



30 SEPTEMBER 2025 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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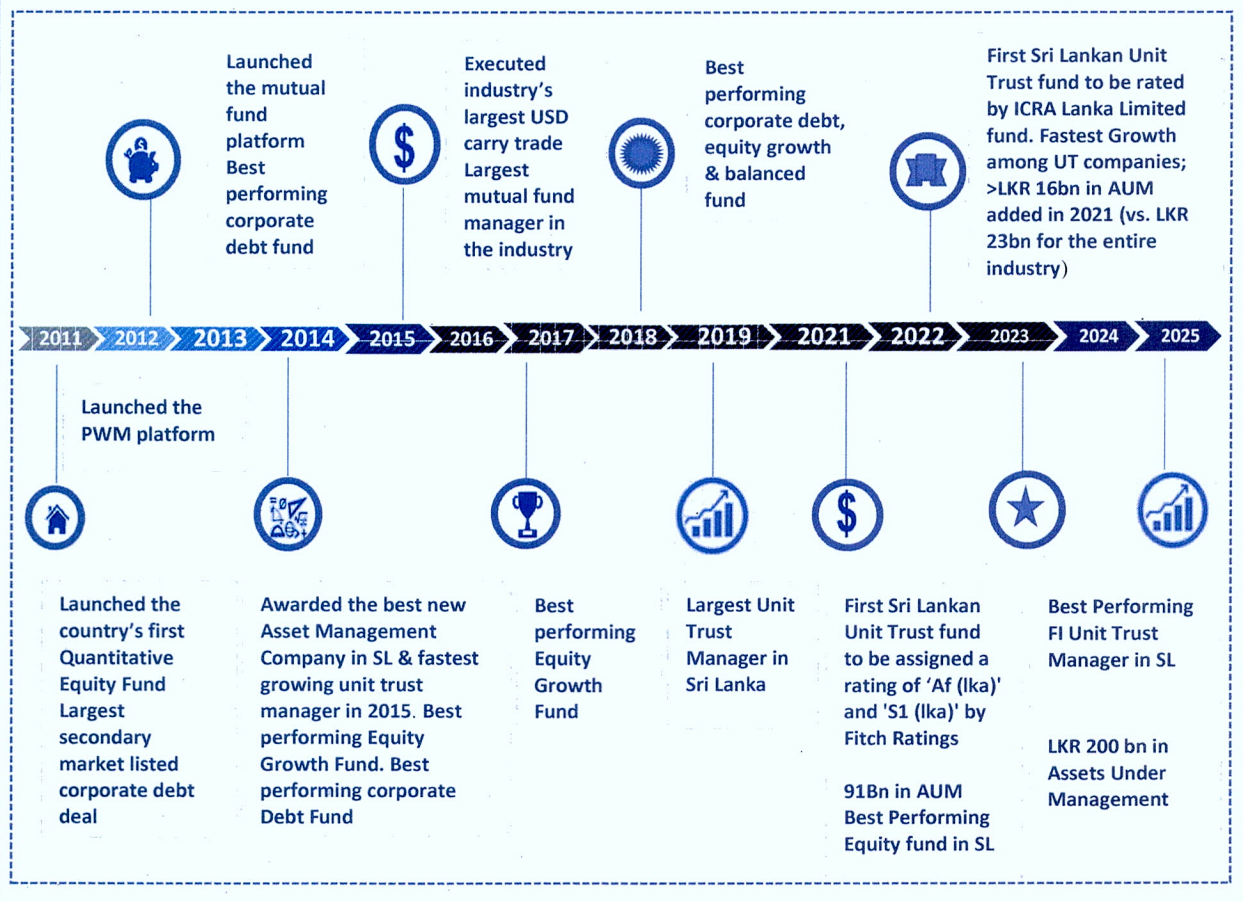
Capital Alliance Investments Limited

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 282.49Bn (as at 30 September 2025), 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)
- ✓ Listing of the CAL Five Year Optimum Fund (1st February 2025)
- ✓ Listing the CAL Five Year Closed End Fund (20th March 2025)
- ✓ 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.

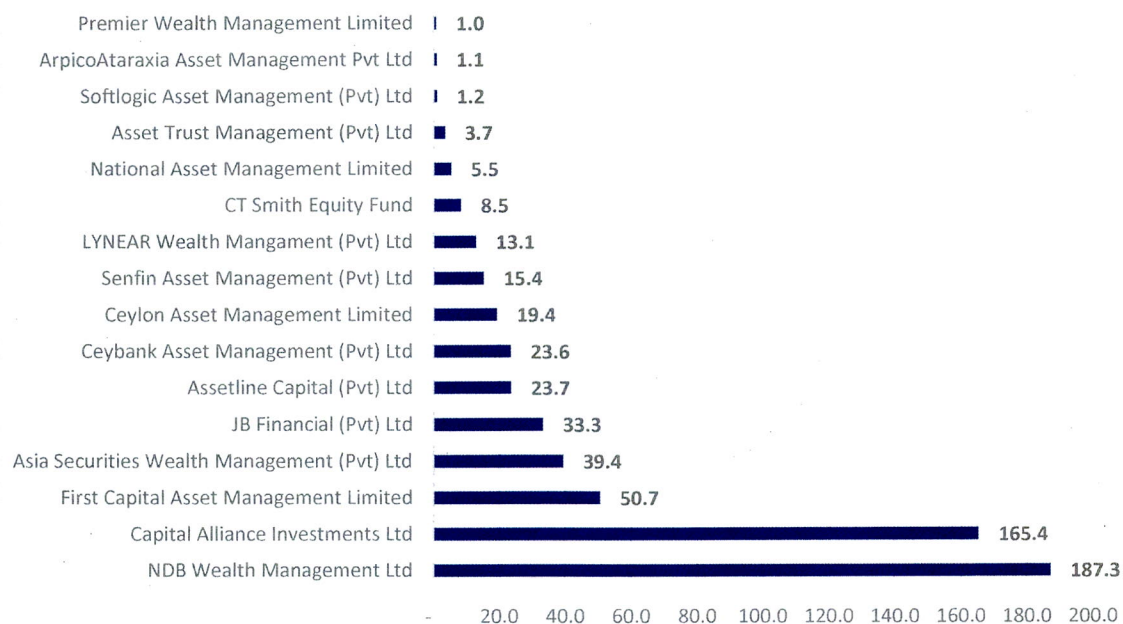
We specialize in originating, trading and investing: in fixed income and equity securities. Our focus on providing innovative solutions tailored to meet the needs of our customers has enabled us to build a reputation as "the Preferred Partner in Financial Markets."



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 2025

BOARD OF DIRECTORS

Kanishke Mannakkara

Chief Executive Officer - CAL Group



A member of the CAL management team since 2018, Mr. Mannakkara has had experience working across multiple countries and cultures in a career spanning over 15 years, ranging from asset management and corporate finance, to design and product innovation. Prior to CAL he served in a number of senior positions at the MAS Group in Sri Lanka and the UK over 13 years, including as the global head of corporate finance, treasury and strategy. He was responsible for setting up the centralized treasury function at MAS in 2007 and managed the reserves of MAS across multiple asset classes, currencies and countries

during the period from 2007 to 2013.

Mr. Mannakkara has a Bachelor's Degree in Economics and Finance from the University of Bristol, UK. He has also engaged in executive education at the Wharton School and the Tuck School of Business, USA.

Sharmali Perera

Chief Risk & Compliance Officer - CAL Group



Drawing on 20-plus years of experience in the financial services industry, Ms. Perera is a founding member of Capital Alliance and has been an integral member since its establishment in 2000.

Reporting directly to the Board Risk Management Committee while being responsible for the effectiveness and compliance aspects of statutory reporting requirements, she has led the implementation of a comprehensive risk framework encompassing group-wide risk avenues.

This is of key strategic importance in realising the company's future goals, where new levels of income and market share are measured in line with the risk-reward balance.

An Associate Member of the Chartered Institute of Management Accountants (UK), Ms. Perera also serves on the Boards of three of the Group's companies, as well as Ceylon Tea Brokers PLC, Finnovation (Pvt) Limited, and Logicare (PVT) Limited.

Dr. Mihirini De Zoysa

Director

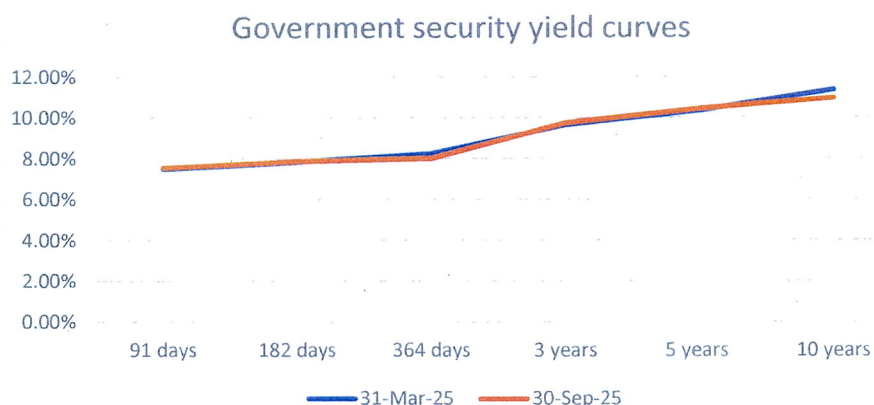


Mihirini is the founder and the current Managing Director of Corporate Druids Private Limited, which is a renowned consultancy firm focusing on training and development in leadership in business organisations. She has over 25 years of experience as a leadership and life coach, trainer, organisational development consultant and workshop facilitator in corporate, government and development sectors. She has a Doctorate (DProf) in Organizational Change from the Hult Ashridge Executive Education and Middlesex University, UK. She also has a Bachelor of Science (BSc) in Economics from the University of London, UK and a Master of Science (MSc) in Responsibility and Business Practices from the University of Bath, UK.

She is also a writer and a narrative inquirer. Mihirini has worked in diverse industries, including but not limited to Healthcare, Banking & Insurance, IT, Apparel, Publishing, Telecommunications, Plantations, Hospitality as well as in Non-Governmental Organisations and International Development Organisations such as the United Nations and World Bank.

Economic Review – September 2025

Sri Lanka has continued its accommodative monetary policy stance into the current fiscal year (FY) 2025/26. This continuation is in line with the gradual acceleration of inflation toward the target rate of 5%. Despite minor mixed movements observed in the yield curve, it has retained its upward-sloping shape, indicating a normal market condition.



The Central Bank of Sri Lanka (CBSL) has transitioned from a dual policy rate system to a single policy interest rate framework, designating the Overnight Policy Rate (OPR) as its primary monetary policy instrument. Following this shift, the CBSL reduced the OPR by 25 basis points to 7.75% in May, while maintaining the Statutory Reserve Ratio (SRR) unchanged for FY 2025/26. This policy decision aims to support the ongoing economic recovery, guide inflation toward the target, and enhance market clarity regarding the central bank's monetary stance.

Private sector credit growth continued to show positive momentum, reflecting strengthened business confidence and more favorable lending conditions. Sri Lanka's GDP for the second quarter of 2025 is estimated to have grown by 4.9% at constant 2015 prices, driven by notable expansions across key sectors. The industrial sector recorded a growth rate of 5.8%, the services sector grew by 3.9%, and the agricultural sector expanded by 2.0%.

The Colombo Consumer Price Index (CCPI), which had been in deflation for 11 consecutive months, returned to positive territory, recording inflation of 1.2% in August and 1.5% in September 2025. This upward momentum is expected to persist, gradually converging toward the Central Bank's target level of 5%. The Sri Lankan Rupee depreciated by approximately 2% following the first quarter of 2025, moving from LKR 296.3472 per USD at the end of March to LKR 302.6097 per USD by the end of September.

Sri Lanka's external position improved notably, driven by a significant current account surplus of USD 931 million recorded during the first two quarters of FY 2025/26. This performance represents a 31% increase compared to the corresponding period of the previous fiscal year. Foreign Currency Reserves stood at USD ~6.2Bn by the end of September 2025 which demonstrating MoM growth of 1% and YoY growth of 4%.

During FY2425, Sri Lanka demonstrated a strong fiscal management, exceeding key targets set under the IMF programme. Notably, CBSL maintained net credit to the government within agreed limits while continuing to build up foreign exchange and liquidity buffers. These buffers have strengthened CBSL's position at primary auctions, enabling it to manage interest rates effectively without disrupting market stability. This balance between meeting fiscal targets and defending interest rates highlights the improved credibility and policy discipline of the monetary authority.

Given the current trajectory of inflation and policy rates, we expect a sustained low-interest rate environment over the near to medium term, barring any major external shocks. This favorable macroeconomic backdrop, alongside targeted microeconomic strategies, has enabled us to rebalance our unit trust fund allocations towards higher-yielding instruments while prudently managing risk—positioning the portfolios for above-market returns.

Fund Review

Fund Update

Yield*	8.8%
AUM – 31 March 2025**	LKR 981 Mn
Fund Currency	LKR
Inception Date	10-Mar-14

*Annualized Yield For the period, 01 April 2025 to 30 September. Yield Net of fees.

**Assets Under Management

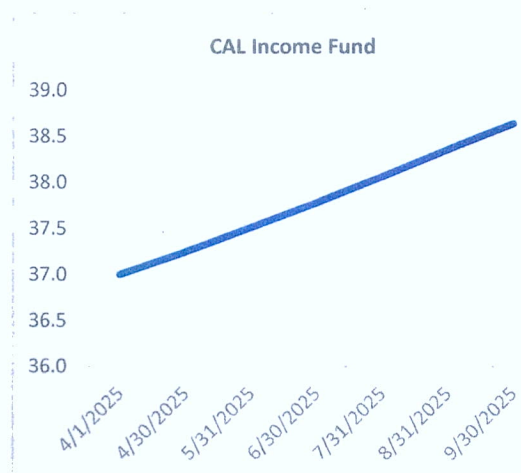
Fund Overview

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.

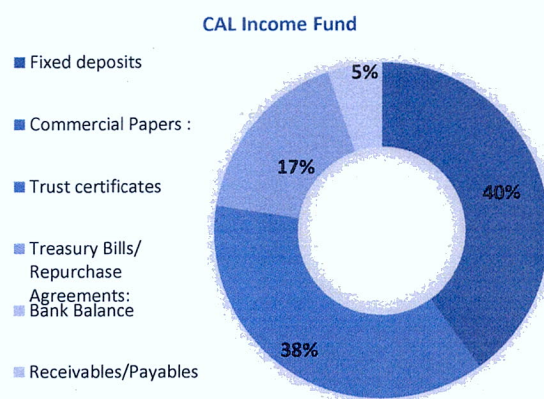
Fund Performance

The fund returned an annualized yield of 8.8% for the 06 months ended 30 September 2025.

CAL Income Fund Unit Price



Portfolio Asset Allocation



As at 30 September 2025

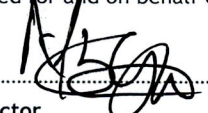
CAPITAL ALLIANCE INCOME FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER

	30.09.2025	30.09.2024
	Unaudited	Unaudited
	Rs.	Rs.
Interest income - Reverse Repurchase Agreements	6,477,723	23,860,517
Interest income - Trust Certificates	22,814,436	72,427,880
Interest income - Fixed Deposits	16,309,006	3,630,822
Interest income - Commercial Papers	1,583,200	15,963,732
Interest income - Savings	-	501,961
Total investment income	47,184,365	116,384,912
miscellaneous income	368,227	-
Impairment charge	11,344,032	(24,300,642)
Expenses		
Management fees	(3,110,041)	(4,226,648)
Trustee fees	(808,611)	(1,098,928)
Custodian fees	(145,630)	(145,231)
Audit fees	(27,587)	(6,023)
Bank charges	(45,055)	(173,679)
Other expenses	(17,548)	(17,547)
Total operating expenses	(4,154,471)	(5,668,056)
Profit before tax	54,742,152	86,416,214
Income tax expense	-	-
Net profit after tax for the Period	54,742,152	86,416,214
Total comprehensive income for the period	54,742,152	86,416,214
Increase in net assets attributable to unitholders	54,742,152	86,416,214

CAPITAL ALLIANCE INCOME FUND
STATEMENT OF FINANCIAL POSITION
As At

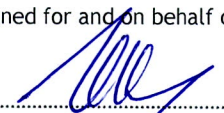
	As at 30.09.2025 Unaudited Rs.	As at 31.03.2025 Audited Rs.
Assets		
Cash and cash equivalents	1,683,019	4,188,996
Financial assets at amortised cost		
Investment in Reverse Repurchase Agreements	180,686,099	355,867,720
Investment in Trust Certificates	391,958,349	305,848,094
Investment In Commercial Papers	-	226,569,743
Investment In Fixed deposits	418,781,264	212,597,258
Less - Impairment for financial assets at amortized cost	(118,010)	(9,253,689)
Other receivables	6,651,372	814,900
Total assets	999,642,092	1,096,633,022
Liabilities		
Fund management fee payable	470,121	563,216
Trustee fee payable	122,231	146,436
Custodian fee payable	22,282	24,669
Audit fee payable	462,984	473,981
Payable on unit creations	-	521,044
Other fees payable	64,407	45,816
Total liabilities	1,142,025	1,775,162
Net assets	998,500,067	1,094,857,860
Unitholders' fund		
Net assets attributable to Unitholders	998,500,067	1,094,857,860

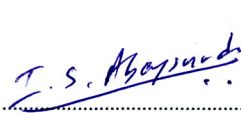
Signed for and on behalf of the Management Company by;


 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

	2025 Unaudited Rs.	2024 Unaudited Rs.
Unitholders' fund at the beginning of the period	1,094,857,860	742,566,415
Total comprehensive income for the period	54,742,152	86,416,214
Received on creation of Units	394,847,393	2,094,729,277
Paid on redemption of Units	(545,947,338)	(1,273,673,979)
Net increase/ (decrease) due to unitholders' transactions	(151,099,945)	821,055,298
Unitholders' fund at the end of the period	998,500,067	1,650,037,927

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

	30.09.2025	30.09.2024
	Unaudited	Unaudited
	Rs.	Rs.
Cash flows from operating activities		
Interest received	38,450,477	115,154,559
Other income received	367,448	501,961
Management fees, trustee fees and custodian fees paid	(4,183,968)	(4,868,463)
Other expenses paid	(82,595)	199,277,670
Net investment in treasury bills/bonds repurchase agreements	174,909,000	(1,014,055,000)
Net investment in fixed deposits	(204,532,666)	(100,000,000)
Net investment upliftment of commercial papers	223,331,031	-
Net investment in trust certificates	(75,516,374)	(36,707,471)
Net investment (in)/upliftment of debentures	-	4,956
Money received for unit creations	(521,044)	15,477,455
Net increase/ (decrease) other receivables	(3,627,341)	-
Net cash generated from/ (used in) operating activities	148,593,968	(825,214,333)
Cash flows from financing activities		
Cash received on creation of Units	394,847,393	2,094,729,277
Cash paid on redemption of Units	(545,947,338)	(1,273,673,979)
Net cash generated from/ (used in) financing activities	(151,099,945)	821,055,298
Net decrease in cash and cash equivalents	(2,505,977)	(4,159,035)
Cash and cash equivalents at the beginning of the year	4,188,996	8,402,092
Cash and cash equivalents at the end of the year	1,683,019	4,243,057

CAPITAL ALLIANCE INCOME FUND
RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS
AND THE PUBLISHED NET ASSET VALUE

	As at 30.09.2025 Unaudited Rs.	As at 31.03.2025 Audited Rs.
Net asset value as per financial statements	998,500,067	1,094,857,860
Impairment Provision	(17,861,469)	(7,417,437)
Under provision of audit fee	440,556	440,556
Published net asset value	981,079,154	1,087,880,979
Number of Units outstanding	25,394,021	29,402,626
Published net asset value per Unit	38.6343	36.9994

CAPITAL ALLIANCE INCOME FUND
PORTFOLIO STATEMENT
As at

	30.09.2025	31.03.2025	% of Deposited Property	
	Rs.	Rs.	Sep-25	Mar-25
Assets				
Cash and cash equivalents	1,683,019	4,188,996	0.2%	0.4%
Financial assets at amortized cost				
Investment in Reverse Repurchase Agreements	180,686,099	355,867,720	18.1%	32.5%
Investment In Fixed deposits	418,781,264	212,597,258	41.9%	19.4%
Investment in Trust Certificates	391,958,349	305,848,094	39.3%	27.9%
Investment In Commercial Papers	-	226,569,743	0.0%	20.7%
Income tax receivable	-	-	0.0%	0.0%
Less -Impairment for financial assets at amortized cost	(118,010)	(9,253,689)	0.0%	-0.8%
Other receivables	6,651,372	814,900	0.7%	0.1%
Total assets	999,642,093	1,096,633,022	100.1%	100.2%
Liabilities				
Fund management fee payable	470,121	563,216	0.0%	0.1%
Trustee fee payable	122,231	146,436	0.0%	0.0%
Custodian fee payable	22,282	24,669	0.0%	0.0%
Audit fee payable	462,984	473,981	0.0%	0.0%
Payable on unit creations	-	521,044	0.0%	0.0%
Other fees payable	64,407	45,816	0.0%	0.0%
Total liabilities	1,142,026	1,775,162	0.1%	0.2%
Net Assets	998,500,067	1,094,857,860	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 2025 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