



# CT CLSA GILT EDGED FUND



Commitment. Trust. Continuity

## INTERIM REPORT

FOR THE SIX MONTHS ENDED  
30TH SEPTEMBER 2024



## **CORPORATE INFORMATION**

### **TRUSTEE & CUSTODIAN**

Hatton National Bank PLC

HNB Towers, 479, T B Jayah Mawatha,

Colombo 10.

### **FUND MANAGER & REGISTRAR**

CT CLSA Asset Management (Pvt) Ltd

04th Floor, Majestic City,

No. 10, Station Road, Colombo 04.

Tel : 0115759571 Fax : 0112506347

Web : [www.ctclsa.lk](http://www.ctclsa.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

## CT CLSA Gilt Edged Fund

Dear Investor,

We take pleasure in presenting the Half-Yearly Report of the CT CLSA Gilt Edged Fund for the period ended 30<sup>th</sup> September 2024.

### Economic Review and Outlook

The Sri Lankan economy expanded by +4.7%<sup>1</sup> YoY in 2Q2024, compared to a contraction of -3.0%<sup>1</sup> YoY in the corresponding period of last year. Consequently, the economy expanded by +5.0% YoY in 1H2024. During 2Q2024, all three segments of the economy recorded positive growth with Agriculture, Industry and Services segments growing +1.7%<sup>1</sup> YoY, +10.9%<sup>1</sup> YoY and +2.5%<sup>1</sup> YoY, respectively. According to the IMF staff report published in June 2024, the Sri Lankan economy is projected to witness an expansion of +2.0%<sup>2</sup> YoY in 2024 before growing at a faster pace of +2.7%<sup>2</sup> YoY in 2025E. We expect the Sri Lankan economy to continue its recovery in the 2H2024E as economic and structural reforms undertaken by the government in the aftermath of the economic crisis have helped strengthened its fiscal position and stabilize price levels, allowing the Central Bank of Sri Lanka (CBSL) to maintain its policy easing stance. On the external front, a notable pick up in tourism earnings and worker remittances have countered the impact of a YoY widening of trade deficits resulting in a balance of payment surplus in the external current account for the first nine months of 2024. The aforesaid improvement in the dollar inflows to the country coupled with the suspension of external debt repayments have enabled the Central Bank of Sri Lanka (CBSL) to strengthen its forex reserves through market interventions. We view stable and improving macro-economic indicators, the political party of the elected president securing a majority in the recently concluded parliamentary elections and the government's willingness to remain in the ongoing IMF EFF program as positives.

CBSL continued its monetary easing stance during 2024 as inflationary pressures continued to subside amid LKR strength, benign global commodity prices and only a gradual recovery of economic activities. Resultantly, the CBSL relaxed its policy rates by 75bps in the first nine months of 2024 with Standing Deposit Facility Rate and Standing Lending Facility Rate anchored at 8.25% and 9.25%, respectively. The monetary board of CBSL was of the view that an easing of policy rates was necessary amid deeper than expected near term deflation, improvement in the external sector, moderation of future inflation expectations and the lack of space for market lending rates to adjust downwards.

Treasury Bill yields for 3 months, 6 months and 12 months were 10.49%<sup>3</sup>, 10.72%<sup>3</sup> & 10.05%<sup>3</sup>, respectively as at end of September 2024. In line with the decline in government securities yields, market interest rates adjusted downwards with the AWPLR at 9.32%<sup>4</sup> as of end September amid an improvement in monetary conditions and market liquidity.

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<sup>1</sup> Department of Census and Statistics, National Accounts 2024Q2

<sup>2</sup><https://www.imf.org/en/Publications/CR/Issues/2024/06/13/Sri-Lanka-2024-Article-IV-Consultation-and-Second-Review-Under-the-Extended-Fund-Facility-550261>

Point to point inflation measured by Colombo Consumer Price Index (CCPI) closed at deflationary territory - 0.5%<sup>5</sup> as of September 2024. Both Food (-0.3% YoY) and Non-Food (-0.5% YoY) categories recorded deflation in September amid downward adjustments to administratively determined prices and an improvement in supply conditions. Meanwhile, inflation measured by the National Consumer Price index (NCPI) closed at -0.2%<sup>7</sup> on point-to-point basis as of September 2024. The CBSL foresees current deflationary conditions to sustain for the next few months and thereafter gradually align with its targeted level of 5%.

Meanwhile, gross official reserves were estimated at US dollars 6.0bn<sup>8</sup> by end September 2024 including the swap facility from the People's Bank of China, equivalent to around US\$1.4bn, which is subject to conditionality on usability. We expect the LKR to remain stable in the immediate near term aided by strong seasonal dollar flows in tourism and worker remittances, however, continuation of monetary policy easing, relaxation of import controls (particularly vehicle import relaxation) and resumption of external debt servicing are expected to exert pressure on the LKR in 2025E. The Sri Lankan rupee appreciated by +8.2% on a YTD basis to stand at Rs.299.4/US\$ as of end September 2024.

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<sup>3</sup>[https://www.cbsl.gov.lk/sites/default/files/cbslweb\\_documents/press/pr/press\\_20240927\\_treasury\\_bill\\_issuance\\_held\\_on\\_25\\_september\\_2024\\_e.pdf](https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20240927_treasury_bill_issuance_held_on_25_september_2024_e.pdf)

<sup>4</sup>[https://www.cbsl.gov.lk/sites/default/files/cbslweb\\_documents/statistics/wei/WEI\\_20240927\\_e.pdf](https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/statistics/wei/WEI_20240927_e.pdf)

<sup>5</sup> Department of Census and Statistics, Movements of CCPI, Pg. 01

<sup>6</sup> Department of Census and Statistics, Food and Non-Food inflation, Pg. 01

<sup>7</sup> Department of Census and Statistics, Movements of NCPI, Pg. 01

<sup>8</sup> Central Bank of Sri Lanka, Weekly Economic Indicators – 18 Oct, Pg. 15

## **Fund Performance**

As at 30 September 2024, the Net Asset Value per unit of the fund stood at Rs.16.5873, resulting in a YTD return of 7.9% (non-annualized) as of end September 2024. As at 30 September 2024, the investments of your fund consist exclusively of Repurchase Agreements safeguarding daily returns from volatility.



**CTCLSA Gilt Edged Fund**  
**Statement of Comprehensive Income for the Period Ended as 30th September 2024**

|  | Note | 30-Sep-24<br>Rs.  | 31-Mar-24<br>(Audited)<br>Rs. |
|--|------|-------------------|-------------------------------|
| <b>INVESTMENT INCOME</b>   |      |                   |                               |
| Interest Income  | 01   | 30,586,727        | 22,520,254                    |
| Net unrealized gains on financial assets - at fair value through profit and loss |      | -                 | -                             |
| <b>Net investment income</b>   |      | <u>30,586,727</u> | <u>22,520,254</u>             |
| <b>OPERATING EXPENDITURE</b>   | 02   | (2,542,666)       | (975,487)                     |
| <b>Net Operating Profit Before Taxation</b>                                      |      | <u>28,044,060</u> | <u>21,544,767</u>             |
| Income tax expense   |      | -                 | -                             |
| <b>Increase in net assets attributable to unit holders</b>                       |      | <u>28,044,060</u> | <u>21,544,767</u>             |
| Other comprehensive income/ (expenses)   |      | -                 | -                             |
| <b>Total comprehensive income for the year</b>                                   |      | <u>28,044,060</u> | <u>21,544,767</u>             |

**CTCLSA Gilt Edged Fund**  
**Statement of Financial Position as at 30 September 2024**

|  | Note | 30-Sep-24<br>Rs.  | 30-Mar-24<br>(Audited)<br>Rs. |
|--|------|-------------------|-------------------------------|
| <b>Assets</b>  |      |                   |                               |
| Cash and cash equivalents                                | 04   | 19,079            | 328,689                       |
| Financial assets - at fair value through profit and loss |      | -                 | -                             |
| Financial assets - at amortised cost                     | 05   | 46,306,269        | 100,725,918                   |
| Income tax receivable                                    |      | -                 | -                             |
| <b>Total Assets</b>                                      |      | <b>46,325,348</b> | <b>101,054,607</b>            |
| <b><u>LIABILITIES AND UNIT HOLDER'S FUNDS</u></b>        |      |                   |                               |
| <b>Liabilities</b>                                       |      |                   |                               |
| Accrued expenses and other payables                      | 06   | 1,873,789.70      | 439,443                       |
| <b>Total Liabilities</b>                                 |      | <b>1,873,790</b>  | <b>439,443</b>                |
| <b>Unit Holders' Funds</b>                               |      |                   |                               |
| Net Assets Attributable to Holders of Units              |      | <b>44,451,559</b> | <b>100,615,164</b>            |
| <b>Total unit holders' funds and liabilities</b>         |      | <b>46,325,348</b> | <b>101,054,607</b>            |
| Net asset per unit                                       | 08   | 16.59             | 15.91                         |

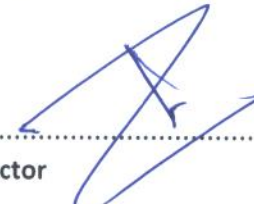
These financial statements were approved by the Board of Directors of the Management Company and the Trustee.

  
 Chief Executive Officer

  
 Hatton National Bank  
 Trustee



  
 Chairman

  
 Director

**CTCLSA Gilt Edged Fund**  
**Statement of Changes in Unitholders' Funds as at 30 September 2024**

|  | Unit Capital         | Retained Earnings  | Total Equity       |
|--|----------------------|--------------------|--------------------|
| <b>Balance as at 01 April 2023</b>                   | (14,672,356)         | 152,225,622        | 137,553,266        |
| Increase due to unit creation during the year        | 5,459,401            | -                  | 5,459,401          |
| Decrease due to unit redemption during the year      | (63,942,270)         | -                  | (63,942,270)       |
| Increase in net assets attributable to unit holders  | -                    | 21,544,767         | 21,544,767         |
| <b>Unit Holders' funds as at 31 March 2024</b>       | <u>(73,155,225)</u>  | <u>173,770,389</u> | <u>100,615,164</u> |
| <b>Unit Holders' funds as at 01 April 2024</b>       | (73,155,225)         | 173,770,389        | 100,615,164        |
| Increase due to unit creation during the year        | 1,600,241,017        | -                  | 1,600,241,017      |
| Decrease due to unit redemption during the year      | (1,684,448,682)      | -                  | (1,684,448,682)    |
| Increase in net assets attributable to unit holders  | -                    | 28,044,060         | 28,044,060         |
| <b>Unit Holders' funds as at 30th September 2024</b> | <u>(157,362,891)</u> | <u>201,814,449</u> | <u>44,451,559</u>  |

**CTCLSA Gilt Edged Fund**  
**Statement of Cashflows for the Period Ended 30th September 2024**

|   | As at 30 Sep 24            | As at 31 Mar 24<br>(Audited) |
|---|----------------------------|------------------------------|
|   | Rs.                        | Rs.                          |
| <b>Cash flows from operating activities</b>                               |                            |                              |
| Interest received   | 31,606,376                 | 22,186,217                   |
| Net investments in repurchase agreements                                  | 53,400,000                 | 35,900,000                   |
| Fees and expenses paid  | (1,108,320)                | (1,263,443)                  |
| <b>Net cash flow from generated from / (used in) operating activities</b> | <b><u>83,898,056</u></b>   | <b><u>56,822,774</u></b>     |
| <b>Cash flows from financing activities</b>                               |                            |                              |
| Amount received on unit creations   | 1,600,241,017              | 5,459,401                    |
| Amount paid on unit redemptions   | (1,684,448,682)            | (63,942,270)                 |
| <b>Net cash flow (used in) / from financing activities</b>                | <b><u>(84,207,666)</u></b> | <b><u>(58,482,869)</u></b>   |
| <br>Net (decrease) / increase in cash and cash equivalents                | <br>(309,610)              | <br>(1,660,095)              |
| Cash and cash equivalents at the beginning of the financial year          | 328,689                    | 1,988,784                    |
| <b>Cash and cash equivalents at the end of the financial year</b>         | <b><u>19,079</u></b>       | <b><u>328,689</u></b>        |

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



**CTCLSA Gilt Edged Fund**  
**Notes to the Financial Statements for the Period Ended 30 September 2024**

|   | 30-Sep-24         | 31-Mar-24<br>(Audited) |
|---|-------------------|------------------------|
| <b>01 Investment Income</b>   |                   |                        |
| Interest on repurchase agreements                                     | 30,586,727        | 22,520,254             |
|   | <u>30,586,727</u> | <u>22,520,254</u>      |
| <b>02 Operating Expenditure</b>                                       |                   |                        |
| Management fees   | 1,196,804         | 362,873                |
| Trustee fees  | 796,319           | 282,621                |
| Custodian fees  | 145,536           | 285,078                |
| Audit fees  | 142,889           | 220,350                |
| Audit fees over/under provision                                       | 250,198           | (191,576)              |
| Bank charges  | 10,920            | 16,141                 |
|   | <u>2,542,666</u>  | <u>975,487</u>         |
| <b>03 Cash and cash equivalents</b>                                   |                   |                        |
| Cash at bank  | 19,079            | 328,689                |
| <b>04 Financial assets held at fair value through profit and loss</b> |                   |                        |
| Treasury bills  | -                 | -                      |
|   | <u>-</u>          | <u>-</u>               |
| <b>05 Financial assets - at amortised cost</b>                        |                   |                        |
| Investment in Repurchase Agreements                                   | 45,100,000        | 98,500,000             |
| Interest receivable on repurchase agreement.                          | 1,206,269         | 2,225,918              |
|   | <u>46,306,269</u> | <u>100,725,918</u>     |
| <b>06 Payables</b>  |                   |                        |
| Management fees   | 801,495           | 79,234                 |
| Trustee fees  | 534,082           | 60,437                 |
| Custodian fees  | 73,166            | 72,613                 |
| Audit fees and tax consultation fee                                   | 460,047           | 227,159                |
| Money Payable on Unit Redemption                                      | 5,000             | -                      |
|   | <u>1,873,790</u>  | <u>439,443</u>         |

|  | 30-Sep-24         | 31-Mar-24<br>(Audited) |
|--|-------------------|------------------------|
| <b>07 Net assets attributable to unitholders</b> |                   |                        |
| Opening Balance                                  | 100,615,164       | 137,553,266            |
| Applications                                     | 1,600,241,017     | 5,459,401              |
| Redemptions                                      | (1,684,448,682)   | (63,942,270)           |
| Increase/decrease in net assets                  | 28,044,060        | 21,544,767             |
| Closing Balance                                  | <u>44,451,559</u> | <u>100,615,164</u>     |

**08 Net Asset Value Reconciliation**

|  | As at 30.09.2024 | As at 31.03.2024<br>(Audited) |
|--|------------------|-------------------------------|
| Net Asset Value as per the financial statement | 44,451,559       | 100,615,164                   |
| Adjustment (if any)                            | -                | 250,197                       |
| Published NAV                                  | 44,451,559       | 100,364,967                   |
| Number of unit outstanding                     | 2,679,847        | 6,323,559                     |
| Published NAV /Unit                            | 16.59            | 15.91                         |

## 9 Related Party Disclosure

### a) Responsible entity

The responsible entity of CT CLSA Gilt Edged Fund is CT CLSA Asset Management (Private) Limited

### b) Key management personnel

#### Directors

- Mrs. Cecilia Muttukumaru
- Mr. Zakir Mohamedally
- Mr. Joseph Page
- Ms. Bimane Meepagala
- Ms. Coralie Pietersz

#### Other key management personnel

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

### c) Key Management Personnel unit holdings

Key management personnel are paid by C T C L S A 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)                                     |
| Mr. Kuhan Vinayagasundaram | -                           | -                           | -                        | -             | -  |
| Ms. Hansini Aravinda       | 75                          | 75                          | 1,244.45                 | 0.00%         | -  |

### d) Key management personnel compensation

Key management personnel are paid by C T C L S A Asset Management (Private) Limited. Payments made from the Fund to C T C L S A 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:

|                                    | No. of units held opening | No. of units held closing | Fair value of Investment<br>Rs. | % of Holdings | Distribution paid of payable by the fund<br>Rs. |
|------------------------------------|---------------------------|---------------------------|---------------------------------|---------------|---|
| <b>Unit holders</b>                |                           |                           |                                 |               |   |
| CT CLSA Asset Management (Pvt) Ltd | 382,376                   | 126,505                   | 2,098,376.39                    | 4.72%         | -   |
| CT CLSA Holdings (Pvt) Ltd         | 1,802,133                 | 212,184                   | 3,519,559.66                    | 7.92%         | -   |
| CT CLSA Capital (Pvt) Ltd          | 3,544,118                 | 1,743,702                 | 28,923,308.18                   | 65.07%        | -   |

### 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 |            |
|-----------------|-----------------------|---------|---------------------|------------|
|                 | 2024                  | 2023    | 30.09.2024          | 30.09.2023 |
| Management fees | 1,196,804             | 205,948 | 801,495             | 103,190    |
| Trustee fees    | 796,319               | 161,400 | 534,082             | 80,907     |
| Custodian fee   | 145,536               | 141,386 | 73,166              | 71,107     |