

CT SMITH GILT EDGED FUND

CT SMITH
ASSET MANAGEMENT

INTERIM REPORT

**FOR THE SIX MONTHS ENDED
30TH SEPTEMBER 2025**

CORPORATE INFORMATION

TRUSTEE & CUSTODIAN

Hatton National Bank PLC

HNB Towers, 479, T B Jayah Mawatha,
Colombo 10.

FUND MANAGER & REGISTRAR

CT Smith Asset Management (Pvt) Ltd

04th Floor, Majestic City,
No. 10, Station Road, Colombo 04.

Tel : 0115759571 Fax : 0112506347

Web : www.ctsmith.lk

AUDITORS

Nihal Hettiarachchi & Company
“RNH House”, 622B, Kotte Road
Kotte

BANKERS

Hatton National Bank PLC
HNB Towers, 479, T B Jayah Mawatha,
Colombo 10.

FUND MANAGER REPORT

Gilt Edged Fund

Dear Investor,

We take pleasure in presenting the Half-Yearly Report of the CT Smith Gilt Edged Fund for the period ended 30th September 2025.

Economic Review and Outlook

The Sri Lankan economy expanded by +4.9%¹ YoY in 2Q2025, compared to an expansion of +4.1%¹ YoY in the corresponding period of last year. Consequently, the economy expanded by +4.8% YoY in 1H2025. During 2Q2025, all three segments of the economy recorded positive growth with Agriculture, Industry and Services segments growing +2.0%¹ YoY, +5.8%¹ YoY and +3.9%¹ YoY, respectively. According to the IMF staff report published in July 2025, the Sri Lankan economy is projected to witness an expansion of +3.5%² YoY in 2025 before growth is projected to slow to +3.1%² YoY in 2026E. We expect Sri Lanka to continue to outperform IMF's growth expectations amid a continuation of relaxed monetary policy stance by the Central Bank of Sri Lanka (CBSL) and improving consumer/business confidence. On the external front, despite a widening trade deficit, strong double digit YoY rise in worker remittance flows has resulted in a +29.0% YoY growth in the external current account surplus for the first nine months of 2025. However, despite the notable increase in current account surplus to US\$1.9bn in Jan-Sep 2025, the gross official reserves witnessed a marginal increase to US\$6.2bn (including the PBoC Swap) as of Sep 2025 owing to debt servicing payments during the period.

The CBSL sustained its relaxed monetary policy stance during 2025 as deflationary conditions prevailed till July 2025. Resultantly, the CBSL delivered a single 25bps rate cut in May 2025 with the overnight policy rate set at 7.75%. The monetary board of CBSL is of the view that the current policy rate is adequate in steering inflation towards its medium term inflation target of 5% whilst enabling the economy reach its full production capacity.

Treasury Bill yields for 3 months, 6 months and 12 months were 7.57%³, 7.89%³ & 8.02%³, respectively as at end of September 2025. In line with the decline in government securities yields, market interest rates adjusted downwards with the AWPLR at 8.10%⁴ as of end September amid an improvement in monetary conditions and market liquidity.

¹ Department of Census and Statistics, National Accounts 2025Q2

² <https://www.imf.org/en/news/articles/2025/10/09/pr25335-sri-lanka-imf-staff-reaches-sla-on-fifth-review-under-eff-arrangement>

³https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20250925_treasury_bill_issuance_held_on_24_september_2025_e.pdf

Headline inflation as measured by Colombo Consumer Price Index (CCPI) closed at 1.5%⁴ as of September 2025. Food inflation accelerated to 2.9% YoY whilst Non-Food inflation was recorded at 0.7% YoY in September amid a pick-up in economic activities. Meanwhile, inflation measured by the National Consumer Price index (NCPI) closed at 2.1%⁵ on point-to-point basis as of September 2025.

We expect the LKR to remain stable in the near term helped by strong seasonal dollar flows in 4Q and 1Q amid the festive period and expected inflows from multilateral agencies. However, LKR could witness gradual depreciation pressure in 2026E owing to a widening trade deficit, potential moderation in worker remittances flows and the Government of Sri Lanka's reserve building targets under the IMF EFF program. The Sri Lankan rupee depreciated by +3.9%⁶ on a YTD basis to stand at Rs.304.4/US\$ as of end September 2025.

⁴https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20250930_inflation_in_september_2025_ccpi_e.pdf

⁵ https://www.statistics.gov.lk/qlink/PressReleases/NCPI_20251021E

⁶ Central Bank of Sri Lanka, External Sector Performance Report – Sep 2025, Page - 01

Fund Performance

As at 30 September 2025, the Net Asset Value per unit of the fund stood at Rs.17.6195, resulting in a YTD return of 4.27% (non-annualized) as of end September 2025. As at 30 September 2025, the investments of your fund consist exclusively of Repurchase Agreements safeguarding daily returns from volatility.

CT Smith Gilt Edged Fund
Statement of Comprehensive Income
for the Period Ended as 30th September 2025

	Note	30-Sep-25	31-Mar-25
		Rs.	(Audited) Rs.
INVESTMENT INCOME			
Interest Income	01	1,035,963	31,994,246
Net investment income		<u>1,035,963</u>	<u>31,994,246</u>
OPERATING EXPENDITURE			
	02	(658,380)	(2,637,987)
Net Operating Profit Before Taxation		<u>377,583</u>	<u>29,356,259</u>
Income tax expense		-	-
Increase in net assets attributable to unit holders		<u>377,583</u>	<u>29,356,259</u>
Other comprehensive income/ (expenses)		-	-
Total comprehensive income for the year		<u>377,583</u>	<u>29,356,259</u>

CT Smith Gilt Edged Fund
Statement of Financial Position as at 30 September 2025

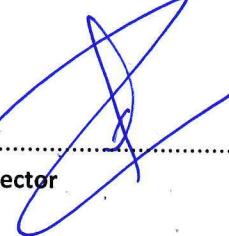
	Note	30-Sep-25	30-Mar-25
		Rs.	(Audited) Rs.
Assets			
Cash and cash equivalents	03	666,971	820,731
Financial assets - at amortised cost	04	26,631,536	25,803,882
Income tax receivable		-	-
Total Assets		27,298,507	26,624,613
 LIABILITIES AND UNIT HOLDER'S FUNDS			
Liabilities			
Accrued expenses and other payables	05	616,482	351,171
Total Liabilities		616,482	351,171
 Unit Holders' Funds			
Net Assets Attributable to Holders of Units		26,682,025	26,273,442
Total unit holders' funds and liabilities		27,298,507	26,624,613
Net asset per unit	07	17.62	17.18

These financial statements were approved by the Board of Directors of the Management Company and the Trustee.


 Deepak
 Chief Executive Officer

Chairman


 Alex
 Hatton National Bank
 Trustee


 Director

CT Smith Gilt Edged Fund
Statement of Changes in Unitholders' Funds as at 30 September 2025

	Unit Capital	Retained Earnings	Total Equity
Balance as at 01 April 2024	(73,155,225)	173,770,389	100,615,164
Increase due to unit creation during the year	1,615,298,036	-	1,615,298,036
Decrease due to unit redemption during the year	(1,718,996,017)	-	(1,718,996,017)
Increase in net assets attributable to unit holders	-	29,356,259	29,356,259
Unit Holders' funds as at 31 March 2025	<u>(176,853,206)</u>	<u>203,126,648</u>	<u>26,273,442</u>
Unit Holders' funds as at 01 April 2025	(176,853,206)	203,126,648	26,273,442
Increase due to unit creation during the year	31,000	-	31,000
Decrease due to unit redemption during the year	-	-	-
Increase in net assets attributable to unit holders	-	377,583	377,583
Unit Holders' funds as at 30th September 2025	<u>(176,822,206)</u>	<u>203,504,231</u>	<u>26,682,025</u>

CT Smith Gilt Edged Fund
Statement of Cashflows for the Period Ended 30th September 2025

	As at 30 Sep 25	As at 31 Mar 25
	(Audited)	Rs.
Cash flows from operating activities		
Interest received	1,508,309	33,116,281
Net investments in repurchase agreements	(1,300,000)	73,800,000
Fees and expenses paid	(393,070)	(2,726,258)
Net cash flow from generated from / (used in) operating activities	<u>(184,760)</u>	<u>104,190,023</u>
Cash flows from financing activities		
Amount received on unit creations	31,000	1,615,298,036
Amount paid on unit redemptions	-	(1,718,996,017)
Net cash flow (used in) / from financing activities	<u>31,000</u>	<u>(103,697,981)</u>
Net (decrease) / increase in cash and cash equivalents	(153,760)	492,042
Cash and cash equivalents at the beginning of the financial year	820,731	328,689
Cash and cash equivalents at the end of the financial year	<u>666,971</u>	<u>820,731</u>

These financial statements were approved by the Board of Directors of the Management Company and the Trustee.

CT Smith Gilt Edged Fund
Notes to the Financial Statements
for the Period Ended 30 September 2025

	30-Sep-25	31-Mar-25 (Audited)
01 Investment Income		
Interest on repurchase agreements	1,035,963	31,994,246
	<hr/>	<hr/>
	1,035,963	31,994,246
	<hr/>	<hr/>
02 Operating Expenditure		
Management fees	48,963	1,250,616
Trustee fees	31,945	831,439
Custodian fees	145,537	290,277
Audit fees	142,890	238,640
Audit fees over/under provision	284,596	11,960
Bank charges	4,450	15,055
	<hr/>	<hr/>
	658,380	2,637,987
	<hr/>	<hr/>
03 Cash and cash equivalents		
Cash at bank	666,971	820,731
	<hr/>	<hr/>
04 Financial assets - at amortised cost		
Investment in Repurchase Agreements	26,000,000	24,700,000
Interest receivable on repurchase agreement.	631,536	1,103,882
	<hr/>	<hr/>
	26,631,536	25,803,882
	<hr/>	<hr/>
05 Payables		
Management fees	24,776	24,786
Trustee fees	16,164	16,170
Custodian fees	73,166	71,575
Audit fees and tax consultation fee	497,376	238,640
Provision for audit fee	5,000	-
	<hr/>	<hr/>
	616,482	351,171
	<hr/>	<hr/>

	30-Sep-25	31-Mar-25 (Audited)
06 Net assets attributable to unitholders		
Opening Balance	26,273,442	100,615,164
Applications	31,000	1,615,298,036
Redemptions	-	(1,718,996,017)
Increase/decrease in net assets	377,583	29,356,259
Closing Balance	<u>26,682,025</u>	<u>26,273,442</u>

07 Net Asset Value Reconciliation

	As at 30.09.2025	As at 31.03.2025 (Audited)
Net Asset Value as per the financial statement	26,682,025	26,273,442
Adjustment (if any)	-	(284,596)
Published NAV	26,682,025	25,988,846
Number of unit outstanding	1,514,348	1,512,563
Published NAV /Unit	17.62	17.18

8 Related Party Disclosure

a) Responsible entity

The responsible entity of CT Smith Gilt Edged Fund is CT Smith Asset Management (Private) Limited. The management Company, CT CLSA Asset Management (Private) Limited, was rebranded as CT Smith Asset Management (Private) Limited on 15th August 2025.

b) Key management personnel

Directors

- Mrs. Cecilia Muttukumaru
- Mr. Zakir Mohamedally
- Mr. Joseph Page
- Ms. Bimanee Meepagala
- Mr. Chanakya Dissanayake
- Mr. Simon Hempel

Other key management personnel

- Mr.Kuhan vinayagasinghara - Chief Investment Officer
- Ms.Hansini Aravinda - Senior Financial Analyst

c) Key Management Personnel unit holdings

Key management personnel are paid by CT Smith Asset Management (Private) Limited held units in the fund as follows:

Unitholders	No of Units Held at opening	No of Units Held at closing	Fair Value of Investment	Interest Held %	Distribution paid or payable by the fund (Rs)
			(Rs)		
Ms. Hansini Aravinda	75	75	1,321.46	0.00%	-

d) Key management personnel compensation

Key management personnel are paid by CT Smith Asset Management (Private) Limited. Payments made from the Fund to CT Smith Asset Management (Private) Limited do not include any amounts directly attributable to the compensation of key management personnel.

e) Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving key management personnel's interest existing at six month end.

f) Related Party Unitholding

The Management Company and other related party held units in the funds as follows:

Unit holders	No.of units held opening	No.of units held closing	Fair value of Investment	% of Holdings	Distribution paid or payable by the fund (Rs)
			Rs.		
CT Smith Asset Management (Pvt) Ltd	126,505	921,997	16,245,107.88	60.88%	-

g) Transactions with and amounts due to related parties

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

	Charge for the period		Balance outstanding	
	2025	2024	30.09.2025	30.09.2024
Management fees	48,963	1,196,804	24,776	801,495
Trustee fees	31,945	796,319	16,164	534,082
Custodian fee	145,537	145,536	73,166	73,166