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**CAPITAL ALLIANCE QUANTITATIVE
EQUITY FUND
COLOMBO 2**

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



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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Capital Alliance Quantitative Equity 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 26.

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/cc

CAPITAL ALLIANCE QUANTITATIVE EQUITY 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			
Dividend income	4.1	359,015,671	265,473,627
Interest income	4.2	55,675,080	80,321,101
Realised gains on financial assets at fair value through profit or loss	8.2	2,188,535,167	879,537,909
Unrealised (losses)/gains on financial assets at fair value through profit	8.3	(1,579,955)	185,119,183
Total investment income		<u>2,601,645,963</u>	<u>1,410,451,820</u>
 Other income	 5	 11,456,446	 4,672,639
 Expenses			
Management fees		(225,573,101)	(108,603,685)
Bank loan interest		(256,164)	-
Trustee fees		(30,070,271)	(14,480,491)
Custodian fees		(290,463)	(289,864)
Brokerage fees		(299,945,477)	(137,681,200)
Audit fees		(304,928)	(205,774)
Tax consultancy fees		(35,000)	(39,702)
Other expenses		(962,335)	(615,705)
Total operating expenses		<u>(557,437,739)</u>	<u>(260,267,309)</u>
 Profit before tax		<u>2,055,664,670</u>	<u>1,154,857,150</u>
 Income tax expense	 6	 -	 -
 Profit after tax		<u>2,055,664,670</u>	<u>1,154,857,150</u>
 Other comprehensive income		 -	 -
 Total comprehensive income		<u>2,055,664,670</u>	<u>1,154,857,150</u>
 Increase in net assets attributable to unitholders		<u>2,055,664,670</u>	<u>1,154,857,150</u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 26 form an integral part of these Financial Statements.

Colombo
30th July 2026



CAPITAL ALLIANCE QUANTITATIVE EQUITY 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	39,207,846	192,939,836
Financial assets at fair value through profit or loss	8	13,044,416,919	8,022,329,328
Financial assets at amortised cost	9	608,834,246	452,300,190
Other receivables	10	261,023,224	24,397,915
Income tax receivable	11	-	-
Total assets		<u>13,953,482,235</u>	<u>8,691,967,269</u>
Liabilities			
Accrued expenses	12	25,927,265	24,106,327
Payable on unit creations	13	27,156,590	32,022,918
Total liabilities		<u>53,083,855</u>	<u>56,129,245</u>
Net assets		<u>13,900,398,380</u>	<u>8,635,838,024</u>
Unitholders' fund			
Net assets attributable to unitholders		<u>13,900,398,380</u>	<u>8,635,838,024</u>

The accounting policies and notes on pages 05 to 26 form an integral part of these Financial Statements.

The Board of Directors of the Management Company and the Trustee are responsible for the preparations 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:


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


.....
Director
Ms. H. M. S. Perera
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



**CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED 31ST MARCH 2026**

	2025/2026 Rs.	2024/2025 Rs.
Unitholders' fund as at the beginning of the year	8,635,838,024	4,809,175,412
Increase in net assets attributable to unitholders	2,055,664,670	1,154,857,150
Creation of units	13,973,236,993	8,837,048,220
Redemption of units	(10,764,341,307)	(6,165,242,758)
Net increase due to unitholders' transactions	3,208,895,686	2,671,805,462
Unitholders' fund as at the end of the year	13,900,398,380	8,635,838,024

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 26 form an integral part of these Financial Statements.

Colombo
30th July 2026



CAPITAL ALLIANCE QUANTITATIVE EQUITY 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 and capital gains from sale of treasury bonds	55,942,024	140,215,116
Dividends received	383,381,281	241,108,017
Proceeds from sale of quoted shares	13,972,147,598	5,429,717,634
Payment on purchase of quoted shares	(15,607,279,977)	(7,968,947,496)
Net investment in unit trust funds	(1,200,000,000)	-
Net investment in treasury bill repurchase agreements	(156,801,000)	(160,120,000)
Other income received	11,456,446	4,672,639
Net (increase) in other receivables	(260,990,919)	(13,235)
Operating expenses paid	(555,616,801)	(255,070,459)
Net cash used in operating activities	(3,357,761,348)	(2,568,437,784)
Cash flows from financing activities		
Cash received on creation of units	13,973,236,993	8,837,048,220
Cash received on pending unit creation	4,866,328	-
Cash paid on redemption of units	(10,764,341,307)	(6,165,242,758)
Net cash generated from financing activities	3,204,029,358	2,671,805,462
Net (decrease)/increase in cash and cash equivalents	(153,731,990)	103,367,678
Cash and cash equivalents as at the beginning of the year (Note A)	192,939,836	89,572,158
Cash and cash equivalents as at the end of the year (Note B)	39,207,846	192,939,836
As at the beginning of the year		Note A
Cash at bank	192,939,836	89,572,158
	<u>192,939,836</u>	<u>89,572,158</u>
As at the end of the year		Note B
Cash at bank	39,207,846	192,939,836
	<u>39,207,846</u>	<u>192,939,836</u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 26 form an integral part of these Financial Statements.

Colombo
30th July 2026



CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND
MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General information

Capital Alliance Quantitative Equity Fund ('the Fund') is an open-ended fund which was launched on 02nd January 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 objective of the investment of the Fund is to allow investors to achieve higher returns than the market indices without encountering substantially higher risks.

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 Fund 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 and the statement of financial position 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 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 (SLFRS/LKAS) 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 a foreseeable future. It is, therefore, assumed that the Fund has neither the intention nor the necessity of liquidating or curtailing materially the scale of its operation.

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 assumptions and use assumptions in measuring the items reported in the Financial Statements. These estimates are based on 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.

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 regulation or convention in the marketplace.

2.9.1.2 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 FVPL 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. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss and presented as realised gain/(loss) on debt instruments held at amortised cost.

Fair value through profit and loss (FVTPL)

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 or 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. Financial assets at fair value through profit or loss at statement of financial position comprise quoted equity shares.

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 or losses are recognised in the profit or loss and other comprehensive income statements 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 carried at amortised cost. 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.



CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND**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 lifetime ECL calculation.

Further, movements within the ratings of the investment grade stipulate significant deterioration of credit risk. Significant deterioration is measured through downgrading by two notches 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 a 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 the bank.

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 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, after 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

2.9.4 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.

(i) 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.

(ii) 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.

(iii) 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 that arise from changes in fair value of financial assets held at fair value through profit or loss" as at the reporting date.

(iv) 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.

2.9.5 Expenses

The management, trustee and custodian fees of the Fund as per the Trust Deed is as follows.

Management fee	-	1.50% of net asset value of the Fund
Trustee fee	-	0.20% p.a. of net asset value plus the applicable government tax
Custodian fee	-	Flat fee of Rs. 20,000 per month plus the applicable government tax
Performance fee	-	10% of any excess percentage in the 'net return' over the growth of the All Share Price Index (ASPI) over a period of one year

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.



CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND**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 treasury bills, repurchase agreements, trading equity securities and cash at bank. The overall objective of this Fund is to allow investors to achieve higher returns than the market indices without assuming substantially a higher risk 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.

In accordance with SLFRS 9 Financial Instruments, the investments in repurchase agreements are classified as 'financial assets at amortised cost' and are valued at amortised cost. The Fund's investments in trading equity securities are classified as 'financial assets at fair value through profit or loss' and valued at fair value. Amounts attributable to unitholders are classified as 'unit holders fund' and are carried at the redemption amount being the net asset value. Accrued expenses are classified as '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, liquidity risk, and economic risk.

Financial instruments of the Fund comprise investments in treasury bills, repurchase agreements and equity instruments 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 Manager agrees 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 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 Fund Management 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 is 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 economic, political or other conditions.

CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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 Quantitative Equity Fund's investments in debt instrument is repurchase agreements against the government securities.

3.3.1. Debt securities

The Fund invests in debt securities which are 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		
Low risk	608,963,491	452,300,190
Total	608,963,491	452,300,190

The investments grading of the issuers are as follows:

Issuer	Rating	Rating Agency
Hatton National Bank PLC	AA-	Fitch Rating

3.3.2. Cash and cash equivalents

All counterparties have a rating of AA- 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 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 Fund's maximum exposure to credit risk can be analysed as follows:

	As at 31.03.2026		As at 31.03.2025	
	Maximum Exposure Rs.	Net Exposure Rs.	Maximum Exposure Rs.	Net Exposure Rs.
Financial assets at FVTPL	13,044,416,919	13,044,416,919	8,022,329,328	8,022,329,328
Total	13,044,416,919	13,044,416,919	8,022,329,328	8,022,329,328

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3.3.4. Credit risk by class of financial assets

As at 31 st March 2026	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.
Financial assets				
Financial assets at amortised cost	608,834,246	-	-	608,834,246
Other receivables	261,023,224	-	-	261,023,224
Cash and cash equivalents	39,207,846	-	-	39,207,846
	909,065,316	-	-	909,065,316

As at 31 st March 2025	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.
Financial assets				
Financial assets at amortised cost	452,300,190	-	-	452,300,190
Other receivables	24,397,915	-	-	24,397,915
Cash and cash equivalents	192,939,836	-	-	192,939,836
	669,637,941	-	-	669,637,941

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 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 investments 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 has 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.



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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 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	39,207,846	39,207,846
Financial assets at FVTPL	1,200,483,305	Nil	11,843,933,614	13,044,416,919
Financial assets at amortised cost	Nil	608,834,246	Nil	608,834,246
Other receivables	Nil	Nil	261,023,224	261,023,224
Total exposure	1,200,483,305	608,834,246	12,144,164,684	13,953,482,235

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	192,939,836	192,939,836
Financial assets at FVTPL	Nil	Nil	8,022,329,328	8,022,329,328
Financial assets at amortised cost	Nil	452,300,190	Nil	452,300,190
Other receivables	Nil	Nil	24,397,915	24,397,915
Total exposure	Nil	452,300,190	8,239,667,079	8,691,967,269

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.



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	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 Fund's investment in trading securities:		
+1%	18,093,176	4,523,002
-1%	(18,093,176)	(4,523,002)

3.6. Price risk

Price risk is the risk that the fair values of the Fund's investment in trading securities fluctuates as a result of changes in the price of the Fund's investments in trading securities. Price risk exposure arises from the Fund's investment portfolios.

The table below shows the impact on the statement of comprehensive income and statement of financial position due to a reasonably possible change in the price of the Fund's investment in trading equity securities with all other variables held constant:

	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 price of the Fund's investment in trading securities existing as of reporting date:				
+10%	1,184,393,361	1,184,393,361	802,232,933	802,232,933
-10%	(1,184,393,361)	(1,184,393,361)	(802,232,933)	(802,232,933)

3.7. 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 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 Fund Management Company 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 Collective Investment Scheme Code (CIS Code), reducing the liquidity risk to its investors.

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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 payouts. No such borrowings have arisen during the year.

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.

As at 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					
Financial assets - fair value through profit or loss	13,044,416,919	-	-	-	13,044,416,919
Financial assets at amortised cost	608,963,491	-	-	-	608,963,491
Other receivables	261,023,224	-	-	-	261,023,224
Cash and cash equivalents	39,207,846	-	-	-	39,207,846
	13,953,611,480	-	-	-	13,953,611,480

Financial liabilities					
Management fee	22,243,485	-	-	-	22,243,485
Trustee fee	2,959,656	-	-	-	2,959,656
Custodian fee	24,669	-	-	-	24,669
Audit fee	595,744	-	-	-	595,744
Consultancy fee	103,711	-	-	-	103,711
Payable on share purchase	27,156,590	-	-	-	27,156,590
	53,083,855	-	-	-	53,083,855

As at 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					
Financial assets - fair value through profit or loss	8,022,329,328	-	-	-	8,022,329,328
Financial assets at amortised cost	452,300,190	-	-	-	452,300,190
Other receivables	24,397,915	-	-	-	24,397,915
Cash and cash equivalents	192,939,836	-	-	-	192,939,836
	8,691,967,269	-	-	-	8,691,967,269



As at 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 liabilities					
Management fee	13,341,048	-	-	-	13,341,048
Trustee fee	1,778,806	-	-	-	1,778,806
Custodian fee	24,689	-	-	-	24,689
Performance fee	8,293,592	-	-	-	8,293,592
Audit fee	599,480	-	-	-	599,480
Consultancy fee	68,712	-	-	-	68,712
Payable on share purchase	32,022,918	-	-	-	32,022,918
	56,129,245	-	-	-	56,129,245

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.

3.8 Capital risk management

The Fund considers its net assets attributable to unitholders as a 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 Unit Trust 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.



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The following is the disclosures of unitholders' fund.

As per statement of movement in the unitholders' funds.

I. In terms of value

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Opening unitholders' funds	8,635,838,024	4,809,175,412
Creations during the year	13,973,236,993	8,837,048,220
Redemptions during the year	(10,764,341,307)	(6,165,242,758)
Total comprehensive income for the year	2,055,664,670	1,154,857,150
Closing unitholders' funds	13,900,398,380	8,635,838,024

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	167,135,593.92	118,403,116.65
Unit creations during the year	219,082,794.90	181,111,189.05
Unit redemptions during the year	(175,296,351.54)	(132,378,711.78)
Closing number of units	210,922,037.28	167,135,593.92

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		
4.1	Dividend income	359,015,671	265,473,627
4.2	Interest income		
	Treasury bills/bond repurchase agreements	55,675,080	56,742,381
	Treasury bonds	-	23,578,720
		55,675,080	80,321,101
5.	OTHER INCOME		
	Sundry income	3,162,854	4,672,639
	Performance fees	8,293,592	1,649,112
		11,456,446	6,321,751
6.	TAXATION		

Following the enactment of the new Inland Revenue Act No. 24 of 2017 effective from 1st April 2018, the Fund is deemed as 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		
	Cash at bank	39,207,846	192,939,836
		39,207,846	192,939,836
8.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
	Quoted equity securities		
	Cost as at 31st March	10,904,972,709	7,081,305,163
	Increase in market value of quoted equity securities	938,960,905	941,024,165
	Market value as at 31st March	11,843,933,614	8,022,329,328
	Unit Trusts		
	Investment in Unit Trust	1,200,000,000	-
	Provision for Unrealised Gain/(Loss)	483,305	-
		1,200,483,305	-



	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTD.)		
8.1 Unit Trusts		
Investment in Unit Trust		
Capital Alliance Income Fund	600,000,000	-
Capital Alliance High Yield Fund	600,000,000	-
	<u>1,200,000,000</u>	<u>-</u>
Provision for Unrealised Gain/(Loss)		
Capital Alliance Income Fund	231,636	-
Capital Alliance High Yield Fund	251,669	-
	<u>483,305</u>	<u>-</u>
Total	<u><u>13,044,416,919</u></u>	<u><u>8,022,329,328</u></u>
8.2 Realised gains on financial assets at fair value through profit or loss		
Equity securities		
Proceeds on sale of equity shares	13,972,147,598	5,429,717,634
Average cost of equity sold	(11,783,612,431)	(4,610,166,155)
Realised gain on equity securities	<u>2,188,535,167</u>	<u>819,551,479</u>
Treasury bonds		
Realised gain on sale of treasury bonds	-	59,986,430
	<u>2,188,535,167</u>	<u>879,537,909</u>
8.3 Unrealised (loss)/gains on financial assets at fair value through profit or loss		
Equity securities	(2,063,260)	185,119,183
Unit Trusts	483,305	
	<u>(1,579,955)</u>	<u>185,119,183</u>
8.3.1 Unrealised Gain/(Loss) on Unit Trust Investments		
Capital Alliance Income Fund	231,636	-
Capital Alliance High Yield Fund	251,669	-
	<u>483,305</u>	<u>-</u>





**CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND
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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTD...)

8.3 Quoted equity securities - fair value measurement

Counterparty	As at 31.03.2026				As at 31.03.2025			
	No. of shares	Cost Rs.	Market value Rs.	Holdings as a % of net asset value	No of shares	Cost Rs.	Market value Rs.	Holding as a % of net asset value
Banks								
Hatton National Bank PLC - Voting	202,463	12,788,018	14,293,888	-	1,674,374	399,602,359	510,684,070	6%
Seylan Bank PLC - Non-Voting	3,550,645	590,414,213	725,219,241	5%	6,317,956	803,981,832	931,898,510	11%
Commercial Bank PLC - Voting	4,881,833	952,950,164	1,412,070,195	10%	4,798,747	756,925,832	911,761,930	11%
Nations Trust Bank PLC		-	-	-	5,002,502	481,279,313	612,806,495	7%
Sampath Bank PLC		1,556,152,395	2,151,583,324	15%		2,441,789,336	2,967,151,005	35%
Energy								
Lanka IOC PLC		-	-	-	1,893,909.00	243,080,114	240,526,443	3%
		-	-	-		243,080,114	240,526,443	3%
Consumer Services								
John Keells Hotels PLC	2,965,583	206,501,015	271,647,403	2%	12,103,392	228,045,979	244,488,518	3%
Aitken Spence Hotel Holdings PLC		206,501,015	271,647,403	2%	4,325,715	278,102,168	346,489,772	4%
						506,148,147	590,978,290	7%
Food, Beverages and Tobacco								
Ceylon Cold Stores PLC	4,443,998	380,901,702	355,964,240	3%	1,498,448	112,862,624	122,872,736	1%
Lanka Milk Foods (CWE) PLC	24,201,164	759,571,049	711,514,222	5%		-	-	-
Sunshine Holdings PLC	3,868,442	135,395,470	111,797,974	1%		-	-	-
Renuka Foods PLC		-	-	-		-	-	-
Melstacorp PLC		1,275,868,221	1,179,276,436	8%		112,862,624	122,872,736	1%
Capital Goods								
Hayleys PLC - Ordinary Shares	4,536,545	715,322,809	975,357,175	7%	3,952,536	497,422,792	541,497,432	6%
Hayleys PLC - Right Issue	258,747	258,747	3,881,205	-		-	-	-
Hemas Holdings PLC	1,967,746	43,797,888	58,245,282	-	5,774,405	572,983,310	692,928,600	8%
Access Engineering PLC	3,979,621	304,424,672	266,634,607	2%	5,367,631	167,619,421	206,653,794	2%
Renuka Holdings PLC	3,569,235	145,373,494	180,960,215	1%		-	-	-
Vallibel One PLC	7,333,898	734,972,668	673,985,226	5%	1,813,530	91,078,822	106,816,917	1%
ACL Cables PLC	5,148,677	266,777,299	437,637,545	3%	2,663,833	361,960,386	324,987,626	4%
Aitken Spence PLC	4,057,692	626,097,192	564,019,188	4%	2,783,848	398,894,760	355,636,582	4%
John Keells Holdings PLC		-	-	-	9,374,430	194,518,351	189,363,486	2%
Central Industries PLC	699,556	179,574,576	143,408,980	1%		-	-	-
E B Creasy & Company PLC	6,993,533	454,062,728	339,186,351	2%		-	-	-
		3,470,662,073	3,643,315,774	26%		2,284,477,842	2,417,884,437	27%

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTD.)

8.3 Quoted equity securities - Fair value measurement (Contd.)

Counterparty	As at 31.03.2026				As at 31.03.2025			
	No. of shares	Cost Rs.	Market value Rs.	Holdings as a % of net asset value	No. of shares	Cost Rs.	Market value Rs.	Holdings as a % of net asset value
Diversified Financials								
Central Finance Company PLC	-	-	-	-	1,056,298	190,793,365	205,185,887	2%
LOLC Holdings PLC	448,249	265,429,420	237,459,908	2%	465,142	208,654,540	276,643,205	3%
L B Finance PLC	5,230,731	714,457,087	741,456,119	5%	-	-	-	0%
Capital Alliance Holdings PLC	27,195,700	271,957,000	407,935,500	3%	-	-	-	0%
People's Leasing & Finance PLC	-	-	-	-	19,363,054	342,004,437	346,598,667	4%
		1,251,843,507	1,386,851,527	10%		741,452,342	828,427,759	9%
Consumer durables and apparel								
Hayleys Fabric PLC	2,606,877	102,605,134	79,509,749	1%	-	-	-	0%
Teejay Lanka PLC	1,707,282	63,999,956	47,803,896	-	-	-	-	0%
		166,605,090	127,313,645	1%				
Real Estate								
Prime Land Residences PLC	10,131,142	463,089,745	473,124,331	3%	-	-	-	0%
		463,089,745	473,124,331	3%				
Materials								
JAT Holdings PLC	4,617,661	84,748,269	180,088,779	1%	6,488,234	111,850,405	174,533,495	2%
CIC Holdings PLC	6,725,000	205,112,500	201,077,500	1%	1,491,118	92,414,076	117,798,322	1%
Tokyo Cement Company (Lanka) PLC - Voting	3,187,682	321,586,759	283,384,930	2%	3,555,385	230,027,460	230,033,410	3%
Tokyo Cement Company (Lanka) PLC - Non-Voting	7,175,371	574,855,337	523,084,546	4%		434,291,941	522,365,227	6%
		1,186,302,865	1,187,635,755	9%				
Transportation								
Digital Mobility Solutions Lanka PLC	5,505,263	712,729,788	755,597,347	5%	3,418,311	95,244,057	113,487,925	1%
		712,729,788	755,597,347	5%		95,244,057	113,487,925	1%
Retailing								
Singer (Sri Lanka) PLC	8,669,975	615,218,009	667,588,075	5%	3,418,311	95,244,057	113,487,925	1%
		615,218,009	667,588,075	5%		95,244,057	113,487,925	1%
Insurance								
Ceylinco Holdings PLC	-	-	-	-	71,961	221,958,760	218,635,508.25	3%
		-	-	-		221,958,760	218,635,508	3%
		10,904,972,708	11,843,933,617	85%		7,176,549,220	8,135,817,255	92%



CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND
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8. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD.)

8.4 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 - An investment in a Fund is classified into Level 1 of the hierarchy when that investment is quoted in an active market and measured at the unadjusted quoted price as at the reporting date.

Level 2 - An investment in a Fund is classified into Level 2 of the hierarchy when that investment is measured using significant inputs that are directly observable as at the reporting date.

Level 3 - An investment in a Fund is classified into level 3 of the hierarchy when the investment is measured using the significant unobservable inputs as at the reporting date.

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	11,843,933,614	1,200,483,305	-	13,044,416,918
As at 31st March 2025				
Financial assets at fair value through profit or loss	8,022,329,330	-	-	8,022,329,330

Financial assets and financial liabilities not carried at fair value

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 - Treasury bills repurchase agreements
Other receivables
Cash and cash equivalents

Liabilities - Accrued expenses
Payable on share purchase

		As at 31.03.2026		As at 31.03.2025	
		Carrying value Rs.	Fair Value Rs.	Carrying value Rs.	Fair Value Rs.
9. FINANCIAL ASSETS AT AMORTISED COST					
Treasury bond reverse repurchase agreement	9.1	608,834,246	608,834,246	452,300,190	452,300,190
		<u>608,834,246</u>	<u>608,834,246</u>	<u>452,300,190</u>	<u>452,300,190</u>
9.1 Treasury bond reverse repurchase agreement					
		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
Hatton National Bank PLC		608,834,246	4%	-	-
HNB Securities Ltd		-	-	452,300,190	5%
		<u>608,834,246</u>	<u>4%</u>	<u>452,300,190</u>	<u>5%</u>

	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
10. OTHER RECEIVABLES		
CDS	261,017,273	-
Dividend	-	24,365,610
Money market interest	5,951	32,305
	<u>261,023,224</u>	<u>24,397,915</u>
11. INCOME TAX RECEIVABLE		
Income tax	1,031,577	1,031,577
Provision for doubtful income tax	(1,031,577)	(1,031,577)
	<u>-</u>	<u>-</u>
12. ACCRUED EXPENSES		
Management fee	22,243,485	13,341,048
Trustee fee	2,959,656	1,778,806
Custodian fee	24,669	24,689
Performance fee	-	8,293,592
Audit fee	595,744	599,480
Consultancy fee	103,711	68,712
	<u>25,927,265</u>	<u>24,106,327</u>
13. PAYABLE ON UNIT CREATIONS		
Payable on unit creations	27,156,590	32,022,918
	<u>27,156,590</u>	<u>32,022,918</u>

Payable on unit creation amounting to Rs. 27,156,590/- represents amounts payable in respect of unit creations for which cash has been received from investors after the cut off time as at the year end date, as the units were created subsequent to the reporting date.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

14.1 Contingent liabilities

There were no contingent liabilities as at the reporting date.

14.2 Contingent assets

There were no contingent assets as at the reporting date.

15. EVENTS AFTER THE REPORTING DATE

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

16. CAPITAL COMMITMENTS

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

17. ASSETS PLEDGED

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



**CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS**

18. UNITS IN ISSUE AND UNIT PRICE

Units in issue as at 31st March 2026 is Rs.210,922,037.28 (2025: Rs.167,135,593.92) and the unit price as at this date is Rs.65.9049 (2025 - Rs. 51.6720).

19. RELATED PARTY DISCLOSURES

19.1 Management Company and Trustee

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

19.2 Key management personnels

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

i) Directors

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

ii) Other key management personnel

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

19.3 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

19.4 Other transactions within the Fund

Apart from those details disclosed in Note 19.5 and 19.6, key management personnels have not entered into any other transactions involving the Fund during the financial year.

19.5 Related party unit holding and other transactions

Name	Relationship	No. of units	Value of unit holding Rs.
As at 31st March 2026			
Ms. H. M. S. Perera	Director of the Managing Company	2	161
Dr. M De Zoysa	Director of the Managing Company	532,790	34,778,388
Capital Alliance Investments Limited	Management Company	165,183	10,782,468
Name	Relationship	No. of units	Value of unit holdings Rs.
As at 31st March 2025			
Mr. K. P. Mannakkara	Director of the Managing Company	565,670	28,925,172
Ms. H. M. S. Perera	Director of the Managing Company	2	126
Capital Alliance Investments Limited	Management Company	583,052	29,813,996
Capital Alliance Holdings PLC	Ultimate Parent Company of the Management Company	5,390	275,613

CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS

19. RELATED PARTY DISCLOSURE (CONTD.)

19.6 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 the 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.	Rs.
Fund management fees	225,573,101	108,603,685	22,243,485	13,341,048
Trustee fees	30,070,271	14,480,491	2,959,656	1,778,806
Custodian fees	290,463	289,864	24,669	24,689
Performance fee income	8,293,592	1,649,112	-	8,293,592

The Bank balance held at Hatton National Bank PLC

-	-	39,207,846	192,939,836
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Funds Managed by the Management Company	As of 31 March 2026		
	No. of Units	Fair Value	
		(Rs.)	Cost (Rs.)
Capital Alliance Income Fund	14,753,651	600,231,636	600,000,000
Capital Alliance High Yield Fund	13,245,238	600,251,660	600,000,000

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

	Investment income/ Expense during the year		Balance as at:	
	2025/2026	2024/2025	31.03.2026	31.03.2025
	Rs.	Rs.	Rs.	Rs.
Investments in Treasury bill/bond Repurchase agreements with Capital Alliance PLC - (Subsidiary of Ultimate Parent Company of the Management Company)	753,958.1	4,585,925	-	-
Investment in Treasury bill Repurchase Agreement with Capital Alliance Investments Limited (Management Company)	256,164.4	-	-	-

20. 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	13,900,398,380	8,635,838,024
Under provision of audit fee	393,706	393,706
Published net asset value	<u>13,900,792,085</u>	<u>8,636,231,730</u>
Number of units outstanding	210,922,037.28	167,135,593.92
Published net asset value per unit	<u>65.9049</u>	<u>51.6720</u>
Net asset value per unit as per the Financial Statements	<u>65.9030</u>	<u>51.6697</u>

21. 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.