

OFFICE COPY

**CAL FIXED INCOME OPPORTUNITIES FUND
COLOMBO 2**

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST MARCH 2026**



Tel : +94-11-2421878-79-70
+94-11-2387002-03
Fax : +94-11-2336064
E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CAL FIXED INCOME OPPORTUNITIES FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of CAL Fixed Income Opportunities Fund ("The Fund"), which comprise the statement of financial position as at 31st March 2026, and the statement of profit or loss and other comprehensive income, the statement of movement in unitholders' fund and the statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of material accounting policy information as set out on page 05 to 28.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Fund as at 31st March 2026, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Fund Management Company and The Trustee for the Financial Statements

The Fund Management Company and Trustee are responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management and Trustee are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Partners : Sujeewa Rajapakse FCA, ACCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA.
F. Sarah Z. Afker FCA, FCMA (UK), CGMA, MCS1 (UK). Dinusha C. Rajapakse FCA, LLB (Hons)(Colombo), CTA, Attorney at Law.
Nirosha Vadivel Bsc (Acc.), FCA, ACMA. R. D. Chamika N. Wijesinghe FCA, BBA (Acc.) Sp. H. M. R. Thilina Ranaweera FCA, BBMgt (Acc.) Sp.

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

These Financial Statements also comply with the requirements of the Rule 50 of the Collective Investment Scheme Code (CIS Code) issued by the Securities and Exchange Commission of Sri Lanka in terms of Section 183 of the Securities and Exchange Commission Act No. 19 of 2021 and the Trust Deed.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

31st July 2026

NV/cc

CAL FIXED INCOME OPPORTUNITIES FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2026

Page 1

	Note	2025/2026 Rs.	2024/2025 Rs.
Investment income			
Interest income	4	7,986,357,613	10,741,432,066
Unrealised gains/(loss) on financial assets at fair value through profit or loss	7.3	956,416	(55,996,600)
Realised gains on financial assets at fair value through profit or loss	7.4	-	56,472,900
Total investment income		7,987,314,029	10,741,908,366
Other income		14,427,451	17,995,510
Expenses			
Management fees		(480,399,562)	(325,783,690)
Trustee fees		(124,778,682)	(84,703,760)
Custodian fee		(290,463)	(289,864)
Audit fees		(2,336,033)	(2,637,751)
Bank charges		(3,407,053)	(2,239,301)
Other expenses		(35,007)	(110,497)
Interest expense on borrowings		(258,356)	-
Impairment charge of financial assets at amortised cost and other receivable		(29,559,788)	(4,252,151,285)
Total operating expenses		(641,064,944)	(4,667,916,148)
Profit before tax		7,360,676,535	6,091,987,728
Income tax expense	5	-	-
Profit after tax for the year		7,360,676,535	6,091,987,728
Total comprehensive income for the year		7,360,676,535	6,091,987,728
Increase in net assets attributable to unitholders		7,360,676,535	6,091,987,728

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 28 form an integral part of the Financial Statements.

Colombo
31st July 2026



CAL FIXED INCOME OPPORTUNITIES FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2026

Page 2

		As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Assets			
Cash and cash equivalents	6	1,456,420,438	155,946,264
Financial assets at fair value through profit or loss	7	2,000,956,416	-
Financial assets at amortised cost	8	73,417,802,403	65,370,922,464
Income tax receivable	9	-	-
Other receivables	10	75,277,138	62,200,380
Total assets		76,950,456,395	65,589,069,108
Liabilities			
Accrued expenses	11	53,892,365	43,958,347
Payable on unit creations	12	36,432,938	44,394,775
Interest bearing borrowings	13	1,000,258,356	-
Total liabilities		1,090,583,659	88,353,122
Net assets		75,859,872,736	65,500,715,986
Unitholders' Fund			
Net assets attributable to unitholders		75,859,872,736	65,500,715,986

The accounting policies and notes on pages 05 to 28 form an integral part of the Financial Statements.

The Board of Directors of the Management Company and Trustee are responsible for preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards.

The Financial Statements were approved by the Management Company and the Trustee on 31st July 2026.

Signed for and on behalf of the Management Company by:


.....
Director
Ms. H. M. S. Perera
Capital Alliance Investments Limited
Management Company


.....
Director
Mr. K. P. Mannakkara
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

Colombo
31st July 2026



CAL FIXED INCOME OPPORTUNITIES FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED 31ST MARCH 2026

Page 3

	2025/2026 Rs.	2024/2025 Rs.
Unitholders' fund as at the beginning of the year	65,500,715,986	34,606,073,713
Increase in net assets attributable to unitholders	7,360,676,535	6,091,987,728
Creation of units	221,766,321,990	184,369,325,600
Redemption of units	(218,767,841,775)	(159,566,671,055)
Net increase due to unitholders' transactions	2,998,480,215	24,802,654,545
Unitholders' fund as at the end of the year	75,859,872,736	65,500,715,986

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 28 form an integral part of the Financial Statements.

Colombo
31st July 2026



CAL FIXED INCOME OPPORTUNITIES FUND
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2026

Page 4

	2025/2026 Rs.	2024/2025 Rs.
Cash flows from operating activities		
Interest received	5,281,811,723	9,793,200,902
Realised gains on financial assets at fair value through profit or loss	-	56,472,900
Management fees, trustee fees and custodian fees paid	(595,560,138)	(391,559,544)
Interest bearing borrowings	1,000,000,000	-
Other expenses paid	(5,752,644)	(3,670,550)
Other income received	14,222,370	17,969,199
Net investment in unit trust	(2,000,000,000)	-
Net investment in debentures	(900,000,000)	(2,825,000,000)
Net investment in commercial papers	1,854,499,728	4,144,472,962
Net investment in fixed deposits	(16,215,000,000)	(10,419,999,998)
Net investment in trust certificates	(4,358,316,569)	(14,823,361,697)
Net investment in treasury bonds	-	1,345,890,700
Net change in other receivables	(221,139,675)	(4,296,571,746)
Net investment in treasury bill/bond repurchase agreements	14,455,191,000	(7,391,147,001)
Net cash used in operating activities	(1,690,044,205)	(24,769,821,414)
Cash flows from financing activities		
Cash received on creation of units	221,766,321,990	184,369,325,600
Cash change in pending unit creation	(7,961,837)	23,482,460
Cash paid on redemption of units	(218,767,841,775)	(159,566,671,055)
Net cash generated from financing activities	2,990,518,378	24,802,654,545
Increase in cash and cash equivalents	1,300,474,174	32,833,131
Cash and cash equivalents as at the beginning of the year (Note A)	155,946,264	123,113,133
Cash and cash equivalents as at the end of the year (Note B)	1,456,420,438	155,946,264
As at the beginning of the year		Note A
Cash at bank	155,946,264	123,113,133
	155,946,264	123,113,133
As at the end of the year		Note B
Cash at bank	1,456,420,438	155,946,264
	1,456,420,438	155,946,264

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 28 form an integral part of the Financial Statements.

Colombo
31st July 2026



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION**1.1 General information**

CAL Fixed Income Opportunities Fund (previously known as Capital Alliance Corporate Debt and Gilt Trading Fund) is an open-ended fund approved by the Securities and Exchange Commission of Sri Lanka. This Fund was renamed as CAL Fixed Income Opportunities Fund with effect from 23rd March 2022 and The Fund was initially launched on 05th December 2013.

The Fund is managed by Capital Alliance Investments Limited which was incorporated and domiciled in Sri Lanka. The registered office of the Management Company was previously located at Level 05, "Millennium House", 46/58, Nawam Mawatha, Colombo 02. During the year, the Company changed its registered office to Level 06, M2M Veranda Offices, No. 34, W. A. D. Ramanayake Mawatha, Colombo 02. The Trustee of the Fund is Hatton National Bank PLC and its place of business is at "HNB Towers", No. 479, T. B. Jayah Mawatha (Darley Road), Colombo 10.

1.2 Operating activities

The investment objective of the Fund is to optimise the income at moderate levels of risk, with the potential of making capital gains through trading corporate debt instruments and Government securities in the secondary market.

1.3 Date of authorisation for issue

The Financial Statement of the Fund for the year ended 31st March 2026 were authorised for issue by the Fund Management Company and the Trustee on 31st July 2026.

2. PREPARATION OF FINANCIAL STATEMENTS**2.1 Basis of preparation**

The Financial Statements have been prepared on the historical cost basis unless otherwise it is indicated. The Financial Statements have been presented in Sri Lankan Rupees. The statement of financial position has been presented on a liquidity basis.

2.2 Statement of compliance

The Financial Statements which comprise the statement of financial position as at 31st March 2026, statement of profit or loss and other comprehensive income, statement of movement in unitholders' Fund and the statement of cash flows for the year then ended, and a summary of material accounting policy information and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards and the requirements of the Unit Trust Deed and Collective Investment Scheme Code (CIS Code 2022) of the Securities and Exchange Commission of Sri Lanka.

2.3 Basis of measurement

The Financial Statements have been prepared under the historical cost convention with the exception of certain assets and liabilities at fair value.

2.4 Functional and presentation currency

The Financial Statements have been presented in Sri Lankan Rupees, the Fund's functional and presentation currency, which is the primary economic environment in which the Fund operates.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

2.5 Materiality aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.6 Going concern

These Financial Statements are prepared on the assumption that the Fund is a going concern i.e. as continuing in operation for the foreseeable future. It is, therefore, assumed that the Fund has neither the intention nor the necessity of liquidation.

2.7 Significant accounting judgments, estimates and assumptions

The preparation of Financial Statements in conformity with SLFRSs/LKAs requires the management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the Fund's accounting policies, which are described below, the Fund Management Company is required to make judgments and assumptions and use assumptions in measuring items reported in the Financial Statements. These estimates are based on the management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year or the year of the revision and future years as well, if the revision affects both the current and the future years.

The management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value.

The management uses its judgment in determining the appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Other financial instruments are valued using the discounted cash flow analysis based on the assumptions supported, where possible, by observable market prices or rates.

Determination of Fair Value and Fair Value Hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** techniques which use inputs other than quoted prices included within Level 1, that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** techniques which use inputs that are not based on observable market data

2.8 Summary of material accounting policy information

Accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

2.8.1 Financial instruments**2.8.1.1 Initial recognition**

Financial assets and liabilities are initially recognised on the trade date, i.e the date that the Fund becomes a party to the contractual provisions of the instrument. This includes purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or convention in the marketplace.

2.8.1.2 Initial measurement of financial instrument

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. At initial recognition, the Fund measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the statement of profit or loss.

2.8.1.3 Measurement categories of financial assets and liabilities

The Fund classifies all of its financial assets in the following measurement categories:

- those to be measured at amortised cost
- those to be measured at fair value through profit or loss

Financial liabilities of the Fund are measured at amortised cost, and include all financial liabilities, other than those measured at fair value through profit or loss. The financial liabilities of the Fund include accrued expenses and other payables.

2.8.1.4 Subsequent measurement**Amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

Debt instruments at amortised cost in the statement of financial position comprise investments in treasury bill repurchase agreements and debentures. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in realised gain/(loss) on debt instruments held at amortised cost.

Fair value through profit and loss

A financial asset is measured at fair value through profit or loss if:

- (a) its contractual terms do not give rise to cash flows on specified dates that are solely the payments of principal and interest on the principal amount outstanding
or
- (b) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell
or



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

- (c) at initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminate or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within unrealised gains/(losses) in the period in which it arises.

2.8.1.5 Financial liabilities**a) Initial recognition and measurement**

The Fund determines the classification of its financial liabilities at initial recognition.

The Fund's financial liabilities comprise accrued expenses and other payables in the statement of financial position.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the profit or loss and other comprehensive income statement when the liabilities are de-recognised as well as through the EIR amortisation process.

2.8.1.6 Impairment

The Fund assesses on a forward-looking basis, the Expected Credit Losses (ECLs) associated with its debt instruments not held at fair value through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive are discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures from which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Fund uses the ratings from either Fitch Rating Lanka Limited or Lanka Rating Agency Limited as applicable to determine the significant deterioration in credit risk and to estimate the ECLs.

Consistent with the policies of the Fund, investments when rated below BBB- are considered as non-investment grade investments and the Fund considers such investments as having incurred significantly deteriorated credit risk. Such investments are considered for lifetime ECL calculation.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

Further, movements within the ratings of the investment grade stipulate significant deterioration of credit risk. Significant deterioration is measured through a two-notch downgrade of the external credit rating of the counterparty since the origination of the instrument.

For debt instruments at amortised cost issued by Sovereign, the Fund applies the low-risk simplification.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the financial assets.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

2.8.1.7 De-recognition

A financial asset is de-recognised when,

- a) the rights to receive cash flows from the asset have expired
- b) the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either.
 - the Fund has transferred substantially all the risks and rewards of the asset or
 - the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

2.8.1.8 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- there is currently an enforceable legal right to offset the recognised amounts and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

2.8.2 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and statement of cash flows comprise cash at bank.

2.8.3 Income tax

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from, or paid to the taxation authorities. Until 31st March 2018, the Fund was liable to pay income tax at the rate of 10% in accordance with the Inland Revenue Act No. 10 of 2006. Subsequent to the enactment of the new Inland Revenue Act No 24 of 2017, effective from 01st April 2018, an Eligible Unit Trust would not be liable for income tax on any income which is a "pass through" to its unitholders. Accordingly, post 31st March 2018, the Fund has considered all income as being a "pass through" to its unitholders.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

2.8.4 Recognition of income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised.

2.8.4.1 Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

2.8.4.2 Dividend income

Income is recognised when the right to receive the dividend is established, normally being the ex-dividend date. Dividend income is recognised net of withholding tax, if any.

2.8.4.3. Gain/(losses) on financial asset held at fair value through profit or loss.**a) Unrealised gains/(losses) on financial assets held at fair value through profit or loss**

Unrealised gains/(losses) on financial assets held at fair value through profit or loss include all gains and losses arise from changes in fair value of financial assets held at fair value through profit or loss as at the reporting date.

b) Realised gains/(losses) on financial assets held at fair value through profit or loss

Realised gains/(losses) on financial assets held at fair value through profit or loss include results of buying and selling of quoted equity securities.

2.8.5 Expenses

The management and trustee fees of the Fund as per the Trust Deed are as follows,

Management fee - 0.50% of the net asset value of the Fund

Trustee fee - 0.13% p.a. of Net Asset Value (NAV) of the Fund

Custodian fee - Rs: 20,000/- per month plus the applicable Government tax

2.8.6 Unitholders' fund and net assets attributable to unitholders

Unitholders' Fund has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities other than those due to unitholders as at the reporting date.

Units can be issued and redeemed based on the Fund's net asset value per unit, calculated by dividing the net assets of the Fund as described in the Trust Deed and directives issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue. Income not distributed is included in net assets attributable to unitholders.

s



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT**3.1. Financial Instruments**

The Fund's principal financial assets comprise investments in repurchase agreements against the treasury bills, commercial papers, fixed deposits, debentures and cash at bank. The overall objective of this Fund is to optimise the income at moderate levels of risk, with the potential of making capital gains through trading corporate debt instruments and government securities in the secondary market but offering the convenience of a unit trust. The Fund's principal financial liabilities comprise amounts attributable to unitholders, which are the amounts owed to unitholders of the Fund. The Fund also has other financial instruments such as receivables and payables which arise directly from its operations.

In accordance with SLFRS 9 Financial Instruments: Recognition and Measurement, the investments in repurchase agreements, commercial papers, fixed deposits and debentures are classified as 'financial assets at amortised cost' and are valued at amortised cost. Amounts attributable to unitholders are classified as 'unitholder's fund' and are carried at the redemption amount being net asset value. Accrued expenses are classified as 'other financial liabilities' at amortised cost.

3.2. Financial risk management objectives, policies and processes

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Fund is exposed to credit risk, market risk and liquidity risk.

Financial instruments of the Fund comprise investments in treasury bills/bond repurchase agreements, debentures, commercial papers and fixed deposits for the purpose of generating a return on the investment made by unitholders, in addition to cash at bank, and other financial instruments such as receivables and payables, which arise directly from its operations.

The Management Company is responsible for identifying and controlling the risk that arises from these financial instruments. The Management Company agrees to policies for managing each of the risks identified below.

The risks are measured using a method that reflects the expected impact on the statement of profit or loss and other comprehensive income and the statement of financial position of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

The Management Company also monitors information about the total fair value of financial instruments exposed to various risks, as well as compliance with established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the Management Company on a regular basis as deemed appropriate, including the Fund Management Company, other key management, Risk and Investment Committees and ultimately the Trustees of the Fund.

Concentration of risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet the contractual obligations to be similarly affected by changes in economic, political or other conditions.

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

3.3. Credit risk

Credit risk is the risk that the counterparty to the Financial Statement will fail to discharge an obligation and cause the Fund to incur a financial loss.

The Fund's exposure to credit risk from its financial assets arises from default of the counterparty. It is the Fund's policy to enter into financial instruments with reputable counterparties.

CAL Fixed Income Opportunities Fund's investments are only in debentures, commercial papers, fixed deposits and repurchase agreements against Government securities.

The methodology used for ECL calculation is disclosed under 2.8.1.6 Impairment. ECL calculations also consider weighted scenario analysis. Further, the Fund has taken initiatives to de-risk the UT portfolios with investments in Government securities and instruments rated A- and above.

3.3.1. Debt securities

The credit risk exposure on these instruments is not deemed to be significant. It is the Fund's policy to enter into financial instruments with reputable counterparties with high credit quality.

The Fund invests in debt securities which are risk free, low risk, medium risk investments. An analysis of debt securities by rating is set out in the table below.

	31 st March 2026	31 st March 2025
	Rs.	Rs.
Risk rating		
Risk free	1,825,247,964	16,320,749,651
Low risk	29,676,283,493	15,552,489,105
Medium Risk	43,925,972,681	33,685,137,242
Total	75,427,504,138	65,558,375,998

The credit ratings of the counterparties with which the Fund places investments are as set out below:

Counterparty	Credit Rating	Rating Agency
Abans Finance PLC	A-	Fitch Rating
Alliance Finance Company PLC	BBB	Lanka Rating Agency
Asia Asset Finance PLC	A+	Fitch Rating
Asiri Hospital Holdings PLC	BBB-	Lanka Rating Agency
Assetline Finance Limited	A	Lanka Rating Agency
Capital Alliance Investments Limited	A+	Lanka Rating Agency
Central Finance Company PLC	A	Fitch Rating
Citizens Development Business Finance PLC	BBB	Fitch Rating
Commercial Credit & Finance PLC	BBB+	Lanka Rating Agency
First Capital Treasuries PLC	A+	Lanka Rating Agency
Fixed Income Investment I (Pvt) Ltd	AA	Lanka Rating Agency
George Steuart & Company Ltd	A	Lanka Rating Agency
Hatton National Bank PLC	AA-	Fitch Rating

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

Counterparty	Credit Rating	Rating Agency
Hayleys PLC	AAA	Fitch Rating
HNB Finance PLC	A	Fitch Rating
HNB Securities Ltd	A	Fitch Rating
L B Finance PLC	A-	Fitch Rating
LOLC Finance PLC	A+	Lanka Rating Agency
LOLC Holdings PLC	A	Lanka Rating Agency
Mercantile Investment And Finance PLC	BBB-	Fitch Rating
Pan Asia Banking Corporation PLC	BBB	Fitch Rating
People's Leasing & Finance PLC	A	Fitch Rating
Richard Pieris Finance Ltd	A	Fitch Rating
Sampath Bank PLC	AA-	Fitch Rating
Senkadagala Finance PLC	BBB	Fitch Rating
Seylan Bank PLC	A+	Fitch Rating
Singer Finance (Lanka) PLC	BBB+	Fitch Rating
Siyapatha Finance PLC	A	Fitch Rating
Vallibel Finance PLC	A-	Lanka Rating Agency

3.3.2. Cash and cash equivalents

All counterparties have a rating as determined by the Fitch Rating Agency. However, in accordance with the Fund's policy, the investment manager monitors the Fund's credit position on a daily basis, to maintain credit risk at a minimum level.

3.3.3. Risk concentration of credit risk exposure

Concentration of credit risk is managed by counterparty and by market sector. The Fund is also subject to credit risk on its bank balance. The credit risk exposure on these instruments is not deemed to be significant.

The Fund's maximum exposure to credit risk can be analysed as follows:

	As at 31.03.2026 Rs.		As at 31.03.2025 Rs.	
	Maximum exposure	Net exposure	Maximum exposure	Net exposure
Financial assets at amortised cost	73,426,547,723	73,417,802,403	65,558,375,998	65,370,922,464
Financial assets at FVTPL	2,000,956,416	2,000,956,416	-	-
Other receivables	75,277,139	75,277,139	4,297,511,827	4,297,511,827
Total	75,502,781,278	75,494,035,958	69,855,887,825	69,855,887,825

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

3.3.4. Credit risk by class of financial assets

As at 31 st March 2026	12 Month expected credit losses Rs.	Lifetime expected credit losses not credit impaired Rs.	Lifetime expected credit losses credit impaired Rs.	Total Rs.
Financial assets				
Financial assets at amortised cost	73,426,547,723	-	-	73,426,547,723
Financial assets at FVTPL	2,000,956,416			2,000,956,416
Other receivables	382,302,718	-	4,136,553,870	4,518,856,588
Cash and cash equivalents	1,456,420,438	-	-	1,456,420,438
	77,266,227,295	-	4,136,553,870	81,402,781,165

As at 31 st March 2025	12 Month expected credit losses Rs.	Lifetime expected credit losses not credit impaired Rs.	Lifetime expected credit losses credit impaired Rs.	Total Rs.
Financial assets				
Financial assets at amortised cost	65,370,922,464	-	-	65,370,922,464
Other receivables	62,200,380	-	4,235,311,447	4,297,511,827
Cash and cash equivalents	155,946,264	-	-	155,946,264
	65,589,069,108	-	4,235,311,447	69,824,380,555

3.4. Market risk

Market risk represents the risk that the value of the Fund's investments portfolios will fluctuate as a result of changes in market prices.

This risk is managed by ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. As such, unitholders can manage this risk through their choices of which investment portfolios to participate in.

The Fund uses a range of different fund arrangements for investment assets. Where a unitholder is invested in more than one investment portfolio, this reduces the impact of a particular manager underperforming. Within the underlying investment portfolio, diversification is achieved at a number of levels. The diversified portfolios are invested across a range of investment sectors. Within each sector of the diversified portfolios, the Fund managers invest in a variety of securities.



3.4.1. Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk. The Fund's interest bearing financial assets are exposed to risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using the sensitivity analysis.

The Fund's policy is to hold all its net assets attributable to unit holders invested in debt securities and equity securities. The table below summarises the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair values, categorised by the earlier contractual re-pricing on maturity dates.

As at 31 st March 2026	Floating interest Rs.	Fixed interest Rs.	Non-interest Rs.	Total Rs.
Financial assets				
Cash and cash equivalents	Nil	Nil	1,456,420,438	1,456,420,438
Financial assets at amortised cost	24,765,535,415	48,656,535,183	Nil	73,426,547,723
Financial assets at FVTPL	2,000,956,416	Nil	Nil	2,000,956,416
Other receivables	Nil	Nil	75,277,139	75,277,139
Total exposure	26,770,968,956	48,656,535,183	1,531,697,577	76,959,201,716

As at 31 st March 2025	Floating interest Rs.	Fixed interest Rs.	Non-interest Rs.	Total Rs.
Financial assets				
Cash and cash equivalents	Nil	Nil	155,946,264	155,946,264
Financial assets at amortised cost	11,313,305,178	54,245,070,817	Nil	65,558,375,995
Other receivables	Nil	Nil	62,200,384	62,200,384
Total exposure	11,313,305,178	54,245,070,817	218,146,648	65,776,522,643

3.5. Summarised sensitivity analysis.

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders' interest rate risk and other price risks. The reasonably possible movements in the risk variables have been determined based on the management's best estimate, having regard to a number of factors, including historical level of changes in interest rates, historical correlation of the Fund's investment with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than the anticipated due to a number of factors, including unusually large market shocks resulting from changes in performances and correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

	As at 31.03.2026		As at 31.03.2025	
	Increases/ (decreases) on profit before tax Rs.	Increases/ (decreases) on amounts attributable to unitholders Rs.	Increases/ (decreases) on profit before tax Rs.	Increases/ (decreases) on amounts attributable to Unitholders Rs.
Change in interest rate of the Fund's investment in trading securities existing as of reporting date:				
+10%	7,537,936,163	7,537,936,163	1,074,143,206	1,074,143,206
-10%	(7,537,936,163)	(7,537,936,163)	(1,074,143,206)	(1,074,143,206)

3.6. Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet its obligation to pay unitholders.

Due to the nature of a unit trust, it is unlikely that a significant number of unitholders would exit at the same time. However, to control the liquidity risk, the Fund invests in financial instruments which are readily convertible into cash under normal market conditions. In addition, the Fund invests within established limits to ensure that there is no concentration of risk. The Management Company ensures that a minimum that liquidity level of 3% of the total NAV of the Fund is available in cash or near cash form at any given time as required by the Unit Trust Code, reducing the liquidity risk to its investors.

In addition, the Security and Exchange Commission and the Fund require additional number of business days' notice to the Fund from large investors redeeming over 3% of the Fund and the Fund is also permitted to borrow up to 15% of the deposited property for redemption pay-outs. No such borrowings have arisen during the period.

Fund's investments are managed on short-term basis and by investing in Government securities. Further, liquidity is managed by the Fund managing company through bank facilities and investment in highly liquid short-term instruments.

The table below analyses the Fund's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the end of the reporting date. The amounts in the table are the contractual undiscounted cash flows.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

31 st March 2026	Less than 1 month Rs.	1-6 months Rs.	6-12 months Rs.	More than 1 year Rs.	Total Rs.
Financial assets					
Cash and cash equivalents	1,456,420,438	-	-	-	1,456,420,438
Financial assets at amortised cost	5,712,161,138	10,086,056,433	9,665,779,897	52,059,717,967	77,523,715,435
Financial asset at FVTPL	2,000,000,000				2,000,000,000
Other receivables	4,518,856,589	-	-	-	4,518,856,589
	13,687,438,165	10,086,056,433	9,665,779,897	52,059,717,967	85,498,992,462

Financial liabilities

Accrued expenses	90,325,303				90,325,303
Borrowing under Repurchase Agreements	1,000,258,356	-	-	-	1,000,258,356
	1,090,583,659	-	-	-	1,090,583,659

31 st March 2025	Less than 1 month Rs.	1-6 months Rs.	6-12 months Rs.	More than 1 year Rs.	Total Rs.
Financial assets					
Cash and cash equivalents	155,946,264	-	-	-	155,946,264
Financial assets at amortised cost	22,292,013,781	13,699,425,963	2,651,992,345	23,191,253,091	61,834,685,180
Other receivables	4,297,511,831	-	-	-	4,297,511,831
	26,745,471,876	13,699,425,963	2,651,992,345	23,191,253,091	66,288,143,275

Financial liabilities

Accrued expenses	88,353,123	-	-	-	88,353,123
	88,353,123	-	-	-	88,353,123

The contractual amounts disclosed in this analysis are gross undiscounted cashflows and, therefore, may not agree with the carrying amounts in the statement of financial position.



3.7. Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders, are classified as a liability. The amount of net assets attributable to Unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company. Under the terms of the Collective Investment Scheme Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of unitholders.

Following being the disclosures of unitholders' Fund;

The movement in the unitholders' fund

I. In terms of value

	2026 Rs.
Unitholders' fund as at 01 st April 2025	65,500,715,986
Creations during the year	221,766,321,990
Redemptions during the year	(218,767,841,775)
Increase in net assets attributable to unitholders	7,321,279,342
Unitholders' fund as at 31 st March 2026	75,820,475,543

II. In terms of No. of units

	2026 No. of units
No of units as at 01 st April 2025	1,714,389,553
Unit creations during the year	5,553,968,219
Unit redemptions during the year	(5,458,623,886)
No of units as at 31 st March 2026	1,809,733,887

As stipulated within the Trust Deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of Units and each Unit has the same rights attaching to it as all other Units of the Fund.





	2025/2026 Rs.	2024/2025 Rs.
4. INVESTMENT INCOME		
Commercial papers	441,539,870	1,116,396,484
Fixed deposits	2,083,878,214	812,845,566
Treasury bills/bonds reverse repurchase agreements	854,119,542	1,651,945,041
Debentures	445,133,801	155,558,273
Trust certificates	4,161,686,186	6,997,668,702
Treasury bonds	-	7,018,000
	<u>7,986,357,613</u>	<u>10,741,432,066</u>

5. INCOME TAX EXPENSE

From 01st April 2018, no income tax has been recognised in the Financial Statements as the Fund has considered all income as being "passed through" to its unitholders.

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
6. CASH AND CASH EQUIVALENTS		
Cash at bank	1,456,420,438	155,946,264
	<u>1,456,420,438</u>	<u>155,946,264</u>

7. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Treasury bonds	7.1	-	-
Unit trusts	7.2	2,000,956,416	-
		<u>2,000,956,416</u>	<u>-</u>

7.1 Treasury Bonds

Balance as at the beginning of the year	-	1,442,223,200
Purchases during the year	-	-
Sales during the year	-	(1,449,717,500)
Accrued interest during the year	-	7,018,000
Unrealised gain/(loss) on financial assets at fair value through profit or loss	-	(55,996,600)
Realised gain on sales of financial assets at fair value through profit or loss	-	56,472,900
Market value as at the end of the year	<u>-</u>	<u>-</u>

7.2 Unit Trusts

Balance as at the beginning of the year	-	-
Creations during the year	2,000,000,000	-
Unrealised gain/(loss) on financial assets at fair value through profit or loss	956,416	-
Realised gain on sales of financial assets at fair value through profit or loss	-	-
Market value as at the end of the year	<u>2,000,956,416</u>	<u>-</u>

7.3 Unrealised gain/(loss) on financial assets at fair value through profit or loss

Treasury bonds	-	(55,996,600)
Unit trusts	956,416	-
	<u>956,416</u>	<u>(55,996,600)</u>

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTD....)		
7.4 Realised gain on financial assets at fair value through profit or loss		
Treasury bonds	-	56,472,900
	-	56,472,900

	As at 31.03.2026		As at 31.03.2025	
	Carrying value Rs.	Holding as a % of net asset value	Carrying value Rs.	Holding as a % of net asset value

7.5 Unit Trust

Capital Alliance Investment Grade Fund	2,000,956,415.70	2.64%	-	-
	2,000,956,415.70	2.64%	-	-

	As at 31.03.2026		As at 31.03.2025	
	Carrying value Rs.	Fair value Rs.	Carrying value Rs.	Fair value Rs.

8. FINANCIAL ASSETS AT AMORTISED COST

Treasury bill/Bond repurchase agreements	8.1	1,825,247,964	1,825,247,964	16,320,749,651	16,320,749,651
Commercial papers	8.2	2,857,941,190	2,857,941,190	4,123,380,893	4,123,380,893
Commercial papers - Floating	8.3	1,949,190,505	1,949,190,505	2,521,160,399	2,521,160,399
Fixed deposits	8.4	29,676,283,493	29,676,283,493	12,139,126,706	12,139,126,706
Debentures - Quoted	8.5	1,903,801,986	1,903,801,986	2,912,711,714	2,912,711,714
Debentures - Unquoted	8.6	-	-	500,650,685	500,650,685
Debentures - Floating	8.7	2,458,681,699	2,458,681,699	-	-
Trust Certificates	8.8	12,393,260,550	12,393,260,550	18,248,451,169	18,248,451,169
Trust Certificates - Floating	8.9	20,362,140,336	20,362,140,336	8,792,144,781	8,792,144,781
Less: Provision for impairment		(8,745,319)	(8,745,319)	(187,453,534)	(187,453,534)
		73,417,802,403	73,417,802,403	65,370,922,464	65,370,922,464

	As at 31.03.2026		As at 31.03.2025	
	Carrying value Rs.	Holding as a % of net asset value	Carrying value Rs.	Holding as a % of net asset value

8.1 Treasury Bill/Bond repurchase agreements

Hatton National Bank PLC	1,325,141,115	1.7%	1,030,946,774	1.6%
HNB Securities Limited	500,106,849	0.7%	-	-
Capital Alliance PLC	-	-	14,285,171,370	21.8%
Union Bank of Colombo PLC	-	-	1,004,631,507	1.5%
	1,825,247,964	2.4%	16,320,749,651	24.9%





		As at 31.03.2026		As at 31.03.2025	
		Carrying value Rs.	Holding as a % of net asset value	Carrying value Rs.	Holding as a % of net asset value
8.	FINANCIAL ASSETS AT AMORTISED COST (CONTD....)				
8.2	Commercial papers				
	LOLC Holdings PLC	2,857,941,190	3.8%	3,314,875,140	5.1%
	First Capital Holdings PLC	-	-	808,505,753	1.2%
		<u>2,857,941,190</u>	<u>3.8%</u>	<u>4,123,380,893</u>	<u>6.3%</u>
8.3	Commercial papers - Floating				
	Asiri Hospital Holdings PLC	1,949,190,505	2.6%	2,521,160,399	3.8%
		<u>1,949,190,505</u>	<u>2.6%</u>	<u>2,521,160,399</u>	<u>3.8%</u>
8.4	Fixed deposits				
	LOLC Finance PLC	6,369,098,699	8.40%	6,396,826,404	9.8%
	Alliance Finance Company PLC	-	0.00%	-	0.0%
	Asia Asset Finance PLC	2,046,923,288	2.70%	505,101,370	0.8%
	People's Leasing & Finance PLC	5,430,589,589	7.16%	2,064,730,137	3.2%
	Singer Finance (Lanka) PLC	494,135,137	0.65%	207,523,219	0.3%
	Siyapatha Finance PLC	2,710,700,863	3.57%	2,078,716,610	3.2%
	Vallibel Finance PLC	1,307,743,315	1.72%	259,952,226	0.4%
	Abans Finance PLC	521,196,537	0.69%	522,468,932	0.8%
	Mercantile Investment And Finance PLC	27,205,154	0.04%	103,807,808	0.2%
	Assetline Finance Limited	530,772,603	0.70%	-	-
	Central Finance Company PLC	1,069,817,808	1.41%	-	-
	Citizen Development Business Finance PLC	714,186,425	0.94%	-	-
	Commercial Credit & Finance PLC	2,651,847,260	3.50%	-	-
	HNB Finance PLC	586,675,925	0.77%	-	-
	L B Finance PLC	2,064,036,781	2.72%	-	-
	Pan Asia Banking Corporation PLC	3,151,354,110	4.15%	-	-
		<u>29,676,283,493</u>	<u>35.0%</u>	<u>12,139,126,706</u>	<u>18.5%</u>
8.5	Debentures - Quoted				
	Asia Asset Finance PLC	-	-	439,955,342	0.7%
	Singer Finance (Lanka) PLC	108,077,808	0.1%	109,703,118	0.2%
	Seylan Bank PLC	1,355,364,726	1.8%	1,361,218,322	2.1%
	Sampath Bank PLC	-	-	1,001,834,932	1.5%
	First Capital Treasuries PLC	440,359,452	0.58%	-	-
		<u>1,903,801,986</u>	<u>2.5%</u>	<u>2,912,711,714</u>	<u>4.4%</u>
8.6	Debentures - Unquoted				
	George Steuart & Company Ltd	-	-	500,650,685	0.8%
		<u>-</u>	<u>-</u>	<u>500,650,685</u>	<u>0.8%</u>

		As at 31.03.2026		As at 31.03.2025	
		Carrying value Rs.	Holding as a % of net asset value	Carrying value Rs.	Holding as a % of net asset value
8.	FINANCIAL ASSETS AT AMORTISED COST (CONTD....)				
8.7	Debentures - Floating				
	Asia Asset Finance PLC	439,168,219	0.6%	-	-
	George Steuart & Company Ltd	500,693,370	0.7%	-	-
	Hayleys PLC	517,081,753	0.7%	-	-
	Sampath Bank PLC	1,001,738,356	1.3%	-	-
		<u>2,458,681,699</u>	<u>3.2%</u>	<u>-</u>	<u>-</u>
8.8	Trust certificates				
	Asia Asset Finance PLC	-	-	-	-
	Alliance Finance Company PLC	583,601,608	0.8%	2,161,231,421	3.3%
	Fixed Income Investment I (Pvt) Ltd	521,836,712	0.7%	5,186,920,517	7.9%
	Fixed Income Investment II (Pvt) Ltd	-	-	5,660,426,706	8.6%
	Fixed Income Investment V (Pvt) Ltd	-	-	-	-
	Citizens Development Business Finance PLC	-	-	3,334,678,549	5.1%
	Mercantile Investment and Finance PLC	681,703,670	0.9%	1,740,831,801	2.7%
	Richard Pieris Finance Ltd	-	-	164,362,175	0.3%
	L B Finance PLC	7,143,264,993	9.4%	-	-
	Singer Finance (Lanka) PLC	1,887,489,235	2.5%	-	-
	Vallibel Finance PLC	1,575,364,331	2.1%	-	-
		<u>12,393,260,550</u>	<u>16.3%</u>	<u>18,248,451,169</u>	<u>27.9%</u>
8.9	Trust certificates - Floating				
	Alliance Finance Company PLC	1,000,600,164	1.3%	1,000,314,932	1.5%
	Vallibel Finance PLC	4,961,482,071	6.5%	1,902,632,779	2.9%
	HNB Finance PLC	698,218,748	0.9%	2,031,741,034	3.1%
	Citizens Development Business Finance PLC	6,368,873,630	8.4%	1,501,944,247	2.3%
	Richard Pieris Finance Ltd	358,201,382	0.5%	1,018,734,521	1.6%
	Senkadagala Finance PLC	1,334,914,384	1.8%	1,336,777,268	2.0%
	Mercantile Investment and Finance PLC	2,709,833,658	3.6%	-	-
	People's Leasing & Finance PLC	2,930,016,300	3.9%	-	-
		<u>20,362,140,336</u>	<u>26.8%</u>	<u>8,792,144,781</u>	<u>13.4%</u>





CAL FIXED INCOME OPPORTUNITIES FUND
NOTES TO THE FINANCIAL STATEMENTS

Page 23

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
8. FINANCIAL ASSETS AT AMORTISED COST (CONTD....)		
8.9 Movement of impairment during the year		
Balance as at the beginning of the year	4,422,764,981	170,613,696
Charge to the income statement	29,559,788	4,252,151,285
Balance as at the end of the year	<u>4,452,324,769</u>	<u>4,422,764,981</u>
8.9.1 The breakdown of the provision for impairment is provided below:		
Financial assets at amortised cost	8,745,319	187,453,534
Other receivables	4,443,579,450	4,235,311,447
	<u>4,452,324,769</u>	<u>4,422,764,981</u>
8.9.2 Movement in impairment during the year		
Stage 1		
Balance as at the beginning of the year	187,453,534	25,775,243
(Reversal)/charge to income statement	(178,708,215)	161,678,291
Balance as at the end of the year	<u>8,745,319</u>	<u>187,453,534</u>
Stage 2		
Balance as at the beginning of the year	-	144,838,453
Reversal to income statement	-	(144,838,453)
Balance as at the end of the year	<u>-</u>	<u>-</u>
Stage 3		
Balance as at the beginning of the year	4,235,311,447	-
Charge to income statement	208,268,003	4,235,311,447
Balance as at the end of the year	<u>4,443,579,450</u>	<u>4,235,311,447</u>
Total	<u>4,452,324,769</u>	<u>4,422,764,981</u>
9. INCOME TAX RECEIVABLE		
Income tax receivable	1,565,315	1,565,315
Provision for doubtful income tax receivable	<u>(1,565,315)</u>	<u>(1,565,315)</u>
	<u>-</u>	<u>-</u>
10. OTHER RECEIVABLES		
Receivables from Fixed Income Investment I (Pvt) Ltd. - Commercial Papers	Note 10.1	4,136,553,870
Sundry receivables		382,071,327
Less: Past due provision as per SLFRS 09		(4,443,579,450)
Money market interest receivable		231,392
		<u>75,277,138</u>
		<u>62,200,380</u>

10.1 Receivables from Fixed Income Investment I (Pvt) Ltd. - Commercial Papers

Fixed Income Investment I (Pvt) Ltd (Subsidiary of Ultimate Parent Company of the Management Company) acts as the agent to collect the proceeds from selected Commercial Papers. The receivable balance of Commercial Papers from Fixed Income Investments I (Pvt) Ltd as at 31st March 2026, amounts to LKR 4,136,553,870/-

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
11. ACCRUED EXPENSES		
Fund management fee	41,362,712	33,396,572
Custodian fees	24,669	24,669
Trustee fee	10,625,538	8,683,109
Audit fee	1,752,608	1,762,159
Consultancy fee	126,838	91,838
	<u>53,892,365</u>	<u>43,958,347</u>
12. PAYABLE ON UNIT CREATIONS		
Payable on unit creations	36,432,938	44,394,775
	<u>36,432,938</u>	<u>44,394,775</u>

Payable on unit creation amounting to Rs. 36,432,938/- represents amounts payable in respect of unit creations for which cash has been received from investors after the cut off time and units were created subsequent to the reporting date.

13. INTEREST BEARING LOANS AND BORROWINGS

Borrowing - Capital Alliance Investment Limited	1,000,000,000	-
Interest expense payable	258,356	-
	<u>1,000,258,356</u>	<u>-</u>

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Financial assets carried at fair value

	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
As at 31st March 2026				
Financial assets at fair value through profit or loss	2,000,956,416	-	-	2,000,956,416
As at 31st March 2025				
Financial assets at fair value through profit or loss	-	-	-	-

Financial assets and financial liabilities not carried at fair value

Assets for which the fair value approximates carrying value of financial assets and financial liabilities that have a short-term maturity (original maturities less than an year), it is assumed that the carrying amounts approximate their fair values.

Accordingly, the following is a list of financial instruments whose carrying amount is a reasonable approximation of fair value.

Assets	-	Cash and cash equivalent
		Financial assets at amortised cost
		Financial assets at FVTPL
		Other receivables
Liabilities	-	Accrued expenses
		Borrowing under Repurchase Agreements





**CAL FIXED INCOME OPPORTUNITIES FUND
NOTES TO THE FINANCIAL STATEMENTS**

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

15.1 Contingent liabilities

There were no contingent liabilities as at the reporting date

15.2 Contingent assets

There were no contingent assets as at the reporting date

16. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments in or disclosure on the Financial Statements for the year ended 31st March 2026.

17. CAPITAL COMMITMENTS

The Fund did not have significant capital commitments as at the reporting date.

18. ASSETS PLEDGED

There were no assets pledged as securities as at the reporting date.

19. UNITS IN ISSUE AND UNIT PRICE

Units in issue as at 31st March 2026 was 1,809,733,887.13 (2025 - 1,714,389,553.22). Unit price as at this date was Rs. 41.9225/- (2025 - Rs. 38.2097/-).

20. RELATED PARTY DISCLOSURE

20.1 Responsible entity

The responsible entities of Capital Alliance Fixed Income Opportunities Fund are Capital Alliance Investments Limited ("the Management Company") and Hatton National Bank PLC ("the Trustee").

20.2 Key management personnel

Key management personnel include the persons who were Directors of Capital Alliance Investments Limited at any time during the financial year.

i) Directors

Ms. H. M. S. Perera
Dr. M. De Zoysa
Mr. K P Mannakkara

ii) Other key management personnel

Other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

20.3 Key management personnel compensation

Key management personnel are paid by Capital Alliance Investments Limited. Payments made from the Fund to Capital Alliance Investments Limited do not include any amounts directly attributable to the compensation of key management personnel.

20. RELATED PARTY DISCLOSURE (CONTD...)

20.4 Other transactions within the Fund

Apart from those details disclosed in Note 18.5, 18.6 and 18.7, key management personnels have not entered into any other transactions involving the Fund during the financial year.

20.5 Related party unit holding and other transactions

As at 31st March 2026

Name	Relationship	No. of units	Value Rs.
Capital Alliance Investments Limited	Management Company	16,053,185.59	672,989,672.90
Ms. H M S Perera	Director	415.60	17,422.99
Dr. M. De Zoysa	Director	119,546.70	5,011,696.36
Capital Alliance Holdings Limited	Ultimate Parent of the Management Company	16,608,636.66	696,275,570.38
Capital Alliance Securities (Private) Limited	A Subsidiary of Parent of the Management Company	8,646.04	362,463.61
Finnovation Private Limited	A Subsidiary of Parent of the Management Company	2,686,597.55	112,628,885.79

As at 31st March 2025

Name	Relationship	No. of units	Value Rs.
Capital Alliance Investments Limited	Management Company	6,824,165	260,749,310
Ms. H M S Perera	Director	416	15,880
Dr. M. De Zoysa	Director	39,692	1,516,604
Capital Alliance Holdings Limited	Ultimate Parent of the Management Company	17,003,214	649,687,717
Finnovation Private Limited	A Subsidiary of Parent of the Management Company	3,957,124	151,200,533

20.6 Other transactions with, and amounts due to, related parties

The fees were charged by the management company and trustee for services provided during the year and the balances outstanding from such dues as at year end are as disclosed below:

	Charge for the year		As at 31st March	
	2025/2026 Rs.	2025/2024 Rs.	2026 Rs.	2025 Rs.
Fund management fee	480,399,562	325,783,690	41,362,712	33,396,572
Trustee fees	124,778,682	84,703,760	10,625,538	8,683,109
Custodian fees	290,463	289,864	24,669	24,669

The bank balance held at Hatton National Bank PLC 1,456,420,438 155,946,264

Funds managed by the managing company

	As of 31st March 2026		
	No. of units	Fair value (Rs.)	Cost (Rs.)
Capital Alliance Investment Grade Fund	50,337,893	2,000,956,416	2,000,000,000

20. RELATED PARTY DISCLOSURE (CONTD...)

20.7 Other transactions with, and amounts due, to related parties (Contd...)

Other transactions with related parties

The following investments have been made in the ordinary course of operations with following related parties. The resulting investment income and outstanding investment balances are given below.

	Investment income /(Expense) during the year		Balance as at 31st March	
	2025/2026	2025/2024	2026	2025
	Rs.	Rs.	Rs.	Rs.
Investments in Treasury bill/bond repurchase agreements with Capital Alliance PLC - (Subsidiary of Ultimate Parent Company of the Management Company)	541,089,401	1,038,410,930	-	14,285,171,370
Borrowings from Capital Alliance Investments - (The Management Company) *	(258,356)	-	(1,000,000,000)	-
Investments in commercial paper with Capital Alliance PLC - (Subsidiary of Ultimate Parent Company of the Management Company)		45,652,055	-	-
Investments in treasury bond with Capital Alliance PLC - (Subsidiary of Ultimate Parent Company of the Management Company)	-	7,018,000		-
Investments in trust certificates with Fixed Income Investment I (Pvt) Ltd - (Subsidiary of Ultimate Parent Company of the Management Company)	466,902,343.38	2,770,656,773	521,836,712	5,186,920,517
Investments in trust certificates with Fixed Income Investment II (Pvt) Ltd - (Subsidiary of Ultimate Parent Company of the Management Company)	427,875,519	1,090,923,718	-	5,660,426,706
Investments in trust certificates with Fixed Income Investment III (Pvt) Ltd - (Subsidiary of Ultimate Parent Company of the Management Company)	-	226,645,247	-	-
Investments in trust certificates with Fixed Income Investment IV (Pvt) Ltd - (Subsidiary of Ultimate Parent Company of the Management Company)	-	18,109,606	-	-
Investments in trust certificates with Fixed Income Investment V (Pvt) Ltd - (Subsidiary of Ultimate Parent Company of the Management Company)	-	2,022,812,135	-	-

* A borrowing facility of Rs. 1,000,000,000 was obtained by Capital Alliance Investments Limited from Hatton National Bank PLC on behalf of the CAL Fixed Income Opportunities Fund for a tenure of one week. The facility is priced at the prevailing weekly AWPLR (currently 9.43%). The proceeds of this facility were utilised to meet the Fund's redemption requests. This borrowing has subsequently settled on 02nd April 2026.

20. RELATED PARTY DISCLOSURE (CONTD...)

20.7 Other transactions with, and amounts due, to related parties (Contd...)

Fixed Income Investment I (Pvt) Ltd (Subsidiary of Ultimate Parent Company of the Management Company) acts as the agent to collect the proceeds from selected Commercial Papers. The receivable balance of Commercial Papers from Fixed Income Investment I (Pvt) Ltd as at 31st March 2026, amounts to LKR 4,136,553,870/- as disclosed in Note 10.1.

21. RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Net asset value as per Financial Statements	75,859,872,736	65,500,715,986
Impairment provision	8,745,319	5,526,094
Published net asset value	<u>75,868,618,056</u>	<u>65,506,242,080</u>
Number of units outstanding	1,809,733,887	1,714,389,553
Published net asset value per unit	<u>41.9225</u>	<u>38.2097</u>
Net asset value per unit as per Financial Statements	<u>41.9177</u>	<u>38.2064</u>

