

CT CLSA HIGH YIELD FUND



ANNUAL REPORT AND AUDITED ACCOUNTS

FOR THE PERIOD ENDED 31ST MARCH 2024

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CORPORATE INFORMATION

TRUSTEE & CUSTODIAN

Hatton National Bank PLC

HNB Towers, 479, T B Jayah Mawatha,

Colombo 10.

FUND MANAGER & REGISTRAR

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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

High Yield Fund

Dear Investor,

We take pleasure in presenting the Annual Report of the CT CLSA High Yield Fund for the year ended 31st March 2024.

The Net Asset Value per unit of your Fund appreciated by 20.77% during the financial year ended 31st March 2024 (FY24) compared to a gain of 11.74% during the twelve months ended 31st March 2023. Resultantly, the Net Asset Value per unit as at 31st March 2024 was at LKR 17.2

Economic Review

The Sri Lankan economy continued to regress in 2023 despite a second half recovery which stemmed from a low base and the accommodative monetary policy stance adopted by the Central Bank of Sri Lanka from June 2023. Resultantly, the Sri Lankan economy recorded a contraction of -2.3%² in 2023 compared to the decline of -7.8%² recorded in the preceding year. Despite the overall weakness, the Agriculture sector marked a growth of +2.6%² in the year ended 31 December 2023 whilst the Industry and Services sectors contracted by -9.6%² and -0.2%², respectively.

	2021		2022		2023	
	% Growth	% of GDP	% Growth	% of GDP	% Growth	% of GDP
Agriculture	0.9	8.8	-4.6	8.7	2.6	8.3
Industry	5.7	30.0	-16.0	30.3	-9.6	25.6
Services	3.5	55.6	-2.0	56.1	-0.2	59.9
GDP	3.7		-7.8		-2.3	

Source: Statistics Department

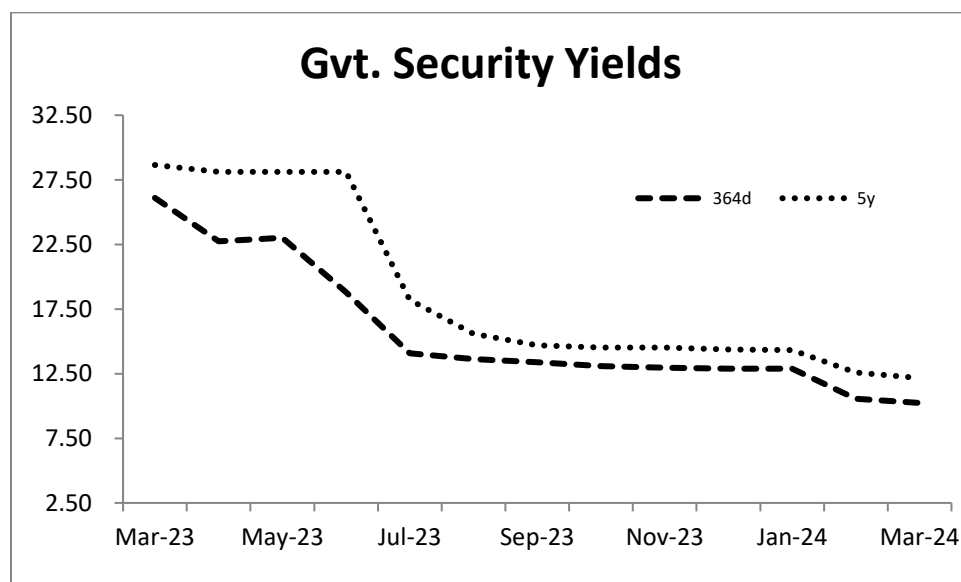
As per the World Economic Outlook (WEO) of the International Monetary Fund (IMF), global growth is projected to continue at 3.2%³ for the year ended 2024 and 2025, at the same pace as in 2023, with growth in developed markets seeing an upward revision whilst growth in emerging and developing markets is projected to slow down.

Interest Rate Environment

	Mar-23	Jun-23	Jul-23	Aug-23	Oct-23	Nov-23	Mar-24
SDFR (%)	15.5	13.0	11.0	11.0	10.0	9.0	8.5
SLFR (%)	16.5	14.0	12.0	12.0	11.0	10.0	9.5
SRR (%)	4.0	4.0	4.0	2.0	2.0	2.0	2.0

Source: CBSL

The Central Bank of Sri Lanka shifted towards an accommodative monetary policy stance in June 2023 as restrictive monetary policy and fiscal adjustments undertaken during the economic crisis in 2022 combined with an improvement in global supply chains helped restore price stability and safeguard financial system stability. The easing of monetary policy stance and the announcement of domestic debt optimization parameters instigated a steep decline in government security yields to mid teen levels by July 2023. The yield curve continued to normalize subsequently as rupee liquidity strengthened aided by a reduction in the statutory reserve ratio and dollar reserve accumulation by the central bank. Private Sector credit growth exhibited positive MoM growth from June 2023 and recorded a +3.6% YoY growth in March 2024 as lower market lending rates gradually increased demand for fresh credit.



Source: CBSL

	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Pvt. Sector Credit Growth (%)	-4.3	-3.1	-0.6	0.0	0.9	3.6

Source: CBSL

External Trade

Trade deficit further narrowed in 2023 to less than USD 5bn¹ amid a slowdown in both exports and imports as the country grappled with tighter fiscal and monetary conditions in 1H 2023. Industrial exports witnessed a decline of -11.3%¹ in 2023 largely owing to an -18.0%¹ drop in the country's largest merchandise exports category, textiles and apparel, as heightened covid-era inventory buildups and monetary tightening in key customer markets caused a collapse in orders. Reflective of reduced economic activity and implementation of import controls/quota systems, intermediate and investment goods imports fell -11.5%¹ and -9.4%¹, respectively.

Exchange Rate Environment

After experiencing steep currency devaluation in 2022, LKR strengthened +13.0%¹ YoY to Rs.323.97 as of 31st December 2023. The tourism flows improved in the second half as the country returned to some degree of normalcy whilst worker remittances also strengthened aided by a stable exchange rate and the surge in labor migration during the previous year's economic crisis. Moreover, portfolio flows to the country staged a notable improvement as higher yielding local currency government securities drew interest from foreign investors. Resultantly, the gross official reserves improved to an estimated US\$5.4bn¹ as of end May 2024 (Including a PBoC Swap that has conditionality on usability).

Inflation

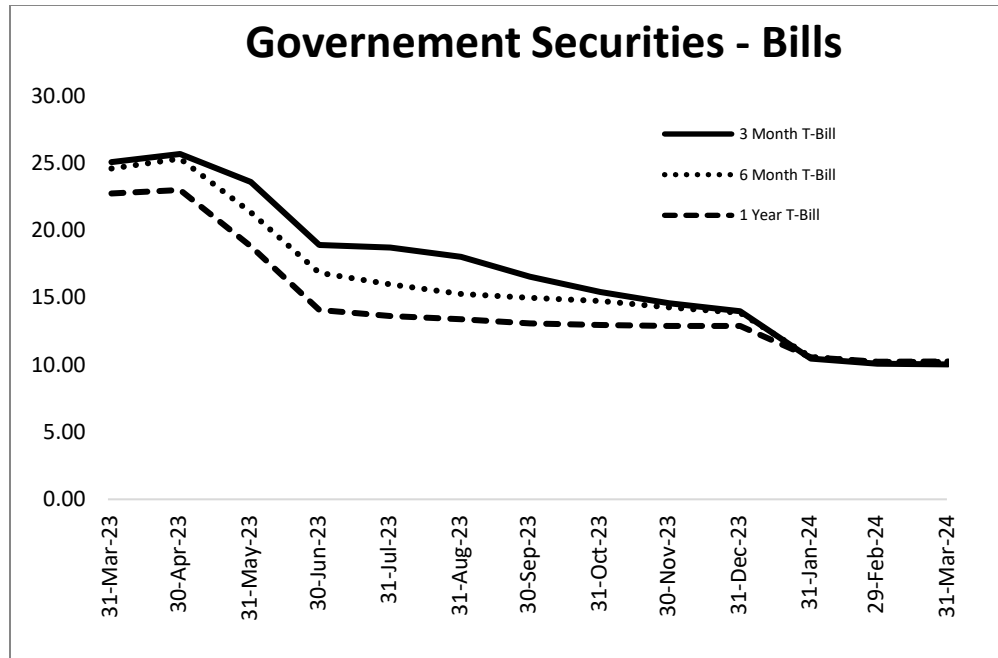
The Headline inflation, as measured by the year-on-year change in the Colombo Consumer Price Index (CCPI, 2013=100) and the National Consumer Price Index (NCPI, 2013=100), continued to decelerate in 2023, after reaching a peak of 69.8%² and 73.7%², respectively in September 2022. Central Bank of Sri Lanka's tight monetary policy regime combined with fiscal tightening measures imposed in late 2022 bore fruit in wrestling back inflation under control. In June 2023, the Central Bank of Sri Lanka began easing interest rates in order to stimulate activity as price pressures in the economy returned to single digit levels. Headline inflation has largely remained below the Central Bank of Sri Lanka's medium term target range of 5-6% since returning to single digit levels in June 2023 (0.9%² in May 2024; CCPI, 2021=100)

Fiscal Accounts

Fiscal revenue continued to show improvement in 2023 reaching Rs.3tn¹ (11.1% of GDP) recording a growth of +52.7%¹ YoY as taxes on income, increase in VAT rate and removal of exemptions, and a full year of imposition of the social security contribution levy meaningfully contributed to the government coffers. The aforementioned revenue raising measures enabled the government of Sri Lanka to meet IMF's quantitative performance targets in terms of tax revenue collection and primary balance for 2023. Government expenditures were broadly curtailed in 2023 with public wages and salaries witnessing a YoY decline. However, interest payments continued to rise rapidly +56.9%¹ YoY amid debt issuance at high interest rates in 2022. As per the IMF second review, government revenue to GDP is projected to rise to 13.6%³ and 15.1%³ by 2024 and 2025, respectively, aided by the lifting of import bans on motor vehicles and new tax measures imposed on property.

High Yield Fund overview

The Central Bank of Sri Lanka (CBSL) maintained its tight monetary policy stance in the 1H of 2023 in order to tame inflationary pressures in the economy. However, adopting a data driven approach to monetary policy making, the CBSL shifted its focus towards stimulating economic growth in June 2023 as headline inflation showed sustained deceleration on a MoM basis during the period. Resultantly, the CBSL began its monetary policy easing cycle in June 2023 announcing a 250bps cut in policy rates. Moreover, the CBSL along with the Ministry of Finance announced the domestic debt restructuring parameters towards end June 2023. These positive developments drove a notable decline in G-sec yields in the 2H of 2023. The Central Bank of Sri Lanka continued to relax monetary policy in the subsequent months totalling a policy rate reduction of 700bps and an SRR cut of 200bps between June 2023-March 2024. Meanwhile, implementation of fiscal based revenue consolidation measures and improved foreign exchange inflows in the forms of worker remittances and tourism receipts also aided domestic money market liquidity. Reflective of lower policy interest rates and improved money market liquidity, deposit and lending rates adjusted downwards, albeit the correction in lending rates happened with a time lag. As of end December 2023, The 91 days, 182 days and 364 days, Treasury bills yielded a primary auction yield of 14.50%¹, 14.16%¹ and 12.93%¹, respectively.



Source: CBSL

Asset Allocation

The fund benefited from elevated yields on its treasury bills holdings in 1H FY24. Meanwhile, the fund took selected exposures in the corporate debt segment as G-sec yields adjusted downwards reflecting lower policy rates and the reduction of risk premia attached to the restructuring of domestic debt. The fund broadly maintained its allocation to fixed deposits and the funds' investments in Fixed Deposits, Corporate Debt and Corporate Savings instruments fully meet the investment grade criteria as per ratings issued by Fitch Ratings and/or Lanka Ratings Agency. As of 31 March 2024, 78.6% of the funds' investments were in A- or above rated instruments.

Asset Type	Government Securities	Fixed Deposits	Corporate Debt	Cash	Corporate Saving
Allocation - March 2023	71.0%	21.7%	0%	0.001%	7.3%
Allocation - March 2024	63.7%	19.7%	15.2%	0.0004%	1.4%

Fund Performance

The fund generated an after tax income of **LKR 821 Million** for the Financial Year ended 31st March 2024.

Performance as at 31 st March, 2024				
Period	3 months	6 months	12 months	24 months
Performance	3.62%	8.29%	20.77%	34.95%

Outlook for the High Yield Fund

As demand side inflationary pressures remain well controlled, we do not overrule further policy rate easing by the Central Bank of Sri Lanka in order to revive private sector credit growth (which has stayed relatively tepid) targeting higher GDP growth for the economy. Moreover, we expect the prevailing negative credit risk premium under G-sec yields witnessed in high quality bank deposits to normalize in the upcoming months. However, we believe that most of the downward shift in G-sec yields has already materialized and expect interest rates to remain broadly stable in the medium term. In the near term, any fiscal slippages in the lead up to the upcoming election cycle could put upward pressure on interest rates and the fund maintains an average maturity of 4.8 months to take advantage of any such upward interest rate pressures. Although downside risks to our forecast remain in the form of volatile commodity prices (including global crude oil prices) and possible depreciation of the currency (following the commencement of external debt repayment and relaxation of vehicle import controls) which could put upward pressure on inflation readings, we remain reasonably confident that the Central Bank of Sri Lanka will execute its flexible inflation targeting regime by anchoring inflation expectations to the desired 4-6% levels in the near to medium term.

Sources

¹ The Central Bank of Sri Lanka (www.cbsl.gov.lk)

² The Department of Census and Statistics (www.census.gov.lk)

³ International Monetary Fund (www.imf.org)

Declaration By Trustees and Management Company

Declaration by Trustees and Managing Company as per SEC Circular No: 02/2009 on Guidelines for Trustees and Managing Companies of Unit Trusts Funds.

Hatton National Bank PLC, the Trustee and CT CLSA Asset Management (Pvt) Ltd the Managing Company of **CT CLSA High Yield Fund**, hereby declare that

1. The requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been complied with during the financial year ended 31st March 2024.
2. The transactions were and will be carried out at an arm's length basis and on terms which are best available for the fund, as well as act, at all times, in the best interest of the fund's unit holders.

x 
.....

Director
Management Company


.....
Director
Management Company


.....

Hatton National Bank PLC

Trustee of the Fund

**CT CLSA HIGH YIELD FUND
{FORMERLY KNOWN AS
COMTRUST MONEY MARKET FUND}**

**FINANCIAL STATEMENTS
31ST MARCH, 2024.**

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CT CLSA HIGH YIELD FUND
{FORMERLY KNOWN AS COMTRUST MONEY MARKET FUND}**

Report on the Audit of the Financial Statements


Opinion

We have audited the financial statements of CT CLSA High Yield Fund {Formerly Known as - Comtrust Money Market Fund}., (the Company), which comprise the statement of financial position as at March 31, 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-Sized Entities (SLFRS for SMEs).

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 company 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.


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Tax Director :
Dinusha Ilankoon BB Mgt Accountancy(Sp), CTA

Erandi Weerasuriya FCA, BSc (Mgt Pub)Sp,
Nadeeka Surenjane ACA, Bsc(Acc)Sp



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

Other Information

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance

Management is 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's and the Group'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.

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 controls 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 internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

COLOMBO,
July 24, 2024


NIHAL HETTIARACHCHI & CO.,
Chartered Accountants



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH**

	NOTES	2024 Rs.	2023 Rs.
INVESTMENT INCOME			
Income from investments	(05)	855,868,772	338,286,670
OPERATING EXPENDITURE			
Management fees		23,088,272	8,875,530
Trustee & custodian fees		11,178,348	4,310,562
Audit fees & tax fees		203,063	313,524
Audit fees over provision		(153,237)	-
Legal fee		-	20,000
Printing & stationary		-	12,100
Advertising		-	28,277
Bank charges		275,186	74,700
Total operating expenditure		34,591,632	13,634,693
Net operating profit		821,277,140	324,651,977
Profit before tax		821,277,140	324,651,977
Adjustment for prior year over / (under) provision for tax	(06)	-	-
Profit after tax		821,277,140	324,651,977
Total comprehensive income		821,277,140	324,651,977
Increase in net assets attributable to unit holders		821,277,140	324,651,977



The significant accounting policies and notes from pages 6 to 28 form an integral part of these financial statements.



STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH

	NOTES	2024 Rs.	2023 Rs.
ASSETS			
Current assets			
Cash and cash equivalents	(07)	81,894,967	120,916,273
Financial assets - at amortised cost	(08)	5,718,161,227	1,567,478,521
Other receivables - (Corporate Savings)	(09)	7,113	2,216,887
Total assets		5,800,063,307	1,690,611,681
EQUITY AND LIABILITIES			
Unit Holders' fund and liabilities			
Liabilities			
Accrued expenses and other payables	(10)	15,450,579	9,780,414
Total liabilities		15,450,579	9,780,414
Unit Holders Funds			
Net assets attributable to unit holders	(11)	5,784,612,728	1,680,831,267
Total unitholders' Funds and Liabilities		5,800,063,307	1,690,611,681

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.



 Chief Executive Officer



The Board of Directors is responsible for the preparation and presentation of these financial statements.
 Signed for and on behalf of The Board by,


 Chairman




 Director

July 24, 2024

The significant accounting policies and notes from pages 6 to 28 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED 31 MARCH**

	Unit Capital Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01st April 2022	1,994,984,552	265,097,294	2,260,081,846
Decrease due to unit redemption during the year	(3,465,951,012)	-	(3,465,951,012)
Increase in net assets attributable to unit	2,695,724,611	324,651,977	3,020,376,588
Dividend distribution to Unit Holders	-	(133,676,155)	(133,676,155)
Balance as at 31 March 2023	<u>1,224,758,151</u>	<u>456,073,116</u>	<u>1,680,831,267</u>
Balance as at 01st April 2023	1,224,758,151	456,073,116	1,680,831,267
Decrease due to unit redemption during the year	(8,596,876,513)	-	(8,596,876,513)
Increase in net assets attributable to unit	11,879,380,834	821,277,140	12,700,657,974
Dividend distribution to Unit Holders	-	-	-
Balance as at 31 March 2024	<u>4,507,262,472</u>	<u>1,277,350,256</u>	<u>5,784,612,728</u>



The significant accounting policies and notes from pages 6 to 28 form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH**

	2024 Rs.	2023 Rs.
Cash flows from operating activities		
Net interest received	724,171,626	276,085,037
Net investments in repurchase agreements	(1,240,000,000)	(40,000,000)
Net investments in commercial paper	(500,000,000)	316,439,151
Net investments in fixed deposits	(773,952,500)	1,328,907,109
Net investment in assets backed securities	(321,384,344)	60,000,000
Net investment in treasury bills	(1,181,438,918)	(995,860,067)
Fees and expenses paid	(26,413,121)	(14,267,138)
Net cash (absorbed in) / generated from operating activities	(3,319,017,257)	931,304,092
Cash flows from financing activities		
Payments for redemptions by unit holders	(8,599,384,682)	(3,459,960,232)
Proceeds from applications by unit holders	11,879,380,834	2,695,724,611
Dividends paid	-	(133,676,155)
Net cash generated from / (absorbed in) financing activities	3,279,995,951	(897,911,776)
Net (decrease) / increase in cash and cash equivalents	(39,021,306)	33,392,316
Cash and cash equivalents at the beginning of the year	120,916,273	87,523,957
Net Cash inflow	81,894,967	120,916,273
Cash and cash equivalents at the end of the year	81,894,967	120,916,273

(Note 7)



The significant accounting policies and notes from pages 6 to 28 form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

(01) GENERAL INFORMATION

CT CLSA HIGH YIELD FUND is a Collective Investment Scheme (CIS) approved by The Securities & Exchange Commission of Sri Lanka on 28 December 2011.

CT CLSA Asset Management (Private) Limited (Former name - Comtrust Asset Management (Pvt) Ltd) is the managing company of CT CLSA HIGH YIELD FUND (Formerly - COMTRUST MONEY MARKET FUND) while Hatton National Bank has been appointed as the Trustee, from 31 January 2019.

The registered office and place of the business is of the Collective Investment Scheme (CIS) is located at 4-15, Majestic City, No 10, Station Road, Colombo 4.

The principal place of operation in Sri Lanka of the Trustees is Hatton National Bank PLC, a bank duly incorporated in the said Republic of Sri Lanka having its Head office at No. 479 T.B. Jayah Mawatha, Colombo 01.

1.1 Principal activities

The CT CLSA HIGH YIELD FUND is an Open-Ended Money Market Fund investing in Government Securities, Investment Grade Short Term Corporate Debt & Bank Deposits.

1.2 Date of authorization for issue

The financial statements of the fund for the year ended 31 March 2024 were authorized for issue by the fund Management Company and the Trustee on 24th July 2024.

(02) BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and adopted as directed by the Securities and Exchange Commission of Sri Lanka.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unit holders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements.

Notes to the financial statements continued on page 7.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(02) BASIS OF PREPARATION (CONTINUED)

2.3 Statements of cash flows

The statements of cash flows have been prepared using the "Direct Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard LKAS 7 - "Statement of Cash Flows". Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.4 Functional and presentation currency

The financial statements are presented in Sri Lanka Rupees, which is the Collective Investment Scheme (CIS)'s functional currency.

2.5 Comparative Information

The comparative information is re-classified wherever necessary to conform with the current year's classification in order to provide a better presentation. The details of such re-classifications have been provided in the notes to the financial statements.

2.6 Use of estimates and judgments

The preparation of financial statements in conformity with the Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the relevant Notes as follows.

- Recognition and measurement of financial instruments (Note 4(i))
- Identification, measurement and assessment of impairment (Note 4(ii))



Notes to the financial statements continued on page 8.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(02) BASIS OF PREPARATION (CONTINUED)

2.7 Going concern

The management has made an assessment of the Collective Investment Scheme (CIS)'s ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Collective Investment Scheme (CIS)'s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(03) MATERIALITY AND AGGREGATION

Each material class of similar item is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

(04) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently throughout the period of financial statements, unless otherwise indicated.

a) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to financial assets of one entity and a financial liability or equity instrument of another entity.

i. Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial assets contractual cash flow characteristics and the Collective Investment Scheme (CIS) business model for managing them. 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.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.



Notes to the financial statements continued on page 9.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Financial instruments - initial recognition and subsequent measurement (Continued)

i. Financial Assets (Continued)

Initial recognition and measurement

The Collective Investment Scheme (CIS)'s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Collective Investment Scheme (CIS) commits to purchase or sell the assets.

Subsequent measurement

For purpose of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and loss (debt instrument)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de recognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gain and losses recognized in profit or loss when the asset is derecognized, modified or impaired.

The Collective Investment Scheme (CIS)'s financial assets at amortized cost includes fixed deposits, commercial papers and repurchase agreements.

Derecognition

Financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the assets have expired or
- The Collective Investment Scheme (CIS)'s 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 (a) the Collective Investment Scheme (CIS) has transferred substantially all the risks and rewards of the asset, or (b) the Collective Investment Scheme (CIS) has neither transferred or retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the financial statements continued on page 10.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Financial Instruments – initial recognition and subsequent measurement (Continued)

ii. Impairment

The Collective Investment Scheme (CIS) recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from:

ECLs are recognized 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 Collective Investment Scheme (CIS) uses the ratings from either Fitch rating Lanka Limited or ICRA Lanka Limited as applicable to determine the significant deterioration in credit risk and to estimate the ECLs.

Consistent with the policies of the Fund, investments when rated below BBB- are considered as non-investment grade investments and the Fund considers such investments as having incurred significantly deteriorated credit risk. Such investments are considered for 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 notches downgrade of the external credit rating of the counterparty since the origination of the instrument.

For debt instruments at Amortized cost, the Collective Investment Scheme (CIS) applies the low credit risk simplification. At every reporting date, the Collective Investment Scheme (CIS) evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Collective Investment Scheme (CIS) reassesses the external credit rating of the debt instrument. In addition, the Collective Investment Scheme (CIS) considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

It is the Collective Investment Scheme (CIS)'s policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The group uses the ratings from the Fitch rating Lanka Limited or ICRA Lanka both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.



Notes to the financial statements continued on page 11.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****b) Dividend Payable**

Dividend Payable is recognized at the time the dividend is recommended and declared by the Board of Directors.

c) Provision

A provision is recognized if, as a result of a past event, the Collective Investment Scheme (CIS) has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

d) Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligation where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the statement of financial position but are disclosed unless they are remote.

e) Interest

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability. (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Collective Investment Scheme (CIS) estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Interest income and expenses presented in the statement of comprehensive income include interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis and fair value changes in qualifying derivatives.

Fair value changes on all other financial assets and liabilities carried at fair value through profit or loss, are presented in net trading income in the statement of comprehensive income.

f) Expenses

All expenses, including management fees and trustee fees, are recognized in profit or loss on accruals basis.

g) Income tax expenses

According to the provisions of the Inland Revenue Act No. 24 of 2017 (with effect from 01 April 2018), if the unit trust conducts an eligible investment business. It will be treated as "pass-through vehicle" and the tax on income earned by the unit trust will be payable by the unit holders. Therefore, the adjusted profit calculated for the period from 01 April 2020 to 31 March 2021 will not be considered as a part of assessable income of the unit trust for the Y/A 2020/2021.



Notes to the financial statements continued on page 12.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****h) Offsetting**

Current tax assets and liabilities and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax law of the relevant jurisdiction.

i) Distributions

In accordance with the trust deed, the Fund distributes income adjusted for amounts determined by CT CLSA Asset Management (Private) limited, to unit holders by cash or reinvestment. The distributions are recognized in the statement of changes in unit holder's funds.

j) Increase/Decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders.

k) Application and redemptions

Applications received for units in the Fund are recorded at creation price. Redemptions from the fund are recorded at redemption price of units redeemed.

l) Offsetting income and expenses

Income and expenses are not offset unless required or permitted by the Sri Lanka Accounting Standards.

m) Offsetting assets and liabilities

Assets and liabilities are offset and the net amount reported in the statements of financial position only where there is;

- A current enforceable legal right to offset the asset and liability; and
- An intention to settle on a net basis, or to relies the asset and settle the liability simultaneously.

n) Events occurring after the reporting period

Events occurring after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date the financial statements are authorized for issues.

All material and important events that occurred after the reporting date have been considered and appropriate disclosures are made in the financial statements.



Notes to the financial statements continued on page 13.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(08) FINANCIAL ASSETS - AT AMORTISED COST		2024 Rs.	2023 Rs.
T. Bills Primary	(Note 8.1)	2,384,691,843	1,160,996,545
Repurchase agreements	(Note 8.2)	1,308,250,822	40,069,041
Commercial papers	(Note 8.3)	548,586,515	-
Asset Backed Securities	(Note 8.4)	333,946,595	-
Fixed deposits	(Note 8.5)	1,142,685,452	366,412,935
		<u>5,718,161,227</u>	<u>1,567,478,521</u>

('8.1) Investment in T.Bills Primary

Name of Institution	Yield	Investment Date	Maturity Date	Cost Rs.	31.03.2024 Amortised Cost Rs.
Wealth Trust Securities Ltd	22.71%	4/21/2023	4/12/2024	12,267,600	14,915,804
Wealth Trust Securities Ltd	23.08%	4/21/2023	4/19/2024	8,124,800	9,907,274
Wealth Trust Securities Ltd	22.79%	5/19/2023	5/17/2024	97,727,880	117,185,447
Wealth Trust Securities Ltd	23.04%	5/19/2023	5/17/2024	40,637,200	48,816,799
Wealth Trust Securities Ltd	23.09%	5/19/2023	5/17/2024	40,620,700	48,814,721
Wealth Trust Securities Ltd	18.85%	6/9/2023	6/7/2024	33,655,880	38,832,275
Wealth Trust Securities Ltd	17.08%	6/23/2023	6/21/2024	128,117,550	145,130,575
Wealth Trust Securities Ltd	20.00%	6/28/2023	5/24/2024	2,975,153	3,429,600
Wealth Trust Securities Ltd	20.00%	6/28/2023	5/17/2024	5,454,814	6,288,021
Wealth Trust Securities Ltd	19.90%	6/28/2023	5/17/2024	212,380,500	244,658,835
Wealth Trust Securities Ltd	15.98%	9/1/2023	5/31/2024	60,722,436	66,400,552
Wealth Trust Securities Ltd	15.98%	9/1/2023	5/24/2024	73,425,588	80,291,566
Wealth Trust Securities Ltd	12.89%	12/1/2023	11/29/2024	44,290,900	46,204,389
Wealth Trust Securities Ltd	12.80%	12/1/2023	11/29/2024	44,326,250	46,227,895
Wealth Trust Securities Ltd	14.54%	12/8/2023	6/7/2024	46,611,350	48,752,527
Wealth Trust Securities Ltd	12.89%	12/8/2023	12/6/2024	44,290,900	46,094,598
Wealth Trust Securities Ltd	14.39%	12/15/2023	6/14/2024	93,287,900	97,270,883
Wealth Trust Securities Ltd	12.89%	12/15/2023	12/13/2024	44,290,900	45,984,808
Wealth Trust Securities Ltd	14.29%	12/22/2023	6/21/2024	46,665,750	48,516,085
Wealth Trust Securities Ltd	13.90%	12/22/2023	6/14/2024	46,867,950	48,675,585
Wealth Trust Securities Ltd	14.02%	1/3/2024	6/28/2024	46,808,850	48,413,442
Wealth Trust Securities Ltd	14.07%	1/3/2024	6/26/2024	46,798,200	48,408,148
Wealth Trust Securities Ltd	14.10%	1/5/2024	4/12/2024	48,171,350	49,794,752
Wealth Trust Securities Ltd	14.10%	1/11/2024	4/12/2024	48,279,450	49,794,284
Wealth Trust Securities Ltd	14.34%	1/12/2024	4/12/2024	48,269,550	49,790,836
C/F				<u>1,365,069,401</u>	<u>1,498,599,701</u>



Notes to the financial statements continued on page 15.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(08) FINANCIAL ASSETS - AT AMORTISED COST (CONTINUED)

('8.1) Investment in T.Bills Primary (Continued)

Name of Institution B/F	Yield	Investment Date	Maturity Date	Cost Rs.	31.03.2024 Amortised Cost Rs.
				1,365,069,401	1,498,599,701
Wealth Trust Securities Ltd	9.96%	3/1/2024	8/30/2024	23,814,050	24,016,051
Wealth Trust Securities Ltd	9.94%	3/1/2024	5/31/2024	48,787,650	49,200,656
Wealth Trust Securities Ltd	9.93%	3/1/2024	8/30/2024	95,269,900	96,075,585
Wealth Trust Securities Ltd	9.96%	3/1/2024	8/30/2024	47,628,100	48,032,101
Wealth Trust Securities Ltd	10.08%	3/1/2024	2/28/2025	90,843,000	91,622,852
Wealth Trust Securities Ltd	10.10%	3/1/2024	2/28/2025	45,413,250	45,803,879
Wealth Trust Securities Ltd	10.10%	3/15/2024	9/6/2024	190,738,200	191,637,918
Wealth Trust Securities Ltd	10.24%	3/22/2024	6/21/2024	48,751,950	48,889,098
Wealth Trust Securities Ltd	10.32%	3/22/2024	9/20/2024	95,093,200	95,362,805
Wealth Trust Securities Ltd	10.32%	3/22/2024	3/21/2025	45,322,700	45,451,197
Wealth Trust Securities Ltd	24.60%	3/31/2023	4/1/2024	40,128,400	50,000,000
* Treasury Bill was actually matured on 1st April 2024 due to public holiday.					
Wealth Trust Securities Ltd	24.45%	3/31/2023	4/1/2024	40,176,800	50,000,000
* Treasury Bill was actually matured on 1st April 2024 due to public holiday.					
Wealth Trust Securities Ltd	24.35%	3/31/2023	4/1/2024	40,209,100	50,000,000
* Treasury Bill was actually matured on 1st April 2024 due to public holiday.					
				2,217,245,701	2,384,691,843

('8.2) Investment in repurchase agreements

Name of Institution	Yield	Investment Date	Maturity Date	Cost Rs.	31.03.2024 Amortised Cost Rs.
First Capital Treasuries Ltd.	14.25%	12/1/2023	3/31/2024	50,000,000	52,381,507
First Capital Treasuries Ltd.	14.50%	1/2/2024	3/31/2024	50,000,000	51,787,671
First Capital Treasuries Ltd.	14.50%	1/17/2024	3/31/2024	50,000,000	51,489,726
First Capital Treasuries Ltd.	14.00%	1/17/2024	3/31/2024	50,000,000	51,438,356
First Capital Treasuries Ltd.	14.00%	1/19/2024	3/31/2024	450,000,000	462,600,000
First Capital Treasuries Ltd.	12.50%	2/1/2024	3/31/2024	50,000,000	51,027,397
First Capital Treasuries Ltd.	12.00%	2/2/2024	3/31/2024	100,000,000	101,939,726
First Capital Treasuries Ltd.	12.00%	2/6/2024	3/31/2024	80,000,000	81,446,575
First Capital Treasuries Ltd.	12.00%	2/6/2024	3/31/2024	150,000,000	152,712,329
First Capital Treasuries Ltd.	10.00%	3/1/2024	3/31/2024	100,000,000	100,849,315
Acuity Securities Ltd	9.80%	3/13/2024	3/31/2024	50,000,000	50,255,069
Acuity Securities Ltd	9.85%	3/18/2024	3/31/2024	50,000,000	50,188,904
Acuity Securities Ltd	9.80%	3/22/2024	3/31/2024	50,000,000	50,134,247
				1,280,000,000	1,308,250,822

Notes to the financial statements continued on page 16.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(08) FINANCIAL ASSETS - AT AMORTISED COST (CONTINUED)****(‘8.3) Investments in commercial papers**

Name of Institution	Yield	Investment Date	Maturity Date	Cost Rs.	31.03.2024 Amortised Cost Rs.
Lanka Orix Leasing Company PLC	21.00%	7/5/2023	7/5/2024	50,000,000	57,385,861
Lanka Orix Leasing Company PLC	21.00%	7/5/2023	7/5/2024	90,000,000	103,294,549
Lanka Orix Leasing Company PLC	21.00%	7/5/2023	7/5/2024	110,000,000	126,248,893
Lanka Orix Leasing Company PLC	15.75%	9/12/2023	9/12/2024	50,000,000	54,128,996
Lanka Orix Leasing Company PLC	17.00%	1/17/2024	4/17/2024	100,000,000	103,318,493
Lanka Orix Leasing Company PLC	17.00%	1/18/2024	4/18/2024	50,000,000	51,637,123
Richard Pieris Finance Limited	13.54%	11/7/2023	5/7/2024	50,000,000	52,572,600
				<u>500,000,000</u>	<u>548,586,515</u>

(‘8.4) Investments in Asset Back Securities

Name of Institution	Yield	Investment Date	Maturity Date	Cost Rs.	31.03.2024 Amortised Cost Rs.
Alliance Finance Company PLC	24.25%	17-May-23	17-Apr-24	25,000,000	30,049,315
Citizens Development Business Finance Plc	14.15%	6-Sep-23	2-Oct-24	31,384,344	33,788,505
Alliance Finance Company PLC	14.80%	20-Nov-23	5-Sep-24	50,000,000	52,561,616
Alliance Finance Company PLC	14.20%	9-Feb-24	6-Mar-25	100,000,000	101,921,863
LB Finance Company PLC	11.00%	13-Mar-24	10-Mar-25	115,000,000	115,625,296
				<u>321,384,344</u>	<u>333,946,595</u>



Notes to the financial statements continued on page 17.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(8.5) Investments in fixed deposits

Name of Institution	Yield	Investment Date	Maturity Date	Cost Rs.	31.03.2024 Amortised Cost Rs.
Cargils Bank Limited	20.00%	5/12/2023	5/12/2024	50,000,000	58,435,792
Aliance Finance PLC	15.00%	8/18/2023	8/18/2024	50,000,000	54,419,057
Aliance Finance PLC	15.00%	8/18/2023	8/18/2024	50,000,000	54,419,058
Aliance Finance PLC	14.90%	10/25/2023	10/25/2024	50,000,000	53,074,652
Aliance Finance PLC	14.90%	11/10/2023	11/10/2024	50,000,000	52,765,253
Siyapatha Finance PLC	13.25%	12/20/2023	12/20/2024	50,000,000	51,771,192
Siyapatha Finance PLC	13.25%	12/20/2023	12/20/2024	75,000,000	77,656,788
People's Leasing & Finance PLC	13.10%	1/9/2024	1/9/2025	75,000,000	77,116,670
Mahindra ideal Finance Limited	14.25%	1/17/2024	1/17/2025	50,000,000	51,387,039
Senkadagala Finance PLC	13.25%	2/1/2024	8/1/2024	200,000,000	204,127,049
Senkadagala Finance PLC	13.25%	2/2/2024	8/2/2024	150,000,000	153,052,037
Mahindra ideal Finance Limited	13.50%	2/2/2024	2/2/2025	50,000,000	51,033,709
Senkadagala Finance PLC	13.25%	2/6/2024	8/6/2024	100,000,000	101,896,746
Singer Finance PLC	12.00%	2/12/2024	9/12/2024	100,000,000	101,530,410
				<u>1,100,000,000</u>	<u>1,142,685,452</u>

Name of Institution	Yield	Investment Date	Maturity Date	Cost Rs.	31.03.2023 Amortised Cost Rs.
Mercantile Investment & Finance PLC	21.50%	14-Jun-22	14-Jun-23	26,047,500	30,289,086
HNB Finance Limited	23.88%	6-Jun-22	6-Jun-23	50,000,000	59,291,937
HNB Finance Limited	23.88%	6-Jun-22	6-Jun-23	50,000,000	59,291,937
HNB Finance Limited	23.88%	6-Jun-22	6-Jun-23	50,000,000	59,291,937
DFCC Bank	27%	25-Nov-22	25-Nov-23	50,000,000	54,462,397
Alliance Finance	29.75%	2-Dec-22	2-Dec-23	20,000,000	21,858,356
Alliance Finance	28%	7-Mar-23	7-Mar-24	20,000,000	20,363,388
Alliance Finance	28%	8-Mar-23	8-Mar-24	40,000,000	40,697,705
Siyapatha Finance PLC	26%	27-Jan-23	27-Jan-24	20,000,000	20,866,192
				<u>326,047,500</u>	<u>366,412,935</u>



Notes to the financial statements continued on page 18.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(09) OTHER RECEIVABLES**

	2024 Rs.	2023 Rs.
Other Receivables	7,113	2,216,887
	<u>7,113</u>	<u>2,216,887</u>

(10) ACCRUED EXPENSES AND OTHER PAYABLES

Payable on unit redemption	3,582,448	6,090,817
Management fee payable	7,781,610	2,172,026
Trustee fees payable	3,680,097	1,020,852
Audit fees payable	334,015	427,185
Custodian fee payable	72,409	69,534
	<u>15,450,579</u>	<u>9,780,414</u>

(11) NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

Movements in the number of units and net assets attributable to unit holders during the year were as

	31.03.2024 Units	31.03.2023 Units	31.03.2024 Rs.	31.03.2023 Rs.
Opening capital balance	118,042,764	177,349,521	1,680,831,267	2,260,081,846
Applications	947,574,156	195,775,478	11,879,380,834	2,695,724,611
Redemptions	(729,595,353)	(263,848,876)	(8,596,876,513)	(3,465,951,012)
Increase / (decrease) in net assets attributable to unit holders	-	-	821,277,140	324,651,977
Distributions to unit holders	-	8,766,641	-	(133,676,155)
Closing balance	<u>336,021,567</u>	<u>118,042,764</u>	<u>5,784,612,728</u>	<u>1,680,831,267</u>
Net assets per unit			31.03.2024 Rs.	31.03.2023 Rs.
Net assets			5,784,612,728	1,680,831,267
Total no. of units			336,021,567	118,042,764
Net assets per unit (Rs.)			<u>17.22</u>	<u>14.24</u>

As stipulated in the Trust deed, each unit enables the right of an individual to share in the Fund and does not extend his rights 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.

Figures in brackets indicate deductions.



Notes to the financial statements continued on page 19.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(11) NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)****Capital risk management**

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

(12) DISTRIBUTIONS TO UNIT HOLDERS

The distributions for the year were as follows:
Distributions

2024 Rs.	2023 Rs.
-	(133,676,155)
-	(133,676,155)

(13) RELATED PARTY DISCLOSURE**(a) Responsible entity**

The responsible entity of CT CLSA High Yield Fund is CT CLSA Asset Management (Private) Limited.

(b) Key management personnel**Directors**

- Ms. Cecilia Page
- Mr. Zakir Mohamedally
- Mr. Joseph Page
- Mr. Patrick Martin Lawlor
- Ms. Bimanee Meepagala

Other key management personnel

- Mr. Kuhan Vinayagasundaram Fund Manager
- Ms. Hansini Aravinda Financial Analyst

(c) Key management personnel compensation

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

(d) 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 year end.



Notes to the financial statements continued on page 20.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(13) RELATED PARTY DISCLOSURE (CONTINUED)

(e) Related Party Unitholding

The Management Company or any related parties have invested in the CT CLSA High Yield Fund.

Unit holders name	No. of Units held opening	No. of units held closing	Fair value of investment Rs.	% of Holdings	Distribution paid of payable by the fund Rs.
CT CLSA Asset Management (Pvt) Ltd	11,467	753,534	12,971,560	0.22%	-
CT CLSA Securities (Pvt) Ltd	11,610,316	-	-	0.00%	-
CT CLSA Capital (Pvt) Ltd	6,593,439	216,613	3,728,841	0.06%	-
CT CLSA Holdings (Pvt) Ltd	4,252,818	559,225	9,626,667	1.61%	-
Kuhan Vinayagasundaram - 1	74	26,850	462,204	0.01%	-
Kuhan Vinayagasundaram - 2	-	1,772	30,473	0.00%	-
Bimane Meepagala	-	24,674	424,746	0.01%	-
(f) Related party Investments					
Cargills Bank PLC	-	-	134,405,267	2.32%	-

(g) 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 outstanding	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Management fees	23,088,272	8,875,530	7,781,610	2,172,026
Trustee fees	11,178,348	4,036,703	3,680,097	1,020,852
Custodian fee	203,063	273,859	72,409	427,185
	34,469,683	13,186,092	11,534,116	3,620,063

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(14) ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS****Summary of Financial Assets And Liabilities**

As at 31 March 2024	Measured at Fair Value	Carried at Cost	Amortized Cost	Cost
Assets				
Cash and cash equivalents	-	81,894,967	-	81,894,967
Financial assets - at amortized cost	-	-	5,718,161,227	5,718,161,227
Other receivable - (Corporate Savings)	-	-	7,113	7,113
Total	-	81,894,967	5,718,168,340	5,800,063,307
Liabilities				
Accruals and other payables	-	15,450,579	-	15,450,579
Total	-	15,450,579	-	15,450,579

As at 31 March 2023	Measured at Fair Value	Carried at Cost	Amortized Cost	Cost
Assets				
Cash and cash equivalents	-	120,916,273	-	120,916,273
Financial assets - at amortized cost	-	-	1,567,478,521	1,567,478,521
Other receivable - (Corporate Savings)	-	-	2,216,887	2,216,887
Total	-	120,916,273	1,569,695,408	1,690,611,681
Liabilities				
Accruals and other payables	-	9,780,414	-	9,780,414
Total	-	9,780,414	-	9,780,414



Notes to the financial statements continued on page 22.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(15) FINANCIAL RISK MANAGEMENT

Overview

The unit trust has exposure to the following risks via financial instruments.

- Market Risk
- Liquidity Risk
- Credit Risk
- Operational Risk

This note presents information about the Collective Investment Scheme's (CIS's) exposure to each of the above risks and the objectives, policies and processes for measuring and managing risk.

(15.1) Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Collective Investment Scheme's (CIS's) risk management framework. The Managing Company has established an Investment Committee (IC) which is tasked with reviewing wide-ranging risk categories that includes market, liquidity, credit and operational risk. The committee members have been assigned the responsibility to manage these risks prudently.

(15.1) (a) Market risk

Market risk represents the risk that the value of the Trust's investments portfolios will fluctuate as a result of changes in market prices. In general, market risk occurs on account of price risk, currency risk, and interest rate risk. However, the Fund's exposure to price risk and currency risk is deemed negligible as all its investments are short-term fixed income securities denominated in Sri Lankan Rupees. Therefore, interest rate will be the principal source of market risk for the fund.

Management of market risk includes the following elements.

- Overall authority for managing market risk is vested with the Board of Directors.
- The operational authority for managing market risk is vested with the Investment Committee (IC).
- Interest rate risk is managed within the approved limits by the Investment Committee.



Notes to the financial statements continued on page 23.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(15) FINANCIAL RISK MANAGEMENT (CONTINUED)****(15.1) (a) Market risk (Continued)****(i) Interest rate risk**

The table below summarises the Fund's exposure to interest rate risks. It includes the Fund's assets at fair values, categorised by the earlier of contractual repricing or maturity dates.

31st March 2024	Floating interest rate Rs.	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
Financial assets				
Cash and cash equivalents	-	81,894,967	-	81,894,967
Loans and receivables	-	5,718,161,227	-	5,718,161,227
Total exposure	-	5,800,056,194	-	5,800,056,194
31st March 2023	Floating interest rate Rs.	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
Financial assets				
Cash and cash equivalents	-	120,916,273	-	120,916,273
Loans and receivables	-	1,567,478,521	-	1,567,478,521
Total exposure	-	1,688,394,794	-	1,688,394,794

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

	Increase/ (decrease) on basis points	Effect on the profit for the year 2023/24	Effect on the profit for the year 2022/23
LKR	25%	205,319,285	81,162,994
LKR	25%	(205,319,285)	(81,162,994)

Since the Fund had not held financial instruments with variable interest rates as at 31st March 2024 and 31 March 2023, it was not exposed to cash flow interest rate risks.

Financial instruments with fixed rates exposed the Fund to fair value interest rate risks. However, due to the short term nature of the instruments, it was reasonably expected that fluctuations in the interest rates will not materially impact the Net Asset Value of the fund.

(15.1) (b) Liquidity Risk

Liquidity risk is the risk that the Collective Investment Scheme (CIS) will not have adequate financial resources to meet Collective Investment Scheme's (CIS's) obligations as when they fall due. This risk arises from mismatches in the timing of cash flows.



Notes to the financial statements continued on page 24.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(15) FINANCIAL RISK MANAGEMENT (CONTINUED)****(15.1) (b) Liquidity Risk (Continued)**

Management of liquidity risk includes the following elements:

Taking steps to ensure, as far as possible, that it will always have adequate financial resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Collective Investment Scheme's (CIS's) reputation.

Maturity analysis of the financial assets and financial liabilities**As at 31 March 2024**

<u>Assets</u>	Carrying amount Rs.	Upto 3 months Rs.	3 months to 1 year Rs.	1 year to 5 year Rs.	Total
Cash at bank	81,894,967	81,894,967	-	-	81,894,967
Financial assets at amortised cost	5,718,161,227	1,412,177,765	4,305,983,462	-	5,718,161,227
Other receivables - (Corporate Savings)	7,113	7,113	-	-	7,113
Total financial assets	5,800,063,307	1,494,079,845	4,305,983,462	-	5,800,063,307

Liabilities

Accruals and other payables	15,450,579	15,450,579	-	-	15,450,579
Total Liabilities	15,450,579	15,450,579	-	-	15,450,579

As at 31 March 2023

<u>Assets</u>	Carrying amount Rs.	Upto 3 months Rs.	3 months to 1 year Rs.	1 year to 5 year Rs.	Total
Cash at bank	120,916,273	120,916,273	-	-	120,916,273
Financial assets at amortised cost	1,567,478,521	492,461,929	1,075,016,592	-	1,567,478,521
Other receivables - (Corporate Savings)	2,216,887	2,216,887	-	-	2,216,887
Total financial assets	1,690,611,681	615,595,089	1,075,016,592	-	1,690,611,681

Liabilities

Accruals and other payables	9,780,414	9,780,414	-	-	9,780,414
Total Liabilities	9,780,414	9,780,414	-	-	9,780,414

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(15) FINANCIAL RISK MANAGEMENT (CONTINUED)****(15.1) (c) Credit Risk**

Credit risk is the risk of financial loss to the Collective Investment Scheme (CIS) if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the unit trust's investment in reverse repo agreements.

Management of credit risk includes the following components:

- Formulating credit policies in consultation with business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements
- Establishing the authorisation structure for the approval and renewal of credit facilities.
- Limiting concentration of exposures to counterparties.
- Reviewing compliance through regular audits by internal audit.

Credit quality by class of financial assets**As at 31 March 2024**

	12 Month Expected Credit Losses Rs.	Expected Credit Losses Not Credit Impaired Rs.	Life Time Expected Credit Losses Credit Impaired Rs.	Total Rs.
Assets				
Cash at bank	81,894,967	-	-	81,894,967
Financial assets at amortised cost	5,718,161,227	-	-	5,718,161,227
Other receivables - (Corporate Savings)	-	-	-	-
Total financial assets	5,800,056,194	-	-	5,800,056,194

As at 31 March 2023

	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.
Assets				
Cash at bank	120,916,273	-	-	120,916,273
Financial assets at amortised cost	1,567,478,521	-	-	1,567,478,521
Other receivables - (Corporate Savings)	-	-	-	-
Total financial assets	1,688,394,794	-	-	1,688,394,794

(i) Debt securities

It is the trust's policy to enter into financial instruments with reputable counter-parties. As such, the Fund invests in debt securities which have an investment grade categorisation as rated by Fitch and ICRA.

Notes to the financial statements continued on page 26.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(15) FINANCIAL RISK MANAGEMENT (CONTINUED)

Repurchase agreements

	31.03.2024	31.03.2023
Rating	Rs.	Rs.
Risk free-REPO Government Securities	1,308,250,822	40,069,041
	<u>1,308,250,822</u>	<u>40,069,041</u>

Commercial papers

Rating Agency

Rating

A	Lanka Orix Leasing Company PLC	ICRA	-	-
			<u>-</u>	<u>-</u>

Fixed deposits

Rating

BBB+	HNB Finance Ltd	Fitch	-	177,875,811
A+	Singer Finance PLC	Fitch	101,530,410	-
A+	People's Leasing & Finance PLC	Fitch	77,116,670	-
BBB-	Alliance Finance Company PLC	LRA	214,678,020	82,919,449
AA-	Cargills Bank Limited	Fitch	58,435,792	-
BBB-	Mercantile Investment & Finance	Fitch	-	30,289,086
AA-	Richard Peiris Finance Ltd	Fitch	-	-
A-	DFCC Bank	Fitch	-	54,462,397
BBB+	Siyapatha Finance PLC	Fitch	129,427,980	20,866,192
AA-	Mahindra ideal Finance Limited	Fitch	102,420,748	-
BBB	Senkadagala Finance PLC	Fitch	459,075,832	-
			<u>1,142,685,452</u>	<u>366,412,935</u>

Corporate Savings

Rating Agency

Rating

			31.03.2024	31.03.2023
Rating			Rs.	Rs.
A	HNB	Fitch	5,890,492	33,576,142
A-	DFCC	Fitch	10,000	10,000
A+	Cargills Bank Ltd	Fitch	75,969,475	87,305,131
			<u>81,869,967</u>	<u>120,891,273</u>

Total

In accordance with the Fund's policy, the investment manager monitors the Fund's credit position on a daily basis.



Notes to the financial statements continued on page 27.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(15) FINANCIAL RISK MANAGEMENT (CONTINUED)

(15.1) (d) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The unit trust's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the business reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Unit Trust's standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of the transaction.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Development of business contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Collective Investment Scheme's (CIS's) internal controls and procedures is supported by a programme of periodic reviews undertaken by Investment Committee. The results of reviews are discussed with the management of the business unit with summaries submitted to the Fund administrator of the fund manager.

Analysis of concentration risk

The following table shows the risk concentration by sector for the components of the statement of financial position.



Notes to the financial statements continued on page 28.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(15) FINANCIAL RISK MANAGEMENT (CONTINUED)****(15.1) (d) Operational Risk (Continued)****As at 31 March 2024**

	Cash at Bank	Financial assets - at amortised cost	Total Financial Assets
<u>Sector wise breakdown</u>			
Government	-	2,384,691,843	2,384,691,843
Corporate	81,894,967	3,333,469,384	3,415,364,351
Total	81,894,967	5,718,161,227	5,800,056,194

As at 31 March 2023

	Cash at Bank	Financial assets - at amortised cost	Total Financial Assets
<u>Sector wise breakdown</u>			
Government	-	1,160,996,545	1,160,996,545
Corporate	120,916,273	406,481,976	527,398,249
Total	120,916,273	1,567,478,521	1,688,394,794

(16) COMMITMENTS AND CONTINGENT LIABILITIES

There were no material contingent liabilities and commitments at the end of the reporting date, that require disclosure in the financial statements.

(17) EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no material events occurring after the reporting date 31st March, 2024 that require adjustment to or disclosure in the financial statements.



DETAIL NOTES TO THE FINANCIAL STATEMENTS 31ST MARCH

NET ASSET VALUE RECONCILIATION

	Rs.
Net asset value published as at 31st March, 2024	5,784,375,255
Adjustment for Audit Fee Payable	238,421
Capital Adj. Account - Units Redemption	(948)
Total	<u><u>5,784,612,728</u></u>
Audited net asset value published as at 31st March 2024 (Note 10)	<u><u>5,784,612,728</u></u>

