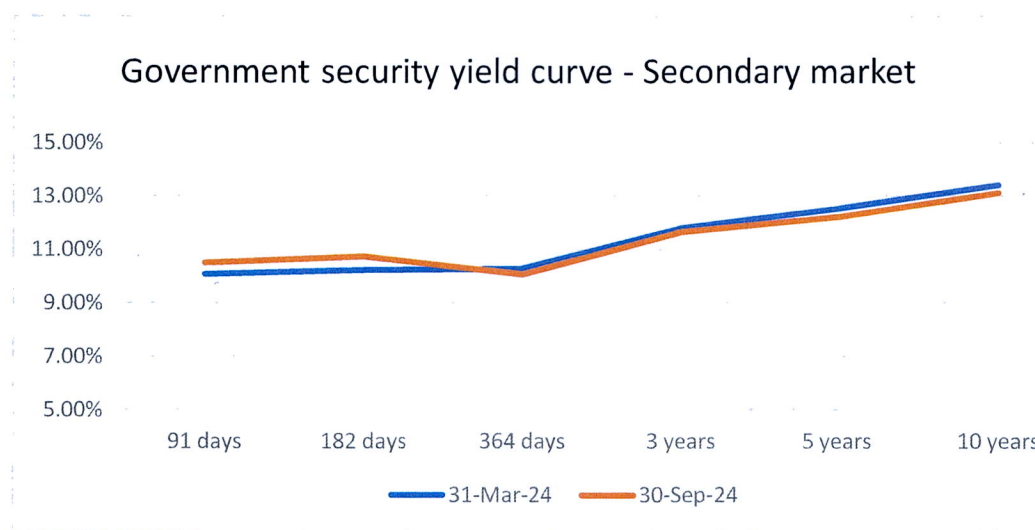


Source: utasl.lk

*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* | 8.4% |
| AUM – 30 September 2024 | LKR 21.1 Mn |
| Fund Currency | LKR |
| Inception Date | 19-Dec-14 |

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

**Assets Under Management

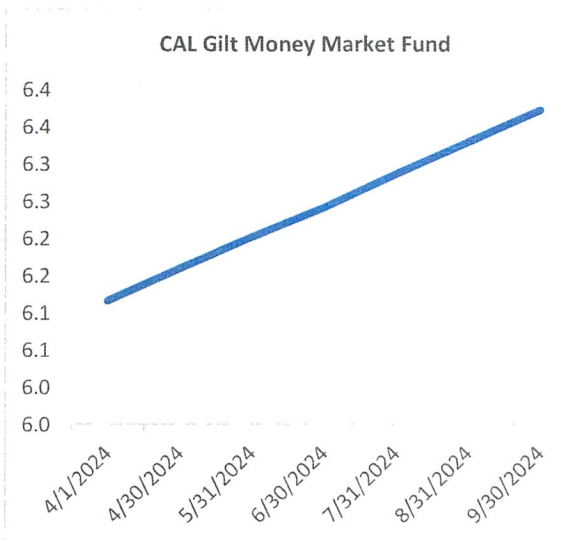
Fund Overview

The CAL Gilt Money Market Fund invests in short term government securities. The Fund is suitable for investors looking for capital security, liquidity and a risk-free rate of return.

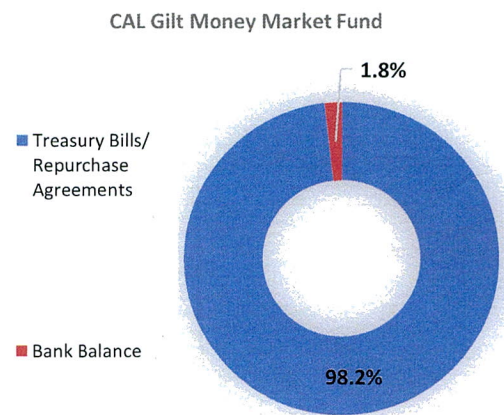
Fund Performance

The fund returned an annualized yield of 8.4% for the 6 months ended 30 September 2024 while being dormant from 01 April 2020 to 31 March 2021.

CAL Gilt Money Market Fund Unit Price



Portfolio Asset Allocation



As at 30 September 2024

CAPITAL ALLIANCE GILT MONEY MARKET FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR SIX MONTHS PERIOD ENDED 30TH SEPTEMBER

| | 30.09.2024 Unaudited LKR | 30.09.2023 Unaudited LKR |
|---|--------------------------------|--------------------------------|
| Investment income | | |
| Interest income -Reverse Repurchase Agreements | 645,299 | 42,492 |
| Interest income - Treasury Bills | 80,138 | 222,683 |
| Interest Income - Savings Account | 43,048 | 74,136 |
| Total income | 768,485 | 339,311 |
| Expenses | | |
| Bank charges | (14,531) | (4,700) |
| Management Fees Expense | (50,646) | (11,064) |
| Trustee Fees Expense | (13,168) | (4,134) |
| Total operating expenses | (78,345) | (19,898) |
| Profit before tax | 690,140 | 319,413 |
| Income tax expense | - | - |
| Profit after tax for the period | 690,140 | 319,413 |
| Total comprehensive income for the period | 690,140 | 319,413 |
| Increase in net assets attributable to unitholders | 690,140 | 319,413 |

CAPITAL ALLIANCE GILT MONEY MARKET FUND
STATEMENT OF FINANCIAL POSITION
As At

| | As at 30.09.2024 Unaudited LKR | As at 31.03.2024 Audited LKR |
|---|---|---------------------------------------|
| Assets | | |
| Cash and cash equivalents | 375,964 | 1,091,845 |
| Investment in Reverse Repurchase Agreements | 18,833,143 | 9,240,837 |
| Investment in Treasury Bills | 1,969,764 | 1,976,850 |
| Other Receivables | 14 | 240 |
| Income tax receivable | - | - |
| Total assets | 21,178,885 | 12,309,772 |
| Liabilities | | |
| Management Fees payable | (92,959) | (42,313) |
| Trustee Fees payable | (25,126) | (11,958) |
| Liabilities | (118,085) | (54,271) |
| Net assets | 21,060,800 | 12,255,501 |
| Unitholders' Fund | | |
| Net assets attributable to unitholders | 21,060,800 | 12,255,501 |

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



CAPITAL ALLIANCE GILT MONEY MARKET FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR SIX MONTHS PERIOD ENDED 30TH SEPTEMBER

| | 30.09.2024 Unaudited LKR | 30.09.2023 Unaudited LKR |
|--|--------------------------------|--------------------------------|
| Unitholders' Fund at the beginning of the period | 12,255,501 | 3,015,680 |
| Total comprehensive income for the period | 690,140 | 319,413 |
| Creation of units | 20,331,433 | 13,713,900 |
| Redemption of units | (12,216,274) | (10,516,838) |
| Net Increase due to unitholders' transactions | 8,115,159 | 3,197,062 |
| Unitholders' Fund at the end of the period | <u>21,060,800</u> | <u>6,532,156</u> |

CAPITAL ALLIANCE GILT MONEY MARKET FUND
STATEMENT OF CASH FLOWS
FOR SIX MONTHS PERIOD ENDED 30TH SEPTEMBER

| | 30.09.2024 Unaudited LKR | 30.09.2023 Unaudited LKR |
|---|--------------------------------|--------------------------------|
| Cash flows from operating activities | | |
| Interest income and other income received | 816,431 | 339,112 |
| Management fees and trustee fees paid | - | (6,899) |
| Other expenses paid | (14,530) | (4,698) |
| Net cash generated from operating activities | 801,902 | 327,515 |
| Cash flows from investing activities | | |
| Investment in Reverse Repurchase Agreements | (9,626,000) | (3,479,817) |
| Investment in TBill | (6,942) | (179,182) |
| Net cash (used in) investing activities | (9,632,942) | (3,658,999) |
| Cash flows from financing activities | | |
| Cash received on creation of units | 20,331,433 | 13,713,900 |
| Cash paid on redemption of units | (12,216,274) | (10,516,838) |
| Net cash generated from financing activities | 8,115,159 | 3,197,062 |
| Net decrease in cash and cash equivalents period | (715,881) | (134,422) |
| Cash and cash equivalents at the beginning of the period | 1,091,845 | 854,070 |
| Cash and cash equivalents at the end of the period | 375,964 | 719,648 |

**CAPITAL ALLIANCE GILT MONEY MARKET FUND
RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS
AND THE PUBLISHED NET ASSET VALUE**

| | As at 30.09.2024 LKR | As at 31.03.2024 LKR |
|---|----------------------------|----------------------------|
| Net asset value as per financial statements | 21,060,800 | 12,255,501 |
| Published net asset value | <u>21,060,800</u> | <u>12,255,501</u> |
| Number of units outstanding | 3,305,128.49 | 2,004,499.62 |
| Published net asset value per unit | <u>6.3722</u> | <u>6.1140</u> |

CAPITAL ALLIANCE GILT MONEY MARKET FUND
PORTFOLIO STATEMENT

| As at | 30.09.2024 Rs. | 31.03.2024 Rs. | % of Deposited Property | |
|---|-------------------|-------------------|----------------------------|-------------|
| | | | Sep-23 | Mar-23 |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | 375,964 | 1,091,845 | 2% | 9% |
| Investment in Reverse Repurchase Agreements | 18,833,143 | 9,240,837 | 89% | 75% |
| Investment in Treasury Bills | 1,969,764 | 1,976,850 | 9% | 16% |
| Other Receivables | 14 | 240 | 0% | 0% |
| Total assets | 21,178,885 | 12,309,772 | 101% | 100% |
| <u>Liabilities</u> | | | | |
| Management Fees payable | (92,959) | (42,313) | 0% | 0% |
| Trustee Fees payable | (25,126) | (11,958) | 0% | 0% |
| Total Liabilities | (118,085) | (54,271) | -1% | 0% |
| Net assets | 21,060,800 | 12,255,501 | 100% | 100% |

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