

OFFICE COPY

**CAPITAL ALLIANCE INVESTMENT GRADE FUND
COLOMBO 02**

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



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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CAPITAL ALLIANCE INVESTMENT GRADE FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Capital Alliance Investment Grade 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 pages 05 to 24.

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 Fund Management Company and the Trustee for the Financial Statements

Capital Alliance Investments Limited ("the Management") and the Trustee of the Fund ("the 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 is 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, MCSI (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.

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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 material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosure 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 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

30th July 2026

NV/dm

CAPITAL ALLIANCE INVESTMENT GRADE FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2026

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	Note	2025/2026 Rs.	2024/2025 Rs.
Investment income			
Interest income	4	6,282,651,626	6,576,297,673
Unrealised losses on financial assets at fair value through profit or loss	8.2	-	(1,660,200)
Total investment income		<u>6,282,651,626</u>	<u>6,574,637,473</u>
Other income	5	6,865,154	5,729,083
Expenses			
Management fees		(575,204,368)	(502,432,265)
Trustee fees		(99,527,640)	(92,047,728)
Custodian fees		(265,794)	(289,864)
Audit fees		(3,202,886)	(3,421,111)
Bank charges		(1,622,720)	(1,982,100)
Tax consultancy fees		(35,000)	(110,605)
Impairment (charge)/reversal on financial assets at amortised cost	9.6	(3,370,870)	540,610,559
Total operating expenses		<u>(683,229,278)</u>	<u>(59,673,114)</u>
Profit before tax		5,606,287,502	6,520,693,442
Income tax expense	6	-	-
Profit after tax for the year		<u>5,606,287,502</u>	<u>6,520,693,442</u>
Other comprehensive income		-	-
Total comprehensive income		<u>5,606,287,502</u>	<u>6,520,693,442</u>
Increase in net assets attributable to unitholders		<u><u>5,606,287,502</u></u>	<u><u>6,520,693,442</u></u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 24 form an integral part of these Financial Statements.

Colombo
30th July 2026



CAPITAL ALLIANCE INVESTMENT GRADE FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2026

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	Note	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Assets			
Cash and cash equivalents	7	72,897,113	91,027,046
Financial assets at amortised cost	9	60,700,621,186	55,016,136,331
Other receivables	10	67,482,462	65,122,091
Total assets		60,841,000,761	55,172,285,468
Liabilities			
Accrued expenses and other payables	11	414,374,196	80,921,288
Total liabilities		414,374,196	80,921,288
Net assets		60,426,626,565	55,091,364,180
Unitholders' fund			
Net assets attributable to unitholders		60,426,626,565	55,091,364,180

The accounting policies and notes on pages 05 to 24 form an integral part of these Financial Statements.

The Board of Directors of the Management Company and Trustee are responsible for the 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 30th July 2026.

Signed for and on behalf of the Management Company by:

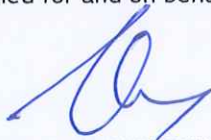


Mr. K. P. Mannakkara
Director
Capital Alliance Investments Limited
Management Company



Ms. H. M. S. Perera
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

Colombo
30th July 2026
NV/dm



CAPITAL ALLIANCE INVESTMENT GRADE FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED 31ST MARCH 2026

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	2025/2026 Rs.	2024/2025 Rs.
Unitholders' fund as at the beginning of the year	55,091,364,180	46,098,311,104
Increase in net assets attributable to unitholders	5,606,287,502	6,520,693,442
Creation of units	156,655,791,365	170,853,781,449
Redemption of units	(156,926,816,482)	(168,381,421,815)
Net (decrease)/ increase due to unitholders' transactions	(271,025,117)	2,472,359,634
Unitholders' fund as at the end of the year	60,426,626,565	55,091,364,180

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 24 form an integral part of these Financial Statements.

Colombo
30th July 2026



CAPITAL ALLIANCE INVESTMENT GRADE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2026

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	2025/2026 Rs.	2024/2025 Rs.
Cash flows from operating activities		
Interest received	3,383,356,023	6,538,883,323
Other income received	6,865,154	5,729,083
Operating expenses paid	(672,701,451)	(594,448,443)
Net (increase)/decrease in other receivables	(2,360,371)	168,571,867
Net decrease in the investment of repurchase agreements	11,943,544,001	3,737,164,000
Net increase in the investment of fixed deposits	(6,447,503,847)	(11,500,000,000)
Net increase in the investment of debentures	(474,674,997)	(4,823,040,002)
Net decrease in the investment of treasury bills	-	773,143,000
Net decrease in the investment of commercial papers	781,383,347	2,152,582,162
Net (increase)/decrease of trust certificates	(8,591,308,626)	1,054,381,737
Net cash used in operating activities	(73,400,767)	(2,487,033,273)
Cash flows from financing activities		
Cash received on creation of units	156,982,087,316	170,832,895,782
Cash paid on redemption of units	(156,926,816,482)	(168,381,421,815)
Net cash generated from financing activities	55,270,834	2,451,473,967
Net decrease in cash and cash equivalents	(18,129,933)	(35,559,306)
Cash and cash equivalents at the beginning of the year (Note A)	91,027,046	126,586,352
Cash and cash equivalents at the end of the year (Note B)	72,897,113	91,027,046
As at the beginning of the year		Note A
Cash at bank	91,027,046	126,586,352
	91,027,046	126,586,352
As at the end of the year		Note B
Cash at bank	72,897,113	91,027,046
	72,897,113	91,027,046

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 24 form an integral part of these Financial Statements.

Colombo
30th July 2026



CAPITAL ALLIANCE INVESTMENT GRADE FUND

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General information

Capital Alliance Investment Grade Fund ("the Fund") is an open-ended Unit Trust Fund approved by the Securities and Exchange Commission of Sri Lanka. The Fund was launched on 30th August 2013.

The Fund is managed by Capital Alliance Investments Limited which is 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 investment income at low levels of risk through investments in only investment grade securities.

1.3 Date of authorisation for issue

The Financial Statements of the Fund for the year ended 31st March 2026 were authorised for issue by the Management Company and the Trustee on 30th 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 indicated. The Financial Statements have been presented in Sri Lankan Rupees. The statement of financial position is 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' funds and 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.

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.

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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/LKASs requires 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 estimations and use assumptions in measuring the items reported in the Financial Statements. These estimates are based on management's knowledge of the 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.

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 a 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 Changes in Accounting Standards

No significant impact resulted on the Financial Statements of the Fund due to changes in Accounting Standards and disclosures during the year and Standards Issued but which are not yet effective.



2.9 Summary of material accounting policy information

2.9.1 Financial instruments

2.9.1.1 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 market place.

2.9.1.2 Initial measurement of financial instruments

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 Fair Value through Profit and Loss (FVTPL) are expensed in the statement of profit or loss.

2.9.1.3 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.

2.9.1.4 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, trust certificates, fixed deposits, commercial papers and debentures. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in realised gain/(loss) on debt instruments held at amortised cost.

Fair value through profit or 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



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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

2.9.1.5 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 derecognised as well as through the EIR amortisation process.

2.9.1.6 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, 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 the 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.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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 life time ECL calculation.

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 the 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.

Written off

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.

2.9.1.7 Derecognition

A financial asset is derecognised when,

- 1) the rights to receive cash flows from the asset have expired.
- 2) 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.

2.9.1.8 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.

2.9.2 Cash and cash equivalents

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



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

2.9.3 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 is 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, after 31st March 2018, the Fund has considered all income as being a 'pass through' to its unitholders.

2.9.4 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.

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.

2.9.5 Expenses

The Management, Trustee and Custodian fees of the Fund as per the Trust Deed are as follows.

Management fee	-	0.75% of Net Asset Value of the Fund
Trustee fee	-	0.13% of Net Asset Value plus the applicable government tax
Custodian fee	-	Flat fee of Rs. 20,000 per month plus the applicable government tax

2.9.6 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.

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

The Fund's principal financial assets comprise investment treasury bill repurchase agreements, commercial papers, trust certificates, fixed deposits, debentures and cash at bank. The overall objective of the Fund is to optimise income at very low levels of risk, essentially retaining the risk-free nature of Government Securities 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 receivable and payable, which arise directly from its operations.



CAPITAL ALLIANCE INVESTMENT GRADE FUND**MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS**

In accordance with SLFRS 9 Financial Instruments: Recognition and Measurement, the investments in repurchase agreements, commercial papers, trust certificates, debentures and fixed deposits are classified as 'financial assets at amortised cost' and are valued at amortised cost. Amounts attributable to unitholders are classified as 'equity' and are carried at the redemption amount being the 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, economic risk and liquidity risk.

Financial instruments of the Fund comprise investments in treasury bill repurchase agreements, debentures, treasury bill, trust certificate, 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 receivable and payable, which arise directly from its operations.

The Fund Management Company is responsible for identifying and controlling the risks that arise from these financial instruments. The Fund 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 Fund Management Company also monitors information about the total fair value of financial instruments exposed to risk, 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 Fund Management Company on a regular basis as deemed appropriate, including the Fund Manager, 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 contractual obligations to be similarly affected by changes in economics, politics or other conditions.

3.3. Credit risk

Credit risk is the risk that the counterparty to the Financial Statements 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.

Capital Alliance Investment Grade Fund's investments are only in repurchase agreements against Government securities, Trust Certificates, Commercial papers, fixed deposits and Debenture Repurchase Agreements.

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

The methodology used for the ECL calculation is disclosed under 2.9.1.6 Impairment and it was updated for the latest macroeconomic forecasts and adjusted for the negative impacts due to Covid 19 pandemic. ECL calculations also consider weighted scenario analysis. Further, the Fund has taken initiatives to de-risk the Unit Trust 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 high risk, medium risk and low risk investments. An analysis of debt securities by rating is set out in the table below.

	31 st March 2026 Rs.	31 st March 2025 Rs.
Risk rating		
High risk	25,460,028,617	15,353,388,897
Medium risk	11,513,615,384	11,813,809,869
Low risk	23,732,925,741	27,851,515,251
Total	60,706,569,742	55,018,714,017

3.3.2. Risk concentration of credit risk exposure

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

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

Counterparty	Credit Rating	Rating Agency
PEOPLE'S LEASING & FINANCE PLC	A	Fitch Rating Agency
SIYAPATHA FINANCE PLC	A	Fitch Rating Agency
ASIA ASSET FINANCE PLC	A+	Fitch Rating Agency
CENTRAL FINANCE COMPANY PLC	A	Fitch Rating Agency
HNB FINANCE PLC	A	Fitch Rating Agency
SINGER FINANCE (LANKA) PLC	BBB+	Fitch Rating Agency
ASSETLINE FINANCE LIMITED	A	Lanka Rating Agency
COMMERCIAL CREDIT & FINANCE PLC	BBB	Lanka Rating Agency
ABANS FINANCE PLC	A-	Fitch Rating Agency
LOLC HOLDINGS PLC	A	Lanka Rating Agency
SAMPATH BANK PLC	AA-	Fitch Rating Agency
FIRST CAPITAL TREASURIES PLC	A+	Lanka Rating Agency
COMMERCIAL BANK OF CEYLON PLC	AA-	Fitch Rating Agency
SEYLAN BANK PLC	A+	Fitch Rating Agency
HATTON NATIONAL BANK PLC	AA-	Fitch Rating Agency

CAPITAL ALLIANCE INVESTMENT GRADE FUND

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

Counterparty	Credit Rating	Rating Agency
HAYLEYS PLC	AAA	Fitch Rating Agency
BANK OF CEYLON	AA-	Fitch Rating Agency
MERCANTILE INVESTMENT AND FINANCE PLC	BBB-	Fitch Rating Agency
L B FINANCE PLC	A-	Fitch Rating Agency
ABANS PLC	AA	Fitch Rating Agency
VALLIBEL FINANCE PLC	A-	Lanka Rating Agency
CITIZENS DEVELOPMENT BUSINESS FINANCE PLC	BBB	Fitch Rating Agency

3.3.3. Cash and cash equivalents

All counterparties have a credit rating assigned by the Fitch rating agency or Lanka Rating Agency. However, in accordance with the Fund's policy, the investment manager monitors the Fund's credit exposure daily to ensure credit risk remains at a minimal level.

Counterparty	Credit rating	Rating agency
Hatton National Bank PLC	AA-	Fitch Rating
Sanasa Development Bank PLC	BB+	Fitch Rating
Pan Asia Banking Corporation PLC	BBB	Fitch Rating

3.3.4. Credit risk by class of financial assets

	12-Month expected credit losses Rs.	Life time expected credit losses not credit impaired Rs.	Life time expected credit losses credit impaired Rs.	Total Rs.
As at 31 st March 2026				
Financial assets at amortised cost	60,700,621,186	-	-	60,700,621,186
Other receivables	67,482,462	-	-	67,482,462
Cash and cash equivalents	72,897,113	-	-	72,897,113
	60,841,000,761	-	-	60,841,000,761

	12-Month expected credit losses Rs.	Life time expected credit losses not credit impaired Rs.	Life time expected credit losses credit impaired Rs.	Total Rs.
As at 31 st March 2025				
Financial assets at amortised cost	55,016,136,331	-	-	55,016,136,331
Other receivables	65,122,092	-	-	65,122,092
Cash and cash equivalents	91,027,046	-	-	91,027,046
	55,172,285,469	-	-	55,172,285,469

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

There are no difference in the net exposure to the credit risk and the maximum exposure to the credit risk for the above financial assets.

3.4. Market risk

Market risk represents the risk that the value of the Fund's investment 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 unitholders invested in debt 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	54,122	72,842,991	72,897,113
Financial assets at FVTPL	Nil	Nil	Nil	Nil
Financial assets at amortised cost	Nil	60,700,621,186	Nil	60,700,621,186
Other receivables	Nil	Nil	67,482,462	67,482,462
Total exposure	15,895,529,715	60,700,621,186	140,325,453	60,841,000,761

As at 31 st March 2025	Floating interest Rs.	Fixed interest Rs.	Non-interest Rs.	Total Rs.
Financial assets				
Cash and cash equivalents	Nil	28,337	90,998,709	91,027,046
Financial assets at FVTPL	Nil	Nil	Nil	Nil
Financial assets at amortised cost	Nil	55,016,136,331	Nil	55,016,136,331
Other receivables	Nil	Nil	65,122,092	65,122,092
Total exposure	Nil	55,016,164,668	156,120,801	55,172,285,469

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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 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 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.

	Impact on operating profit/net assets attributable to unitholders' interest rate risk 31 st March 2026	Impact on operating profit/net assets attributable to unitholders' interest rate risk 31 st March 2025
Change in interest rate of the Trust's investment in trading securities:		
+10%	6,045,289,660	5,501,613,633
-10%	(6,045,289,660)	(5,501,613,633)

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 liquidity risk, the Fund invests in financial instruments which readily convert into cash under normal market conditions. In addition, the Fund invests within established limits to ensure there is no concentration of risk. The Manager ensures that a minimum 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 an 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 year.

The Fund's investments are managed on short-term basis and by investing in Government Securities. Further, liquidity is managed by the Fund Management 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 year. The amounts in the table are the contractual undiscounted cash flows.



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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.	1-2 years Rs.	Over 2 years Rs.	Total Rs.
Financial assets						
Cash and cash equivalents	72,897,113	-	-	-	-	72,897,113
Financial assets at amortised cost	4,169,935,138	7,522,620,784	10,089,984,247	16,735,391,239	24,983,532,546	63,501,463,954
Other receivables	67,482,462	-	-	-	-	67,482,462
	4,310,314,713	7,522,620,784	10,089,984,247	16,735,391,239	24,983,532,546	63,641,843,529

Financial liabilities

Management fee	49,054,069	-	-	-	-	49,054,069
Trustee and custodian fee	8,352,924	-	-	-	-	8,352,924
Audit fee	3,496,870	-	-	-	-	3,496,870
Consultancy fee	126,847	-	-	-	-	126,847
Fund received for unit creation	353,343,486	-	-	-	-	353,343,486
	414,374,196	-	-	-	-	414,374,196

31 st March 2025	Less than 1 month Rs.	1-6 months Rs.	6-12 months Rs.	1-2 years Rs.	Over 2 years Rs.	Total Rs.
Financial assets						
Cash and cash equivalents	91,027,046	-	-	-	-	91,027,046
Financial assets at amortised cost	20,277,058,136	8,969,881,493	3,559,179,066	9,353,450,000	15,482,210,600	57,641,779,295
Other receivables	65,122,092	-	-	-	-	65,122,092
	20,433,207,274	8,969,881,493	3,559,179,066	9,353,450,000	15,482,210,600	57,797,928,433

Financial liabilities

Management fee	43,883,687	-	-	-	-	43,883,687
Trustee and custodian fee	7,631,175	-	-	-	-	7,631,175
Audit fee	2,267,043	-	-	-	-	2,267,043
Consultancy fee	91,848	-	-	-	-	91,848
Fund received for unit creations	27,047,535	-	-	-	-	27,047,535
	80,921,288	-	-	-	-	80,921,288

The contractual amounts disclosed in this analysis are gross undiscounted cash flows and therefore, may not agree with the carrying amounts in the Statement of Financial Position.

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

3.7. Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that 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.

The following are the disclosures of the unitholders' fund:

The movement in the unitholders' fund**I. In terms of value**

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Opening unitholders' funds	55,091,364,181	46,098,311,104
Creations during the year	156,655,791,365	170,853,781,449
Redemptions during the year	(156,926,816,482)	(168,381,421,815)
Total comprehensive income for the year	5,358,562,911	6,520,693,443
Closing unitholders' funds	<u>60,178,901,975</u>	<u>55,091,364,181</u>

II. In terms of number of units

	As at 31.03.2026 No. of units	As at 31.03.2025 No. of units
Opening number of units	1,514,252,155.77	1,419,652,047
Unit creations during the year	4,109,279,525.18	4,970,911,032
Unit redemptions during the year	(4,103,235,402.36)	(4,876,310,923)
Closing number of units	<u>1,520,296,278.59</u>	<u>1,514,252,156.77</u>

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 attached to it as all other units of the Fund.



	2025/2026 Rs.	2024/2025 Rs.
4. INTEREST INCOME		
Interest on:		
Treasury bill/bond repurchase agreements	842,729,772	2,119,569,783
Debentures	967,841,297	851,895,100
Treasury bills	-	169,692,473
Trust certificates	2,468,977,712	2,270,334,034
Commercial papers	144,458,998	449,900,712
Fixed deposits	1,858,643,847	714,905,571
	<u>6,282,651,626</u>	<u>6,576,297,673</u>
5. OTHER INCOME		
Miscellaneous	6,865,154	5,729,083
	<u>6,865,154</u>	<u>5,729,083</u>

6. INCOME TAX EXPENSE

Following the enactment of the new Inland Revenue Act No. 24 of 2017 effective from 01st April 2018, the Fund is deemed to be conducting an eligible investment business and is treated as a tax pass through vehicle. Hence, no provision for income tax was made in the Financial Statements for the year ended 31st March 2026.

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
7. CASH AND CASH EQUIVALENTS		
Hatton National Bank - Current account	72,842,991	90,998,709
Sanasa Development Bank PLC - Savings account	29,122	28,337
Pan Asia Banking Corporation PLC - Savings Account	25,000	-
	<u>72,897,113</u>	<u>91,027,046</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

8.1 Treasury Bills

Opening balance as at 01st April	-	796,200,800
Purchases during the year	-	3,090,530,216
Sales/matured during the year	-	(4,054,763,289)
Accrued interest during the year	-	169,692,473
Unrealised gain on financial assets at fair value through profit or loss	-	(1,660,200)
Market value as at 31st March	<u>-</u>	<u>-</u>

8.2 Unrealised loss on financial assets at fair value through profit or loss

Treasury bills	-	(1,660,200)
	<u>-</u>	<u>(1,660,200)</u>

		As at 31.03.2026 Carrying value Rs.	Fair value Rs.	As at 31.03.2025 Carrying value Rs.	Fair value Rs.
9. FINANCIAL ASSETS AT AMORTISED COST					
Treasury bills repurchase agreements	9.1	2,542,203,244	2,542,203,244	14,500,749,292	14,500,749,292
Fixed deposits	9.2	21,190,722,496	21,190,722,496	13,350,765,959	13,350,765,959
Trust certificates	9.3	25,460,028,618	25,460,028,618	15,353,388,897	15,353,388,897
Commercial papers	9.4	1,684,264,059	1,684,264,059	2,438,227,482	2,438,227,482
Debentures	9.5	9,829,351,325	9,829,351,325	9,375,582,387	9,375,582,387
Less: Impairment	9.6	(5,948,556)	(5,948,556)	(2,577,686)	(2,577,686)
		<u>60,700,621,186</u>	<u>60,700,621,186</u>	<u>55,016,136,331</u>	<u>55,016,136,331</u>

		As at 31.03.2026		As at 31.03.2025	
		Carrying value Rs.	Holdings as a % of net asset value	Carrying value Rs.	Holdings as a % of net asset value
9.	FINANCIAL ASSETS AT AMORTISED COST (CONTD....)				
9.1	Treasury bills/Treasury Bond repurchase agreements				
	Hatton National Bank PLC	2,542,203,244	4%	14,500,749,292	26%
		<u>2,542,203,244</u>	<u>4%</u>	<u>14,500,749,292</u>	<u>26%</u>
9.2	Fixed deposits				
	Abans PLC	511,046,575	1%	-	-
	Assetline Finance Limited	1,547,342,466	3%	-	-
	Asia Asset Finance PLC	1,634,408,219	3%	3,054,588,493	6%
	Central Finance Company PLC	3,083,358,863	5%	-	-
	Commercial Credit & Finance PLC	528,350,000	1%	-	-
	HNB Finance PLC	325,550,137	1%	-	-
	People's Leasing and Finance PLC	10,231,239,658	17%	7,686,940,479	14%
	Singer Finance (Lanka) PLC	541,905,479	1%	544,233,562	1%
	Siyapatha Finance PLC	2,787,521,099	5%	2,065,003,425	4%
		<u>21,190,722,496</u>	<u>35%</u>	<u>13,350,765,959</u>	<u>25%</u>
9.3	Trust Certificates				
	HNB Finance PLC	3,082,465,066	5%	2,073,857,738	4%
	L B Finance PLC	6,435,325,503	11%	1,245,413,683	2%
	Abans Finance PLC	612,683,353	1%	-	-
	Asia Asset Finance PLC	610,881,314	1%	-	-
	Abans PLC	4,348,780,822	7%	4,368,157,534	8%
	Citizen Development Business Finance PLC	3,516,563,567	6%	-	-
	People's Leasing and Finance PLC	2,573,867,299	4%	-	-
	Mercantile Investment and Finance PLC	1,933,852,296	3%	209,900,663	0%
	Richard Pieris Finance Limited	-	-	146,414,051	0%
	Fixed Income Investment I (Pvt) Limited	-	-	2,848,313,534	5%
	Fixed Income Investment II (Pvt) Limited	-	-	4,461,331,694	8%
	Singer Finance (Lanka) PLC	1,807,133,343	3%	-	-
	Vallibel Finance PLC	538,476,055	1%	-	-
		<u>25,460,028,618</u>	<u>42%</u>	<u>15,353,388,897</u>	<u>27%</u>
9.4	Commercial Papers				
	First Capital Holdings PLC	-	-	25,265,805	0%
	LOLC Holdings PLC	1,684,264,059	-	2,412,961,677	4%
		<u>1,684,264,059</u>	<u>3%</u>	<u>2,438,227,482</u>	<u>4%</u>

	As at 31.03.2026		As at 31.03.2025	
	Carrying Value Rs.	Holdings as a % of Net Asset Value	Carrying Value Rs.	Holdings as a % of Net Asset Value
9. FINANCIAL ASSETS AT AMORTISED COST (CONTD....)				
9.5 Debentures				
Singer Finance (Lanka) PLC	810,583,562	1%	822,773,384	1%
Bank of Ceylon	3,091,272,935	5%	3,111,313,551	6%
Commercial Bank of Ceylon PLC	1,198,224,334	2%	1,203,436,242	2%
Hatton National Bank PLC	1,604,338,356	3%	1,610,134,932	3%
Sampath Bank PLC	693,783,951	1%	693,850,837	1%
Seylan Bank PLC	1,925,756,417	3%	1,934,073,441	4%
First Capital Treasuries PLC	239,203,254	0%	-	-
Hayleys PLC	266,188,516	0%	-	-
	<u>9,829,351,325</u>	<u>16%</u>	<u>9,375,582,387</u>	<u>17%</u>
			2025/2026	2024/2025
			Rs.	Rs.
9.6 Impairment during the year				
Opening balance			2,577,686	543,188,245
Charge/(Reversal) to the income statement			3,370,870	(540,610,559)
Closing balance			<u>5,948,556</u>	<u>2,577,686</u>
9.6.1 Movement in Impairment during the Year				
Stage 1				
Balance as at the beginning of the year			2,577,686	46,881,740
Charge/(Reversal) to the income statement			3,370,870	(44,304,054)
Balance as at the end of the year			<u>5,948,556</u>	<u>2,577,686</u>
Stage 2				
Balance as at the beginning of the year			-	496,306,505
Charge to income statement			-	(496,306,505)
Balance as at the end of the year			<u>-</u>	<u>-</u>
Total			<u>5,948,556</u>	<u>2,577,686</u>
			As at	As at
			31.03.2026	31.03.2025
			Rs.	Rs.
10. OTHER RECEIVABLES				
Other receivables			67,482,462	65,122,091
			<u>67,482,462</u>	<u>65,122,091</u>
11. ACCRUED EXPENSES AND OTHER PAYABLES				
Management fee			49,054,069	43,883,687
Trustee and custodian fee			8,352,924	7,631,175
Audit fee			3,496,870	2,267,043
Consultancy fee			126,847	91,848
Fund received for unit creation			353,343,486	27,047,535
			<u>414,374,196</u>	<u>80,921,288</u>

Fund received for unit creation amounting to Rs. 353,343,486/- represents amounts payable in respect of unit creations for which cash has been received from investors after the cut off time on the year end date and units were created subsequent to the reporting date.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

12.1 Contingent Liabilities

There were no contingent liabilities as at the reporting date.

12.2 Contingent Assets

There were no contingent assets as at the reporting date.

13. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments or disclosure in these Financial Statements.

14. CAPITAL COMMITMENTS

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

15. ASSETS PLEDGED

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

16. UNITS IN ISSUE AND UNIT PRICE

Units in issue and deemed to be in issue as at 31st March 2026 are 1,520,296,278.59 (2025 - 1,514,252,155.77) and unit price as at this date is Rs. 39.7505 (2025 - Rs. 36.3836).

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (original maturities less than a 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 equivalents
Financial assets at amortised cost
Other receivables

Liabilities

Accrued expenses and other payables

18. RELATED PARTY DISCLOSURES

18.1 Responsible entity

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



18. RELATED PARTY DISCLOSURE (CONTD.....)

18.2 Key management personnel

Key management personnel includes 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 KMPs include persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

18.3 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.

18.4 Other transactions within the Fund

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

18.5 Key management personnel unitholding and related party unitholding

The key management personnel of Capital Alliance Investments Limited and related parties have held the following units in the Fund.

As at 31st March 2026

Name	Relationship	No. of units	Value Rs.
Mr. K.P. Mannakkara	Director of Management Company	9,942	395,189
Mrs. H. M. S. Perera	Director of Management Company	2,782,489	110,605,317
Mrs. M. De Zoysa	Director of Management Company	15,331	609,410
Capital Alliance Investments Limited	Management Company	29,309	1,165,062
FipBox (Private) Limited	A subsidiary of Ultimate Parent Company	1,603,158	63,726,322
Capital Alliance Holdings PLC	Ultimate parent of the managing Company	32,187,927	1,279,486,174
Finnovation Private Limited	A subsidiary of Ultimate Parent Company	4,873	193,706
CAL Five Year Optimum Fund	Fund Managed by the same Management Company	3,020,273	120,057,362



18. RELATED PARTY DISCLOSURE (CONTD....)

18.5 Key management personnel unit holding and related party unit holding (Contd...)

As at 31st March 2026

Name	Relationship	No.of units	Value Rs.
CAL Three Year Closed End Fund	Fund Managed by the same Management Company	8,809,131	350,167,372
CAL Five Year Closed End Fund	Fund Managed by the same Management Company	10,822,647	430,205,630
CAL Fixed Income Opportunities Fund	Fund Managed by the same Management Company	50,337,893	2,000,956,420

As at 31st March 2025

Name	Relationship	No.of units	Value Rs.
Mr. K.P. Mannakkara	Director of Management Company	1,504,969	54,756,203
Mrs. H. M. S. Perera	Director of Management Company	2,046,642	74,464,209
Mrs. M. De Zoysa	Director of Management Company	1,464,632	53,288,575
Capital Alliance Investments Limited	Management Company	739,641	26,910,794
CAL (Private) Limited	A subsidiary of Ultimate Parent Company	1,927,004	70,111,338
Capital Alliance Holdings PLC	Ultimate parent of the managing Company	925	33,667
Finnovation Private Limited	A subsidiary of Ultimate Parent Company	3,111,860	113,220,663

CAL (Private) Limited was previously known as FipBox (Private) Limited

18.6 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		Balance as at	
	2025/2026	2024/2025	31.03.2026	31.03.2025
		Rs.	Rs.	Rs.
Fund management fee	575,204,368	502,432,265	49,054,069	43,883,687
Trustee and custodian fees	99,793,434	92,337,592	8,352,924	7,631,175
The Bank balance held at Hatton National Bank PLC	-	-	72,897,113	90,998,709

In addition to the above, certain administrative expenses were borne by the Management Company.



18. RELATED PARTY DISCLOSURE (CONTD....)

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

Investments in Treasury bills Repurchase Agreements, Trust certificates, treasury bills, and treasury bonds have been made in the ordinary course of operations with the following related parties. The resulting investment income and outstanding investment balances are given below.

	Investment income during the year		Balance as at 31st March	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Investments in Commercial Papers with Capital Alliance PLC - Subsidiary of Ultimate Parent Company of the Management Company)	-	11,881,507	-	-
Investments in trust certificates with Fixed Income Investment I (Pvt) Ltd - (Subsidiary of Ultimate Parent Company of the Management Company)	71,740,376	129,222,078	-	2,848,313,534
Investments in trust certificates with Fixed Income Investment II (Pvt) Ltd - (Subsidiary of Ultimate Parent Company of the Management Company)	139,700,519	325,913,581	-	4,461,331,694
Investments in trust certificates with Fixed Income Investment III (Pvt) Ltd - (Subsidiary of Ultimate Parent Company of the Management Company)	-	243,184,144	-	-
Investments in trust certificates with Fixed Income Investment V (Pvt) Ltd - (Subsidiary of Ultimate Parent Company of the Management Company)	-	312,930,005	-	-

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

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Net asset value as per Financial Statements	60,426,626,565	55,091,364,180
Charge of Impairment Provision	5,948,556	2,577,686
Published net asset value	<u>60,432,575,121</u>	<u>55,093,941,866</u>
Number of units outstanding	1,520,296,279	1,514,252,156
Published net asset value per unit	<u>39.7505</u>	<u>36.3836</u>
Net asset value per unit as per the Financial Statements	<u>39.5837</u>	<u>36.3819</u>

20. COMPARATIVE INFORMATION

The accounting policies have been consistently applied by the Fund and are comparable with those of the previous year. The previous year's figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation/classification.