



# CT CLSA HIGH YIELD 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 High Yield Fund

Dear Investor,

We take pleasure in presenting the Half-Yearly Report of the CT CLSA High Yield 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.18.1066. The investments of your fund consist of Treasury bills, Fixed Deposits, Short-term Corporate Debt Securities, Repurchase agreements and Corporate Savings with 27% of the funds maturing within 6 months – 12 months (longer end of the permissible investment horizon for money market funds). As of end September, average maturity of the fund stood at 3.8 months resulting in stickier yields for the fund amid a continuation of downward adjustments in market interest rates. In terms of credit quality, 79.1% of the Fund's investments are in A- and above rated instruments, ensuring sound credit worthiness.



**CT CLSA High Yield 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>Income</b>  |      |                           |                               |
| Interest Income  | 01   | 409,280,141               | 855,868,772                   |
| Net realized gains on financial assets held at FVPL        |      | 506,823                   | -                             |
| <b>Net investment income</b>                               |      | <u>409,786,964</u>        | <u>855,868,772</u>            |
| <b>Operating Expenses</b>                                  |      |                           |                               |
| Management Fee   |      | (22,860,569)              | (23,088,272)                  |
| Custodian and Trustee Fee                                  |      | (9,141,402)               | (11,178,348)                  |
| Audit Fee  |      | (381,311)                 | (203,063)                     |
| Audit fees over provision                                  |      | -                         | 153,237                       |
| Other Operating Expenses                                   |      | (342,105)                 | (275,186)                     |
| <b>Total Operating Expenses</b>                            |      | <u>(32,725,388)</u>       | <u>(34,591,632)</u>           |
| <b>Net Operating Profit</b>                                |      | 377,061,576               | 821,277,140                   |
| <b>Profit before tax</b>                                   |      | <u>377,061,576</u>        | <u>821,277,140</u>            |
| Adjustment for prior year over / (under) Provision for tax |      | -                         | -                             |
| <b>Profit after tax</b>                                    |      | <u>377,061,576</u>        | <u>821,277,140</u>            |
| <b>Total comprehensive income</b>                          |      | <u>377,061,576</u>        | <u>821,277,140</u>            |
| <b>Increase in net assets attributable to unit holders</b> |      | <u><u>377,061,576</u></u> | <u><u>821,277,140</u></u>     |

**CT CLSA High Yield Fund**  
**Statement of Financial Position as at 30th September 2024**

|  | Note | As at 30 Sep 2024<br>Rs. | As at 31st Mar 24<br>(Audited)<br>Rs. |
|--|------|--------------------------|---------------------------------------|
| <b>Assets</b>                                  |      |                          |                                       |
| <b>Current assets</b>                          |      |                          |                                       |
| Cash and cash equivalents                      | 02   | 101,544,818              | 81,894,967                            |
| Financial assets - at amortised cost           | 03   | 6,924,737,921            | 5,718,161,227                         |
| Other Receivables - (Corporate Savings)        | 04   | 21,723                   | 7,113                                 |
| <b>Total Assets</b>                            |      | <u>7,026,304,462</u>     | <u>5,800,063,307</u>                  |
| <b>EQUITY AND LIABILITIES</b>                  |      |                          |                                       |
| <b>Unit Holders' Funds and Liabilities</b>     |      |                          |                                       |
| <b>Liabilities</b>                             |      |                          |                                       |
| Accrued expenses and other payables            | 06   | <u>168,437,419</u>       | <u>15,450,579</u>                     |
| <b>Total Liabilities</b>                       |      | <u>168,437,419</u>       | <u>15,450,579</u>                     |
| <b>Net assets attributable to unitholders</b>  |      | 6,857,867,043            | 5,784,612,728                         |
| <b>Unit Holders' Funds</b>                     |      |                          |                                       |
| Net Assets Attributable to Holders of Units    | 07   | <u>6,857,867,043</u>     | <u>5,784,612,728</u>                  |
| <b>Total unitholder' Funds and Liabilities</b> |      | <u>7,026,304,462</u>     | <u>5,800,063,307</u>                  |

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

  
 .....  
 Chief Executive Officer

  
 .....  
 Chairman

  
 .....  
 Hatton National Bank  
 Trustee

  
 .....  
 Director



**CT CLSA High Yield Fund**  
**Statement of Changes in Unitholders' Funds as at 30th September 2024**

|  | Unit Capital         | Retained Earnings    | Total Equity         |
|--|----------------------|----------------------|----------------------|
| <b>Balance as at 01 April 2023</b>                   | 1,224,758,151        | 456,073,116          | 1,680,831,267        |
| Increase due to unit creation during the year        | 11,879,380,834       |                      | 11,879,380,834       |
| Decrease due to unit redemption during the year      | (8,596,876,513)      | -                    | (8,596,876,513)      |
| Increase in net assets attributable to unit holders  | -                    | 821,277,140          | 821,277,140          |
| <b>Unit Holders' funds as at 31 March 2024</b>       | <b>4,507,262,472</b> | <b>1,277,350,256</b> | <b>5,784,612,728</b> |
| <b>Unit Holders' funds as at 01 April 2024</b>       | <b>4,507,262,472</b> | <b>1,277,350,256</b> | <b>5,784,612,728</b> |
| Increase due to unit creation during the year        | 6,292,113,449        |                      | 6,292,113,449        |
| Decrease due to unit redemption during the year      | (5,595,920,711)      |                      | (5,595,920,711)      |
| Increase in net assets attributable to unit holders  | -                    | 377,061,576          | 377,061,576          |
| <b>Unit Holders' funds as at 30th September 2024</b> | <b>5,203,455,210</b> | <b>1,654,411,832</b> | <b>6,857,867,043</b> |

**CT CLSA High Yield Fund**  
**Statement of Cashflows for the Period Ended 30th September 2024**

|   | As at 30th Sep 2024  | As at 31 Mar 24<br>(Audited) |
|---|----------------------|------------------------------|
|   | Rs.                  | Rs.                          |
| <b>Cash flows from operating activities</b>             |                      |                              |
| Net interest received                                   | 409,772,354          | 724,171,626                  |
| Net investments in repurchase agreements                | (69,906,199)         | (1,240,000,000)              |
| Net investments in commercial paper                     | 548,586,515          | (500,000,000)                |
| Net investments in fixed deposits                       | (764,818,845)        | (773,952,500)                |
| Net investment in assets backed securities              | (16,266,485)         | (321,384,344)                |
| Net Investment in Treasury bills                        | (585,012,104)        | (1,181,438,918)              |
| Net Investment in Treasury bonds                        | (319,159,575)        |                              |
| Fees and expenses paid                                  | 120,261,452          | (26,413,121)                 |
| <b>Net used in operating activities</b>                 | <b>(676,542,888)</b> | <b>(3,319,017,258)</b>       |
| <b>Cash flows from financing activities</b>             |                      |                              |
| Payments for redemptions by unit holders                | (5,595,920,711)      | (8,599,384,882)              |
| Proceeds from applications by unit holders              | 6,292,113,449        | 11,879,380,834               |
| Dividends paid  | -                    | -                            |
| <b>Net cash flow from financing activities</b>          | <b>696,192,738</b>   | <b>3,279,995,952</b>         |
| <b>Net increase in cash and cash equivalents</b>        | <b>19,649,850</b>    | <b>(39,021,306)</b>          |
| Cash and cash equivalents at the beginning of the year  | 81,894,967           | 120,916,273                  |
| <b>Net Cash inflow</b>                                  | <b>101,544,818</b>   | <b>81,894,967</b>            |
| <b>Cash and cash equivalents at the end of the year</b> | <b>101,544,818</b>   | <b>81,894,967</b>            |



**CT CLSA High Yield Fund**  
**Notes to the Financial Statements for the Period Ended 30th September 2024**

**01 Interest income from financial assets not held at fair value through profit or loss**

|                                     | <b>30-Sep-24</b>   | <b>31-Mar-24<br/>(Audited)</b> |
|-------------------------------------|--------------------|--------------------------------|
| Interest on Repurchase Agreements   | 82,707,651         | 71,372,539                     |
| Interest on Commercial Papers       | 32,058,567         | 48,579,768                     |
| Interest on Asset Backed Securities | 22,778,375         | 12,568,999                     |
| Interest on Corporate Savings       | 1,376,891          | 18,206,163                     |
| Interest on Treasury Bills          | 155,533,802        | 624,072,417                    |
| Interest on Fixed Deposits          | 103,537,326        | 81,046,719                     |
| Interest Income On Government Bonds | 11,287,528         | 22,167                         |
|                                     | <u>409,280,141</u> | <u>855,868,772</u>             |

**02 Cash and cash equivalents**

|                           |                    |                   |
|---------------------------|--------------------|-------------------|
| Cash at bank              | 25,000             | 25,000            |
| Corporate Savings Account | 101,519,818        | 81,869,967        |
|                           | <u>101,544,818</u> | <u>81,894,967</u> |

**03 Financial assets - at amortised cost**

|                         |                      |                      |
|-------------------------|----------------------|----------------------|
| Repurchase agreements   | 1,378,157,021        | 1,308,250,822        |
| Commercial papers       | -                    | 548,586,515          |
| Fixed deposits          | 1,907,504,297        | 1,142,685,452        |
| Asset Backed Securities | 350,213,080          | 333,946,595          |
| Treasury bills          | 2,969,703,947        | 2,384,691,843        |
| Government Bonds        | 319,159,575          | -                    |
|                         | <u>6,924,737,921</u> | <u>5,718,161,227</u> |

**04 Other Receivables**

|                   |               |              |
|-------------------|---------------|--------------|
| Other Receivables | 21,723        | 7,113        |
|                   | <u>21,723</u> | <u>7,113</u> |

**06 Accrued expenses and other payables**

|                             |                    |                   |
|-----------------------------|--------------------|-------------------|
| Payables on Unit Redemption | 150,909,940        | 3,582,448         |
| Audit Fees Payable          | 366,287            | 334,015           |
| Trustee Fee Payable         | 4,880,720          | 3,680,097         |
| Custodian Charge Payable    | 73,166             | 72,409            |
| Management Fee Payable      | 12,207,305         | 7,781,610         |
|                             | <u>168,437,419</u> | <u>15,450,579</u> |

|  | 30-Sep-24            | 31-Mar-24<br>(Audited) |
|--|----------------------|------------------------|
| <b>07 Net assets attributable to unitholders</b>               |                      |                        |
| Opening Balance  | 5,784,612,728        | 1,680,831,267          |
| Applications   | 6,292,113,449        | 11,879,380,834         |
| Redemptions  | (5,595,920,711)      | (8,596,876,513)        |
| Increase/decrease in net assets<br>attributable to unitholders | 377,061,576          | 821,277,140            |
| Dividend Distributed   | -                    |                        |
| Closing Balance  | <u>6,857,867,043</u> | <u>5,784,612,728</u>   |

## 08 Net Asset Value Reconciliation

|  | As at 30.09.2024 | As at 31.03.2024 (audited) |
|--|------------------|----------------------------|
| Net Asset Value as per the financial statement | 6,857,867,043    | 5,784,373,756              |
| Adjustment for audit fee payable               | -                | 2,448                      |
| Capital Adj.Account- Units Redemption          | -                | (948)                      |
| Published NAV                                  | 6,857,867,043    | 5,784,375,256              |
| Number of unit outstanding                     | 378,749,463      | 336,021,567                |
| Published NAV /Unit                            | 18.11            | 17.21                      |

## 09 Related Party Disclosure

### (a) Responsible entity

The responsible entity of CT CLSA High Yield Fund is C T C L S A Asset Management (Private) Limited.

### (b) Key management personnel

#### Directors

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

#### 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 |
|--------------------------|-----------------------------|-----------------------------|--------------------------|---------------|--|
| Kuhan Vinayagasundaram-1 | 26,850                      | 5,654                       | 102,374.72               | 0.00%         | -  |
| Kuhan Vinayagasundaram-2 | 1,772                       | 2,902                       | 52,545.35                | 0.00%         | -  |
| Bimane Meepagala         | 24,674                      | 83,257                      | 1,507,501.20             | 0.02%         | -  |
| Hansini Aravinda         | -                           | 290                         | 5,250.91                 | 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 or any related parties have invested in the CT CLSA High Yield Fund.

|                                    | No.fo units held opening | No.fo 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 | 753,534                  | 757,392                  | 13,713,793.99                   | 0.20%         | -   |
| CT CLSA Securities (Pvt) Ltd       | -                        | 3,324,877                | 60,202,217.89                   | 0.88%         | -   |
| CT CLSA Capital (Pvt) Ltd          | 216,613                  | 1,494,196                | 27,054,809.29                   | 0.39%         | -   |
| CT CLSA Holdings (Pvt) Ltd         | 559,225                  | 261,236                  | 4,730,095.76                    | 0.07%         | -   |

### (g) Related party investments

|                   |             |       |
|-------------------|-------------|-------|
| Cargills Bank PLC | 101,519,818 | 1.48% |
|-------------------|-------------|-------|

### (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 half year end are as disclosed below,

|                                 | Charge for the period |            | Balance outstanding |            |  |
|---------------------------------|-----------------------|------------|---------------------|------------|--|
|                                 | 2024                  | 2023       | 30.09.2024          | 30.09.2023 |  |
| Management fees                 | 22,860,569            | 89,842,401 | 366,287             | 6,083,525  |  |
| Trustee fees and Custodian fees | 9,141,402             | 4,371,963  | 4,953,886           | 2,938,201  |  |

### h) The following amounts were invested in instruments offered by related parties as at the end of the financial year.

| Company   | Yield | Investment Date | Maturity Date | Cost (Rs.) | Amortized value (Rs.) |
|-----------|-------|-----------------|---------------|------------|-----------------------|
| 31-Mar-24 |       |                 |               |            |                       |
| Nil       | Nil   | Nil             | Nil           | Nil        | Nil                   |
|           |       |                 |               | -          | -                     |