



30 SEPTEMBER 2024
**FUND MANAGERS
REVIEW**

**CAPITAL ALLIANCE INCOME
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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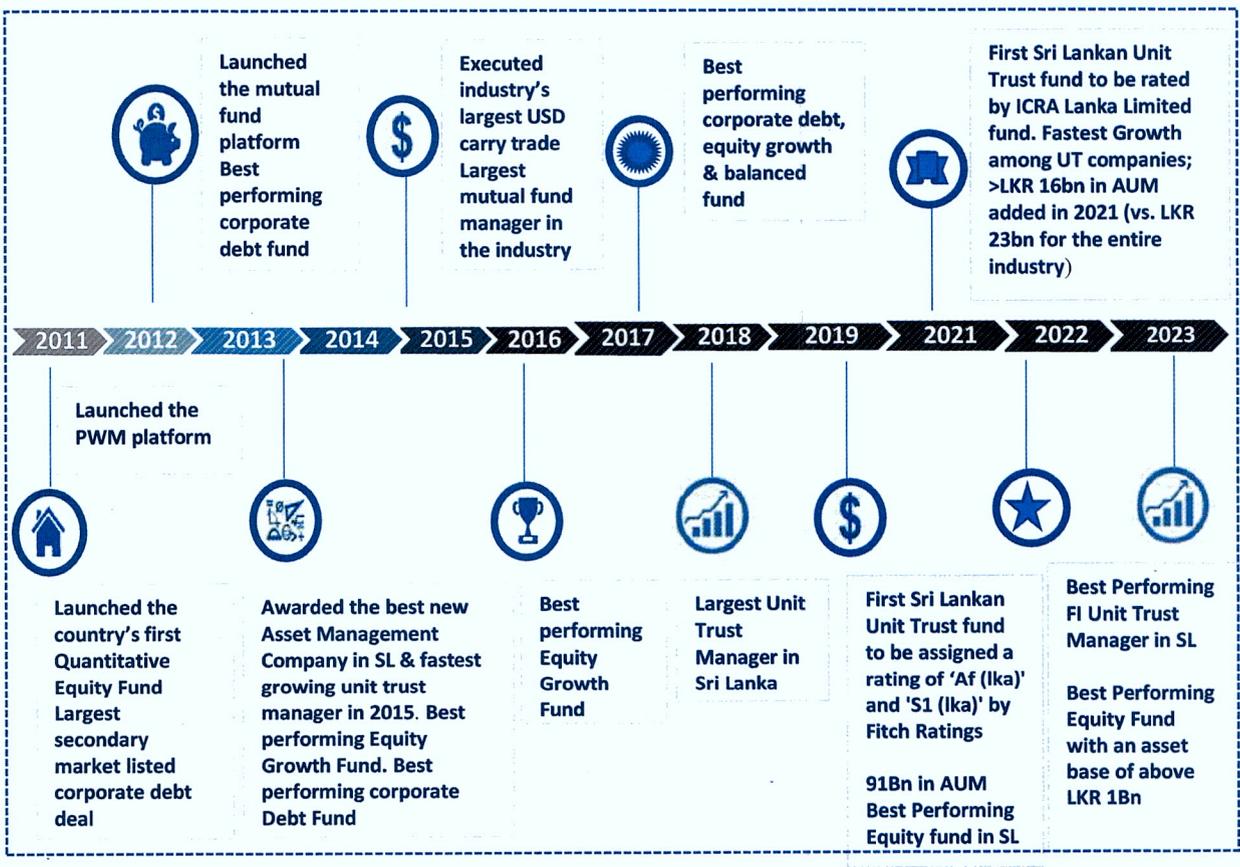
Capital Alliance Investments Limited

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)

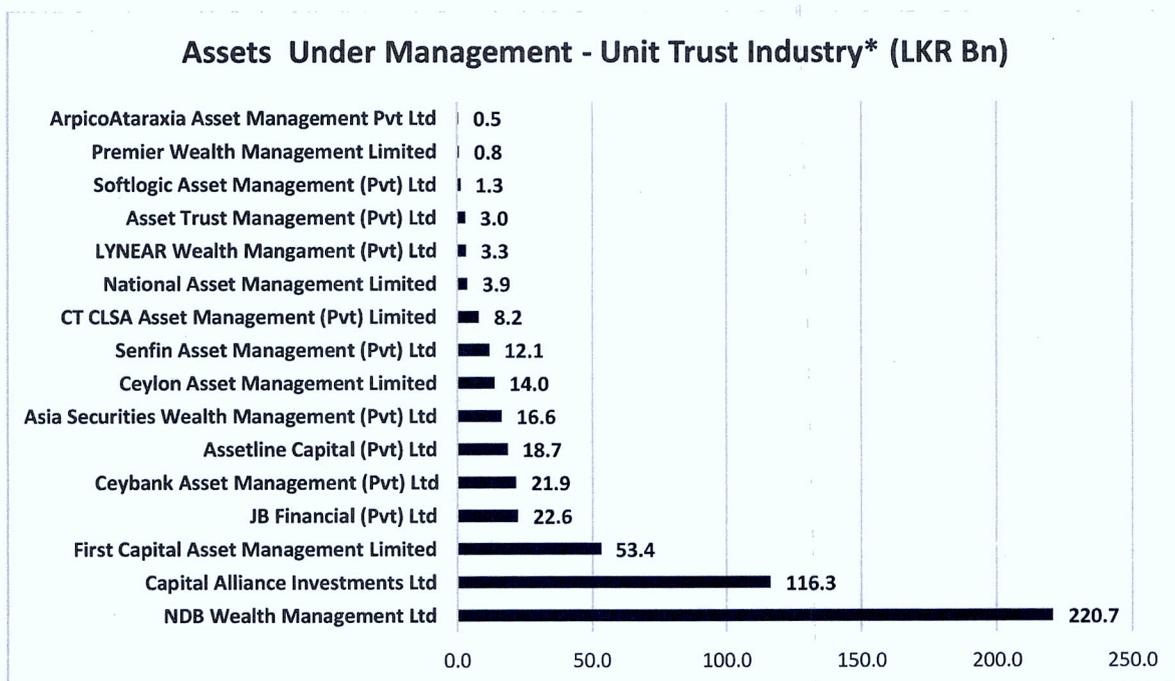
CAL's service offering is built on the pillars of best-in-class service and market outperformance. We are confident that our intimate knowledge of the Sri Lankan economy and our established networks within its capital markets will enable us to deliver attractive returns on your investment.

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.

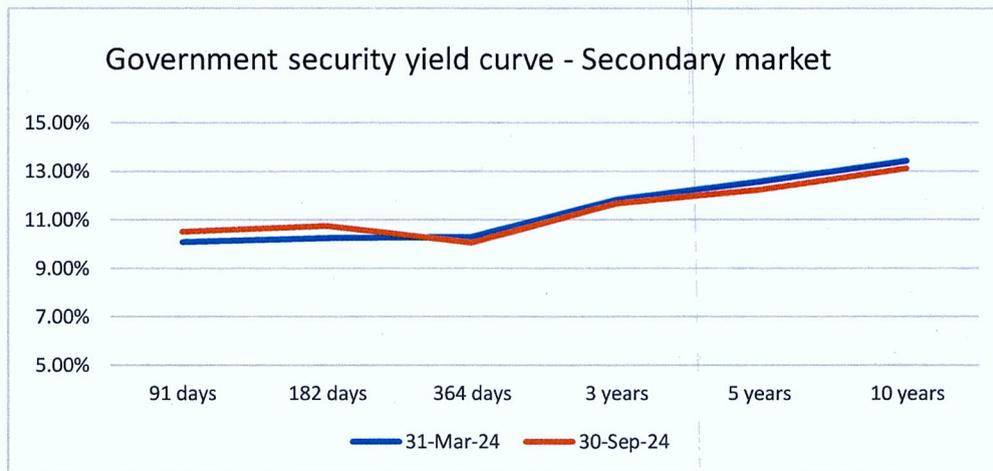


Source: utasl.lk

*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*	12.2%
AUM – 30 September 2024**	LKR 1,901 Mn
Fund Currency	LKR
Inception Date	10-Mar-14

*Annualized Yield For the period, 01 April 2023 to 30 September 2024. Yield Net of fees.

**Assets Under Management

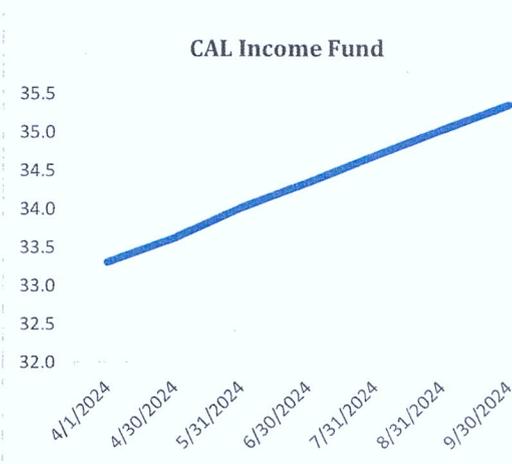
Fund Overview

The CAL Income Fund is an open-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 investors looking for regular interest income, liquidity and a competitive risk adjusted yield.

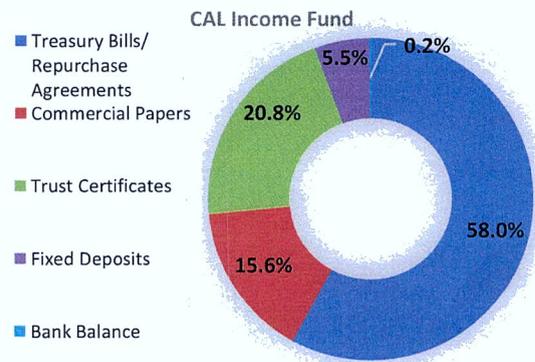
Fund Performance

The fund returned an annualized yield of 12.2% for the 6 months ended 30 September 2024.

CAL Income Fund Unit Price



Portfolio Asset Allocation



As at 30 September 2024

CAPITAL ALLIANCE INCOME 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	23,860,517	17,357,596
Interest income - Trust Certificates	72,427,880	75,285,029
Interest income - Fixed Deposits	3,630,822	-
Interest income - Commercial Papers	15,963,732	103,384,542
Interest income - Treasury Bonds	-	51,640,700
Interest income - Savings	501,961	1,377,713
Total investment income	116,384,912	249,045,579
Impairment charge	(24,300,642)	(26,901,700)
Unrealised Gain on Financial Assets at Fair Value through Profit or Loss	-	4,849,750
Realised Gain on Financial Assets at Fair Value through Profit or Loss	-	35,019,750
Expenses		
Management fees	(4,226,648)	(5,495,698)
Trustee fees	(1,098,928)	(1,787,867)
Custodian fees	(145,231)	(129,323)
Audit fees	(6,023)	-
Bank charges	(173,679)	(131,977)
Other expenses	(17,547)	(912)
Total operating expenses	(5,668,056)	(7,545,777)
Profit before tax	86,416,214	254,467,602
Income tax expense	-	-
Net profit after tax for the Period	86,416,214	254,467,602
Total comprehensive income for the period	86,416,214	254,467,602
Increase in net assets attributable to unitholders	86,416,214	254,467,602

CAPITAL ALLIANCE INCOME 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	4,243,057	8,402,092
Financial assets at amortised cost		
Investment in Reverse Repurchase Agreements	1,101,931,379	87,698,011
Investment in Trust Certificates	395,235,181	364,147,320
Investment In Commercial Papers	296,238,513	293,699,701
Investment In Fixed deposits	103,630,822	-
Less - Impairment for financial assets at amortized cost	(50,065,219)	(25,764,577)
Other receivables	750	15,478,205
Total assets	<u>1,851,214,483</u>	<u>743,660,752</u>
Liabilities		
Fund management fee payable	(865,380)	(386,699)
Trustee fee payable	(224,999)	(100,542)
Custodian fee payable	(23,808)	(24,602)
Audit fee payable	(446,580)	(440,556)
Payable on unit creations	(121,000)	(116,044)
Other fees payable	(199,494,789)	(25,894)
Total liabilities	<u>(201,176,556)</u>	<u>(1,094,337)</u>
Net assets	<u>1,650,037,927</u>	<u>742,566,415</u>
Unitholders' fund		
Net assets attributable to Unitholders	<u>1,650,037,927</u>	<u>742,566,415</u>

Signed for and on behalf of the Management Company by;


.....

Director
Capital Alliance Investments Limited
Management Company


.....

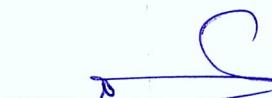
Director
Capital Alliance Investments Limited
Management Company

Signed for and on behalf of the Trustee by;


.....

Hatton National Bank PLC,
Trustee




.....

Hatton National Bank PLC,
Trustee

**CAPITAL ALLIANCE INCOME 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	742,566,415	2,563,557,174
Total comprehensive income for the period	86,416,214	254,467,602
Received on creation of Units	2,094,729,277	1,512,093,094
Paid on redemption of Units	(1,273,673,979)	(2,531,840,409)
Net increase/ (decrease) due to unitholders' transactions	821,055,298	(1,019,747,315)
Unitholders' fund at the end of the period	1,650,037,927	1,798,277,461

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

	30.09.2024 Unaudited Rs.	30.09.2023 Unaudited Rs.
Cash flows from operating activities		
Interest received	115,154,559	324,502,310
Other income received	501,961	1,377,713
Management fees, trustee fees and custodian fees paid	(4,868,463)	(7,732,350)
Other expenses paid	199,277,670	(205,943)
Net investment in treasury bills/bonds repurchase agreements	(1,014,055,000)	(66,582,000)
Net investment in fixed deposits	(100,000,000)	-
Net investment upliftment of commercial papers	-	699,511,665
Net investment in trust certificates	(36,707,471)	(932,174,682)
Net investment upliftment of treasury bonds	-	1,019,196,250
Money received for unit creations	4,956	4,156,043
Net increase/ (decrease) other receivables	15,477,455	(25,322,727)
Net cash generated from/ (used in) operating activities	(825,214,333)	1,016,726,279
 Cash flows from financing activities		
Cash received on creation of Units	2,094,729,277	1,512,093,094
Cash paid on redemption of Units	(1,273,673,979)	(2,531,840,409)
Net cash generated from/ (used in) financing activities	821,055,298	(1,019,747,315)
 Net decrease in cash and cash equivalents	(4,159,035)	(3,021,037)
Cash and cash equivalents at the beginning of the year	8,402,092	12,961,103
Cash and cash equivalents at the end of the year	4,243,057	9,940,066

CAPITAL ALLIANCE INCOME 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	1,650,037,927	742,566,415
Impairment Provision	21,597,485	25,764,577
Under provision of audit fee	440,556	440,556
Published net asset value	1,672,075,968	768,771,548
Number of Units outstanding	47,311,282	23,094,275
Published net asset value per Unit	35.3420	33.2884

CAPITAL ALLIANCE INCOME FUND
 PORTFOLIO STATEMENT
 As at

	30.09.2024	31.03.2024	% of Deposited Property	
	Rs.	Rs.	Sep-24	Mar-24
Assets				
Cash and cash equivalents	4,243,057	8,402,092	0.3%	1.1%
Financial assets at amortized cost				
Investment in Reverse Repurchase Agreements	1,101,931,379	87,698,011	66.8%	11.8%
Investment In Fixed deposits	103,630,822	-	6.3%	0.0%
Investment in Trust Certificates	395,235,181	364,147,320	24.0%	49.0%
Investment In Commercial Papers	296,238,513	293,699,701	18.0%	39.6%
Less -Impairment for financial assets at amortized cost	(50,065,219)	(25,764,577)	-3.0%	-3.5%
Other receivables	750	15,478,205	0.0%	2.1%
Total assets	1,851,214,483	743,660,752	112.2%	100.1%
Liabilities				
Fund management fee payable	(865,380)	(386,699)	-0.1%	-0.1%
Trustee fee payable	(224,999)	(100,542)	0.0%	0.0%
Custodian fee payable	(23,808)	(24,602)	0.0%	0.0%
Audit fee payable	(446,580)	(440,556)	0.0%	-0.1%
Payable on unit creations	(121,000)	(116,044)	0.0%	0.0%
Other fees payable	(199,494,789)	(25,894)	-12.1%	0.0%
Total liabilities	(201,176,556)	(1,094,337)	-12.2%	-0.1%
Net Assets	1,650,037,927	742,566,415	100.0%	100.0%

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