



30 SEPTEMBER 2024

FUND MANAGERS REVIEW

CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND

UNIT TRUST MANAGEMENT COMPANY
Capital Alliance Investments Limited,
Level 5, Millennium House,
46/58, Nawam Mawatha,
Colombo 02

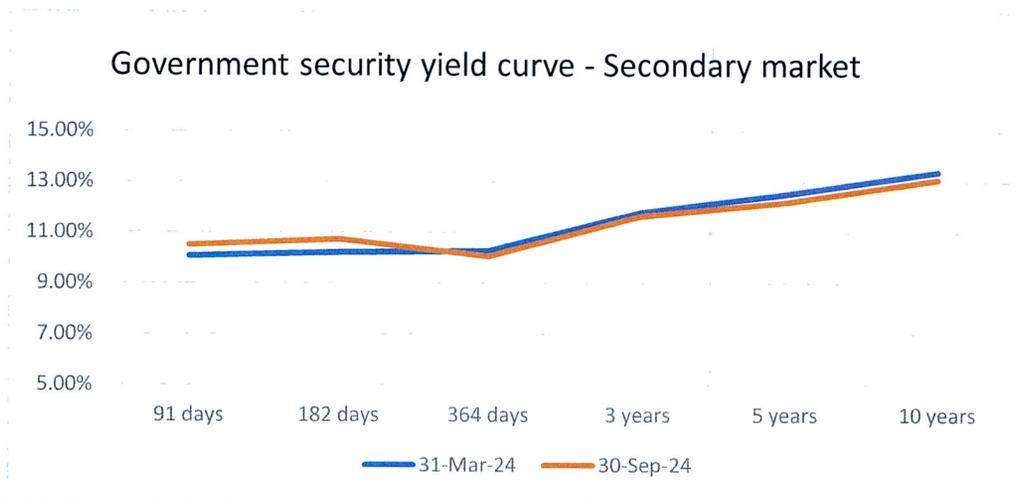
TRUSTEE & CUSTODIAN
Hatton National Bank,
Custody and Trustee Services,
Level 15, No. 479,
T B Jayah Mawatha,
Colombo 10.

Table of Contents

	Page
Report from the Investment Manager	2
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Movement in Unit Holders Fund	10
Statement of Cash Flows	11
NAV Reconciliation	12
Portfolio Investment	13
Corporate Information	14

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*	9.9%
ASPI (01 April 2024 to 30 September 2024)	11.3%
S&P SL20 (01 April 2024 to 30 September 2024)	12.5%
AUM – 30 September 2024**	LKR 4,321 Mn
Fund Currency	LKR
Inception Date	02-Jan-13

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

**Assets Under Management

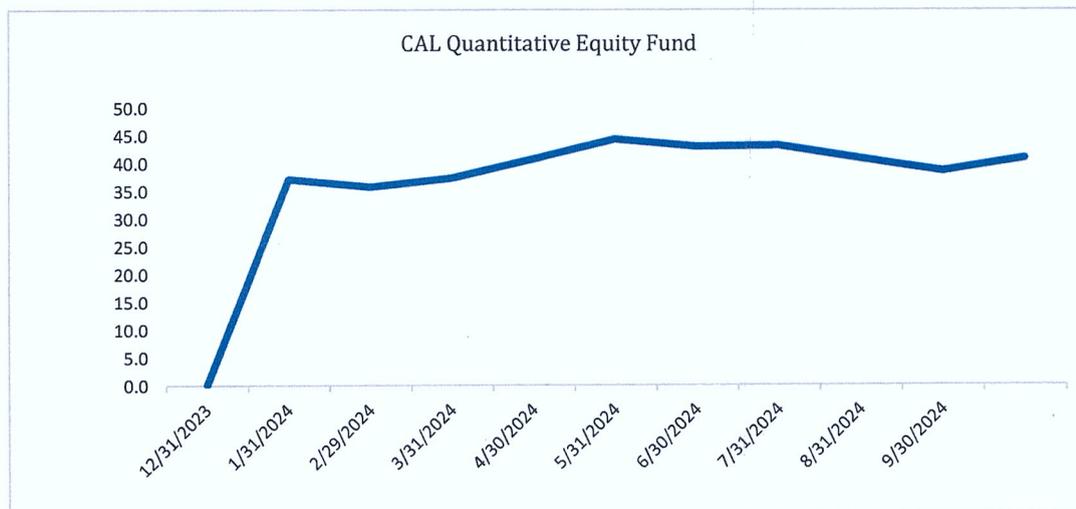
Fund Overview

The CAL QE fund adopts a quantitative approach to investing and is targeted towards Investors who want to sidestep the down-side volatility of the stock market but achieve improved returns over the long term. The CAL QE strategy offers a combination of improved average returns whilst providing down-side protection.

Fund Performance

The fund returned annualized yield of 9.9% for the 6 months ended 31 March 2024, while the ASPI yield for the same period was 11.3%, and the S&P SL20 yield is 12.5%.

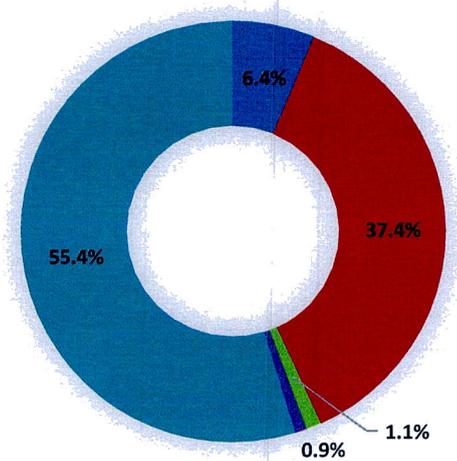
CAL Quantitative Equity Unit Price



Portfolio Asset Allocation

CAL Quantitative Equity Fund

- Treasury Bills/ Repurchase Manager Agreements
- Treasury Bond
- Dividend Receivable
- Bank Balance
- Equity



As at 30 September 2024

CAPITAL ALLIANCE QUANTITATIVE EQUITY 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	36,167,586	13,047,561
Interest Income - Savings Account	2,015,143	3,154,364
Interest income - Treasury Bonds	4,039,690	-
Dividend income	162,482,186	47,046,080
Total investment income	204,704,605	63,248,005
Net realized gain on shares	183,083,262	136,553,116
Net realized gain on Treasury Bonds	624,300	-
Net unrealized gain/(loss) on Shares	(428,030,528)	489,935,281
Net unrealized gain on Treasury Bonds	50,911,210	-
Expenses		
Management fees	(46,688,845)	(22,292,841)
Trustee fees	(6,225,179)	(3,207,634)
Custodian fees	(145,231)	(141,926)
Audit fees	(53,086)	(39,131)
Brokerage fees	(43,236,164)	(31,205,069)
Bank Charges	(236,315)	(368,330)
Outperformance fee (charges)/ reversal	9,942,705	(19,579,968)
Other expenses	(19,026)	(82,051)
Tax consultancy fees	(17,500)	-
Total operating expenses	(86,678,641)	(76,916,950)
Profit/ (loss) before tax	(75,385,792)	612,819,452
Income tax expense	-	-
Profit/ (loss) after tax	(75,385,792)	612,819,452
Other comprehensive income	-	-
Total comprehensive income/ (expense) for the period	(75,385,792)	612,819,452
Increase/ (decrease) in net assets attributable to Unitholders	(75,385,792)	612,819,452

CAPITAL ALLIANCE QUANTITATIVE EQUITY 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	39,581,545	89,572,158
Financial assets at fair value through profit or loss		
- Investment in Shares	2,396,403,327	4,551,929,826
- Investment in Treasury Bonds	1,617,925,730	-
Financial assets at amortised cost		
- Investment in Reverse Repurchase Agreements	275,012,171	292,087,775
Other receivable	50,047,220	19,070
Total assets	<u>4,378,969,993</u>	<u>4,933,608,829</u>
Liabilities		
Fund management fee payable	(6,100,123)	(6,878,375)
Trustee fee payable	(813,350)	(917,117)
Custodian fee payable	(23,828)	(24,621)
Outperformance fee payable	(222)	(9,942,927)
Audit fee payable	(446,792)	(415,200)
Consultancy fee payable	(91,600)	(74,100)
Payable on share purchase	-	(105,523,940)
Payable on unit creation	(692,637)	(657,137)
Total liabilities	<u>(8,168,552)</u>	<u>(124,433,417)</u>
Net assets	<u>4,370,801,441</u>	<u>4,809,175,412</u>
Unitholders' Fund		
Net assets attributable to Unitholders	<u>4,370,801,441</u>	<u>4,809,175,412</u>

Signed for and on behalf of the Management Company by:



Director
Capital Alliance Investments Limited
Management Company



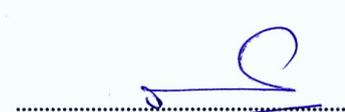
Director
Capital Alliance Investments Limited
Management Company

Signed for and on behalf of the Trustee by;



Hatton National Bank PLC
Trustee





Hatton National Bank PLC
Trustee

**CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER**

	30.09.2024	30.09.2023
	Unaudited	Unaudited
	Rs.	Rs.
Unit holders' fund at the beginning of the period	4,809,175,412	2,021,207,549
Total comprehensive income/ (expense) for the period	(75,385,792)	612,819,452
Received on creation of Units	1,679,317,541	2,539,917,965
Paid on redemption of Units	(2,042,305,720)	(526,317,145)
Net increase/ (decrease) due to unit holders' transactions	(362,988,179)	2,013,600,820
Unit holders' fund at the end of the period	<u><u>4,370,801,441</u></u>	<u><u>4,647,627,821</u></u>

CAPITAL ALLIANCE QUANTITATIVE EQUITY 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	38,430,183	15,652,175
Dividends received	162,482,186	47,046,080
Net Investment in shares	1,805,055,293	(1,818,807,581)
Net investment in Treasury Bonds agreements	(1,562,350,530)	-
Net change in other receivable	16,840,000	(243,760,998)
Operating expenses paid	(50,040,000)	-
Net cash Generated from/ (used in) operating activities	<u>312,997,566</u>	<u>(2,028,257,121)</u>
Cash flows from financing activities		
Cash received on creation of Units	1,679,317,541	2,539,917,965
Cash paid on redemption of Units	(2,042,305,720)	(526,317,145)
Net cash generated from/ (used in) financing activities	<u>(362,988,179)</u>	<u>2,013,600,820</u>
Net decrease in cash and cash equivalents	(49,990,613)	(14,656,301)
Cash and cash equivalents at the beginning of the period	89,572,158	142,823,977
Cash and cash equivalents at the end of the period	<u><u>39,581,545</u></u>	<u><u>128,167,676</u></u>

**CAPITAL ALLIANCE QUANTITATIVE EQUITY 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	4,370,801,441	4,809,175,412
Income tax receivable	-	4,809,175,412
Other Adjustments	-	-
Under provision of audit fee	393,706	393,706
Published net asset value	<u>4,371,195,147</u>	<u>4,809,569,118</u>
Number of units outstanding	107,405,745.44	118,403,116.65
Published net asset value per Unit	<u>40.6980</u>	<u>40.6203</u>

**CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND
PORTFOLIO STATEMENT**

	As at	As at	% of Deposited Property	
	30.09.2024	31.03.2024	Sep-24	Mar-24
	Rs.	Rs.		
Assets				
Cash and cash equivalents	39,581,545	89,572,158	0.91%	1.86%
Investment in Shares	2,396,403,327	4,551,929,826	54.83%	94.65%
Investment in Treasury Bonds	1,617,925,730	-	37.02%	0.00%
Investment in Reverse Repurchase Agreements	275,012,171	292,087,775	6.29%	6.07%
Other receivable	50,047,220	19,070	1.15%	0.00%
Total assets	4,378,969,993	4,933,608,829	100.19%	102.59%
Liabilities				
Fund management fee payable	(6,100,123)	(6,878,375)	-0.14%	-0.14%
Trustee fee payable	(813,350)	(917,117)	-0.02%	-0.02%
Custodian fee payable	(23,828)	(24,621)	0.00%	0.00%
Outperformance fee payable	(222)	(9,942,927)	0.00%	-0.21%
Audit fee payable	(446,792)	(415,200)	-0.01%	-0.01%
Consultancy fee payable	(91,600)	(74,100)	0.00%	0.00%
Payable on share purchase	-	(105,523,940)	0.00%	-2.19%
Payable on unit creation	(692,637)	(657,137)	-0.02%	-0.01%
Total liabilities	(8,168,552)	(124,433,417)	-0.19%	-2.59%
Net Assets	4,370,801,441	4,809,175,412	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