

CT CLSA INCOME FUND

**ANNUAL REPORT AND
AUDITED ACCOUNTS**

**FOR THE PERIOD ENDED
31ST DECEMBER 2024**

CT CLSA

Commitment. Trust. Continuity

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Declaration By Trustees and Management Company

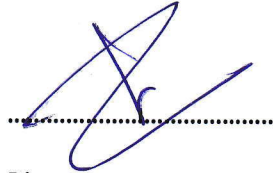
Declaration by Trustees and Managing Company as per SEC Circular No: 02/2009 on Guidelines for Trustees and Managing Companies of Unit Trusts Funds.

Deutsche Bank AG, the Trustee and CT CLSA Asset Management (Pvt) Ltd the Managers of **CT CLSA Income Fund**, hereby declare that

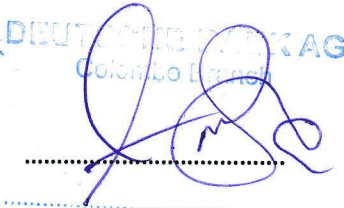
1. The requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been complied with during the year.
2. The transactions were and will be carried out at an arm's length basis and on terms which are best available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


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Director
Management Company


.....

Director
Management Company


.....

Trustee of the Fund
Trustee

FUND MANAGER'S REVIEW

Fund Manager Review

Economic Review

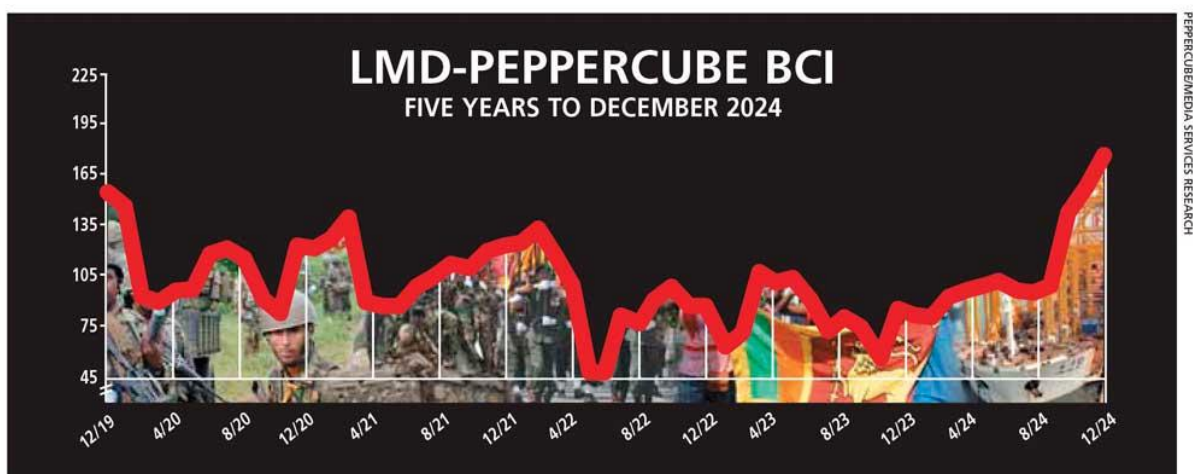
The year 2024 was marked by significant global events including some of the most pivotal elections in countries such as U.S. Russia & India. Most central banks initiated their policy rate cut cycles during the year responding to evolving economic activities. Following the U.S election bond yields saw an upward momentum, driven by concerns over rising federal debt and potential for higher inflation. Meanwhile, China's economy demonstrated steady growth achieving 5.0%¹ year on year (YoY) in 2024. On the commodity front, oil prices declined by approximately 3%² in 2024, marking a second consecutive year of decreases. This was driven by a stalled post-pandemic demand recovery, challenges within China's economy, and increased production from the U.S. and other non-OPEC producers, which added more crude to an already well-supplied global market.

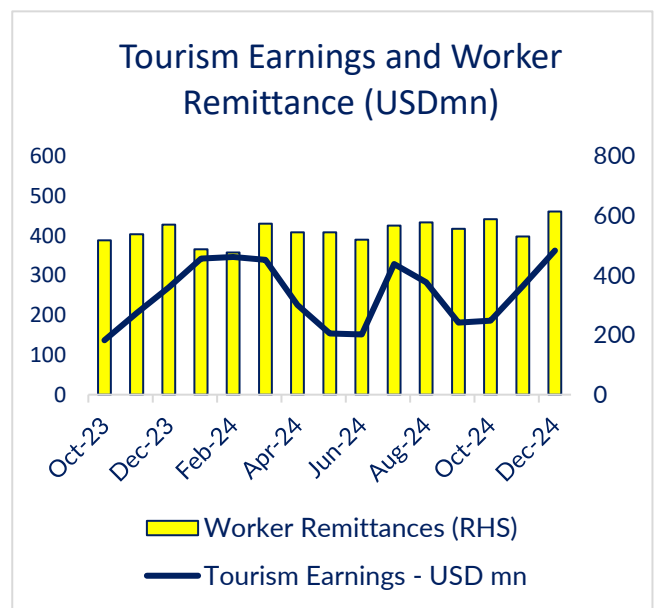
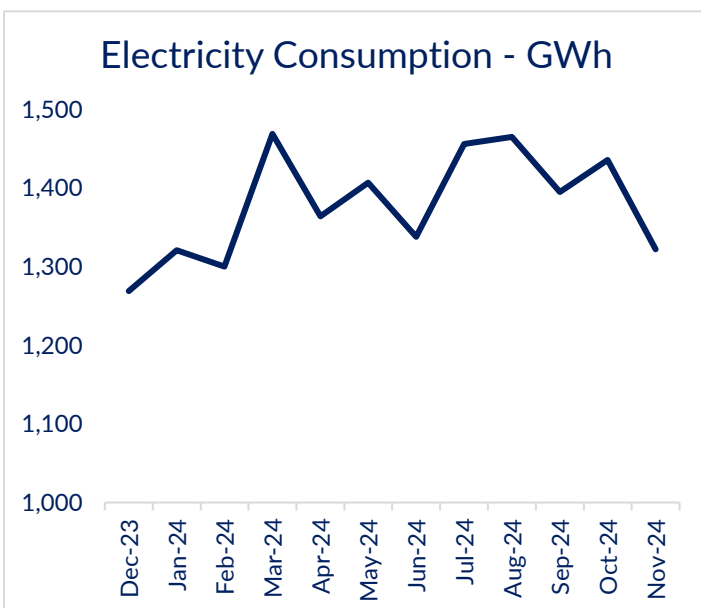
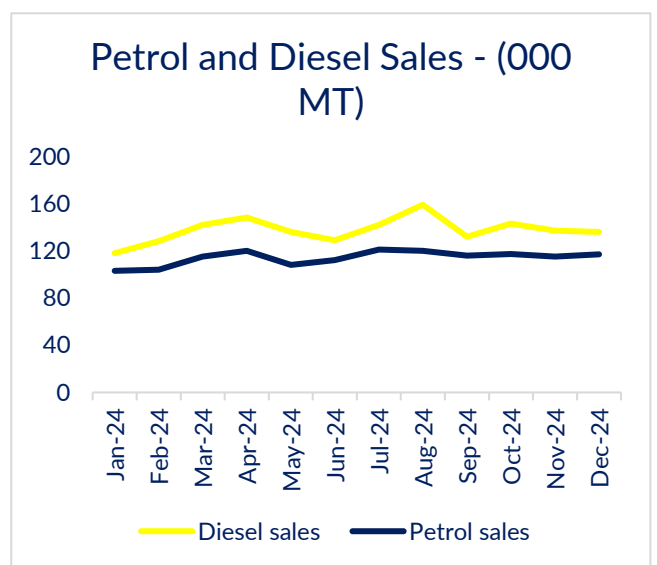
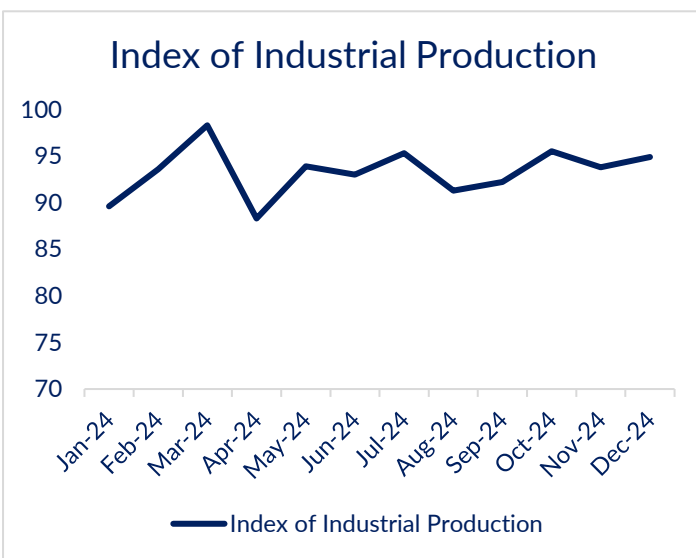
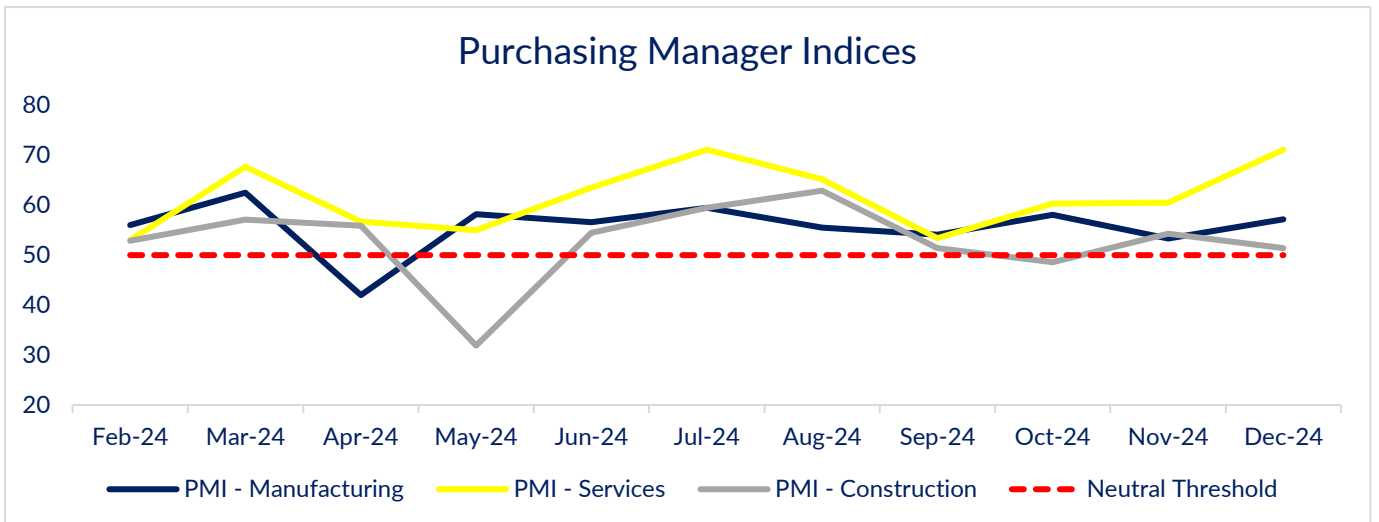
According to the IMF World economic outlook update 2025, global growth is projected to 3.3%³ in 2025 primarily driven by an upward revision of U. S, which offset the downward revisions in other major economies. Meanwhile global inflation is expected to decline 4.2%³ in 2025.

The Sri Lankan economy posted a positive growth of 5.00%⁴ year-on-year (YoY) in 2024 after two consecutive years of declining GDP in 2022 and 2023. This growth was driven by notable expansions across key sectors, with the Agricultural sector growing by +1.2%⁴, the Industrial sector by +11.0%⁴, and the Services sector by +2.4%⁴. Healthy inflows from tourism \$3.16Bn⁴ coupled with remittances flow of \$ 6.5Bn⁴ aided the growth momentum.

The political environment remained stable following the presidential and parliamentary elections in 2024, with the government securing a two-thirds majority in parliament. Moreover, Sri Lanka successfully concluded its External Debt Restructuring (EDR) process, and exited its restricted default status. Currently, the country holds a credit rating of CCC+ by Fitch. The rating upgrade signifies the positive developments in the macro front.

High Frequency data showing positivity indicating the economy is moving in the right direction.





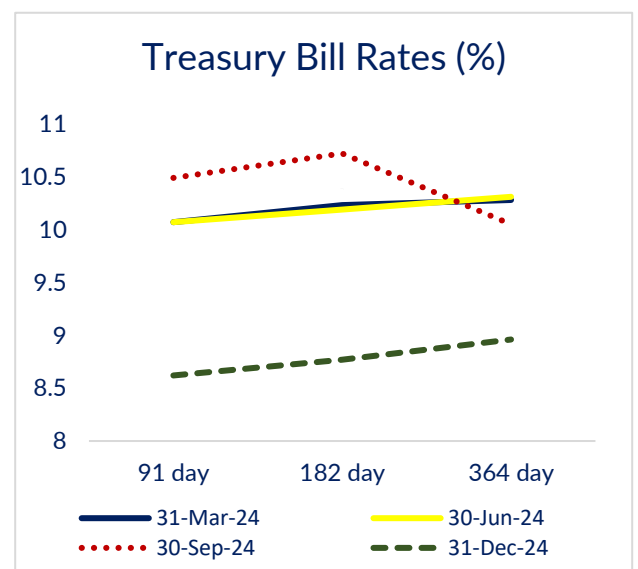
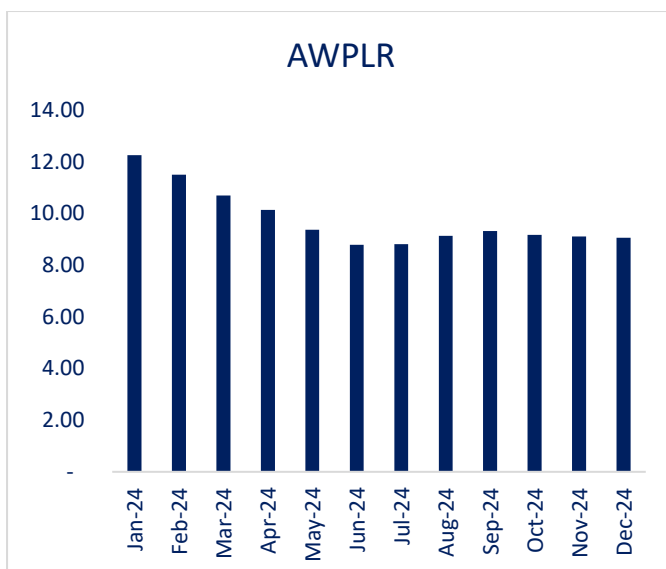
Interest Rate Environment

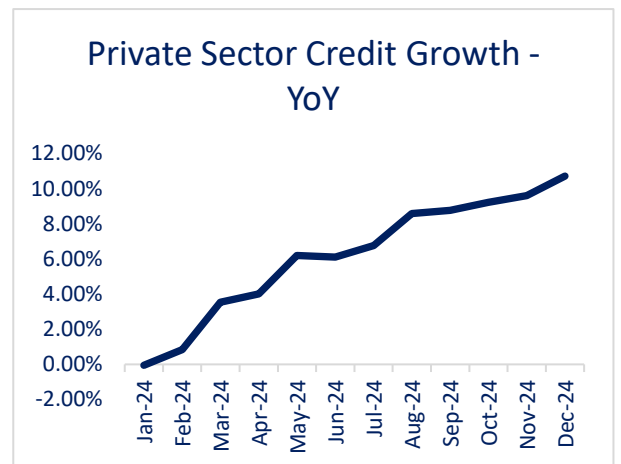
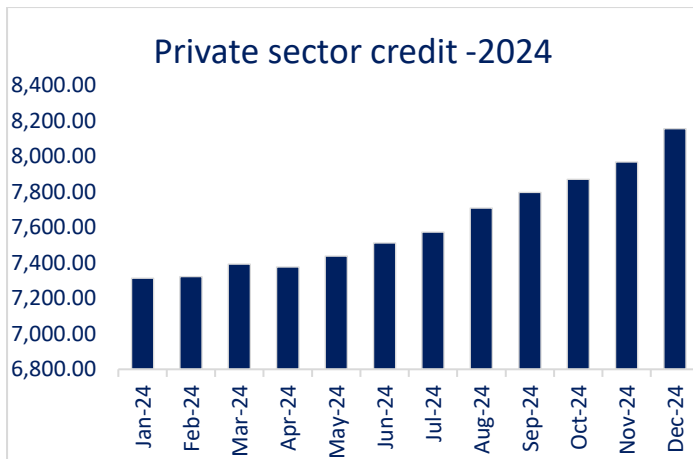
In 2024, the Central Bank maintained an accommodative monetary policy stance with the aim of bolstering economic growth. Resultantly, the Central Bank implemented a series of policy rate reductions totalling to 200 basis points throughout the year. These decisions were influenced by several key factors, including deeper-than-expected deflationary conditions in the short term, a continued moderation of underlying inflationary pressures, more favourable-than-expected external economic developments, and in order to further reduce market lending rates.

Additionally, the Central Bank introduced a single interest rate mechanism, setting the overnight policy rate at 8.0%,⁴ effective from November 27, 2024. Reflecting these policy adjustments, market interest rates, including yields on government securities, notably declined. By the end of December 2024, the 91-day, 182-day, and 364-day Treasury bill rates stood at 8.62%⁴, 8.77%⁴, and 8.96%⁴, respectively.

Improved market liquidity was also observed, driven by revenue-based fiscal consolidation measures and stronger foreign currency inflows, particularly from tourism and worker remittances. The outstanding credit to the private sector has increased by 10.7%⁴ year on year (YoY) recording Rs 8156 Bn⁴ at the end of the year.

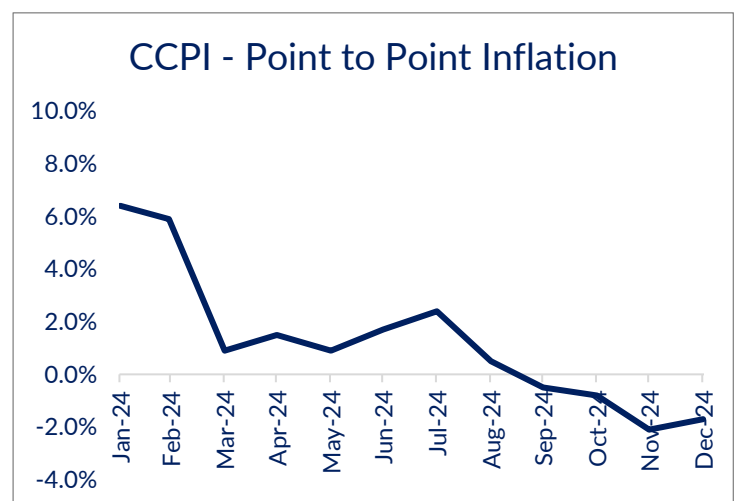
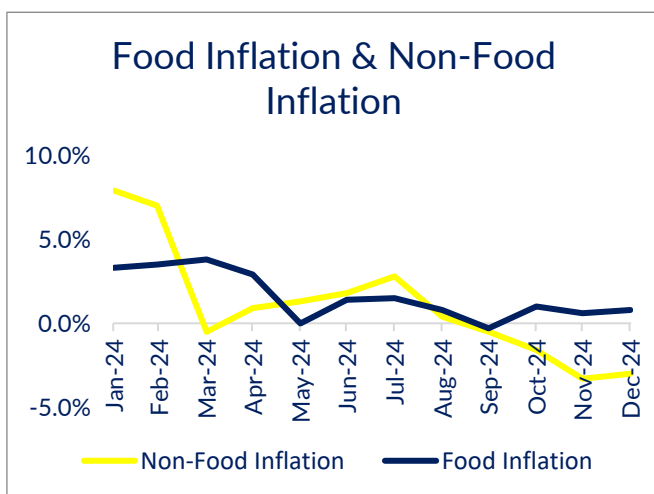
Government continued its fiscal consolidation trajectory with improved revenue mobilization and more effective expenses management strategies. The provisional budget deficit in 2024 is 6.8%⁵ of GDP. In 2025 budget highlights that the government is expected to continue its revenue based fiscal consolidation.





Inflation

Headline inflation measured by Colombo Consumer price index (CCPI, 2021 = 100) closed at -1.7%⁴ in December 2024 recording deflation in the economy. Food Inflation increased to 0.8%⁴ while Non-food inflation increased to 3.0%⁴ in the same period. In the coming months headline inflation is expected to remain in negative territory primarily driven by the continued impact of substantial declines in energy prices and a reduction in volatile food prices. Additionally, a significant base effect from the price increases observed in early 2024, due to tax amendments, will further reinforce this downward trajectory. However, inflation is expected to shift into positive territory in the 2H of 2025, gradually converging towards the targeted 5.0%⁴ level over the medium term.



External Sector

The external sector of the Sri Lankan economy showed notable improvement in 2024, driven by strengthened reserves and inflows to the current account. The gross official reserve of the country increased to \$ 6.1Bn⁴ in December 2024 compared to \$ 4.4Bn⁴ in 2023 supported by forex purchases of Central Bank in 2024 which stood at historical high levels. Both Merchandise exports and imports saw positive growth. Merchandise exports increased by 7.2%⁴ while imports increased by 12.1%⁴ contributing to a trade deficit of \$6.0Bn⁴ in 2024. Despite the widening of trade deficit, the country benefited from worker remittances and tourism earnings which contributed around \$10.3Bn⁴. On the currency front, the Sri Lankan rupee appreciated by 10.7%⁴ during 2024 and ending the year at 292.58⁴ against the US dollar. However, foreign investment in government security market recorded a net outflow of \$179Mn⁴ in 2024.

Exhibit 01: Summary of External Sector Performance⁴

Category	2023 USD Mn	2024 USD Mn	Change %
Merchandise Exports	11,910.7	12,772	7.2
Merchandise Imports	16,811.1	18,841.4	12.1
Trade Balance	-4,900.4	-6,069.4	
Service Account Balance	3,053.0	3,654.5	19.7
Overall Balance	2,825.6	2,890.4	

CTCLSA Income Fund (Inception: 26th July., 2021)

Fund Manager

Kuhan Vinayagasundaram

Fund Objective and Benchmark

The investment objective of the CTCLSA Income Fund is to provide an annual income by investing in a portfolio of fixed income securities with a moderate level of risk. The Fund will invest in corporate debt and government securities to provide a suitable return for unit holders considering the risk and return requirements of the fund.

Commentary

For the period ended 31st December 2024, the CTCLSA Income Fund provided an annualized return of 14.66% to its investors. The fund focused primarily on government securities and other fixed income instruments with issuers of investment grade rating and above. Duration of the fund was 0.32 years while 100% of the fund invested in BBB+ and above rated instruments.

Fund Fees

Management Fees – 0.3% p.a (As a % of NAV)

Trustee Fee – 0.15% p.a

Custodian Fee – Rs. 15,000 p.a

Exhibit 06: Fund Return vs. Benchmark Return

Period	GAIF	NDBIB-CRISIL 364 Day T-Bill Index	GAIF-Annualized
2024 YTD	14.66%	13.61%	14.66%
Since Inception	65.88%	52.80%	19.23%

**Performances are based on month end prices as of 31st December 2024. Performance data included in this document represents past performance and is no guarantee of the future results.*

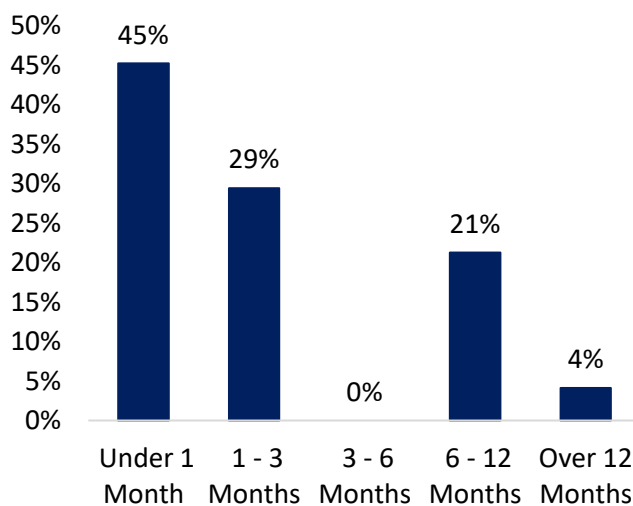
The Central Bank maintained its easing monetary policy stance during the year 2024. Resultantly, the central bank cut the policy rates by 200Bps throughout the year. Moreover, the Central bank moved to a single interest rate mechanism by setting an overnight policy rate at 8%⁴ effective from 27th November 2024.

In 2024 the fund’s investment strategy was shaped by the prevailing lower interest rate environment and economic uncertainties. During the first half of the year, the fund strategically invested in shorter duration government securities positioning itself to benefit from potential interest rate increases driven by the uncertainties surrounding the upcoming elections while realizing capital gains from long term treasury bonds.

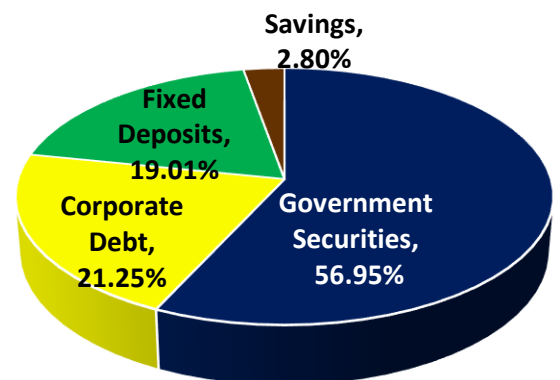
In the second half of the year, the fund focused on longer term fixed deposits at higher rates to ensure stable returns amidst lower interest rates. Furthermore, the fund took exposures to selective corporate debt instruments to further enhance the yield amidst declining interest. Consequently, the CTCLSA Income Fund has generated an annualized return of 14.66% at the end of December 2024.

Key Facts of the Fund

FUND CREDIT QUALITY - % OF NAV



ASSET ALLOCATION



As at 31st December 2024, the total net asset value of the fund was Rs.168.67 million with 61-unit holders in the fund. The redemption price for the fund on 31st December 2024 was Rs. 16.5876.

Sources

- ¹ National Bureau of Statistics of China
- ² IMF Primary Commodity Prices
- ³ IMF World Economic Outlook - 2025
- ⁴ Central Bank of Sri Lanka
- ⁵ Ministry of Finance

FINANCIAL STATEMENTS
31ST DECEMBER 2024

CT CLSA INCOME FUND

FINANCIAL STATEMENTS - 31ST DECEMBER, 2024

WE ARE AN
INDEPENDENT
MEMBER OF



THE GLOBAL
ADVISORY AND
ACCOUNTING
NETWORK



CHARTERED ACCOUNTANTS

LOCAL IN TOUCH GLOBAL IN REACH

Independent auditor's report

To the Unitholders of CT CLSA Income Fund

Report on the audit of the financial statements

Our opinion

We have audited the financial statements of **CT CLSA Income Fund** (the fund). The financial statements of the Fund comprise the statement of financial position as at 31st December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then end and the notes to the financial statements, which include a summary of material accounting policies.


In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31st December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

The financial statements for the year ended 31st December, 2023 were audited by Messrs., Deloitte Partners Chartered Accountants who expressed an unmodified opinion on those financial statements

Basis for opinion

We conducted our audit in accordance with Sri Lanka Accounting 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.


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Dinuk Hettiarachchi FCA, FCMA (SL & UK), FCPA (AUS)

Tax Director :

Dinusha Ilankoon BB.Mgt Accountancy(Sp),CTA

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



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

Independent auditor's report

To the Unitholders of CT CLSA Income Fund (Continued)

Report on the audit of the financial statements (Continued)

Independence

We are independent of the Fund in accordance with the Code of Ethic for Professional Accountants Issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics"). We have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics.

Other information

The Managing Company, CT CLSA Asset Management Limited is responsible for the other information. The other information comprises the Annual Report to the Unitholders but does not include the financial statements and our auditor's report thereon. The Annual Report to the Unitholders is expected to be made available to us after the date of this auditor's report.

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.

When we read the annual report to the unitholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

The Managing Company, CT CLSA Asset Management Limited 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, the Managing Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Independent auditor's report

To the Unitholders of CT CLSA Income Fund (Continued)

Report on the audit of the financial statements (Continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to be 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 judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report

To the Unitholders of CT CLSA Income Fund (Continued)

Report on the audit of the financial statements (Continued)

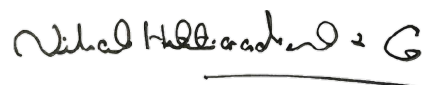
Auditor's responsibilities for the audit of the financial statements (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including and significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The financial statements have been prepared and presented in accordance with and comply with the requirements of the Unit Trust Deed and Collective Investment Scheme Code of Securities and Exchange Commission of Sri Lanka.

COLOMBO,
March 24, 2025



NIHAL HETTIARACHCHI & CO.,
Chartered Accountants



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER

	NOTES	2024 Rs.	2023 Rs.
INCOME			
Interest income	(04)	64,586,377	79,639,672
Realised gain on financial assets at fair value through profit or loss		-	203,510
Realised loss on disposal of financial assets at fair value through profit or loss		(1,484,028)	-
Unrealised gain on financial assets at fair value through profit or loss		709,464	40,422,704
Total Income		63,811,813	120,265,886
OPERATING EXPENDITURE			
Management fees		978,295	1,592,580
Trustee & custodian fees		764,381	1,151,525
Audit fees		175,000	304,688
Audit fee under provision 2023		185,407	-
Tax consultancy fee		139,084	159,960
Tax consultancy fee over provision 2023		(10,310)	-
Interest expense		-	197
Bank charges		45,610	55,421
Total operating expenditure		2,277,467	3,264,371
Net operating profit		61,534,346	117,001,515
Profit before tax		61,534,346	117,001,515
Adjustment for prior year over / (under) provision for tax	(05)	-	-
Profit after tax		61,534,346	117,001,515
Total comprehensive income		61,534,346	117,001,515
Increase in net assets attributable to unit holders		61,534,346	117,001,515

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

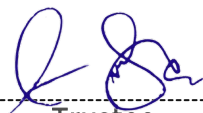
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER

	NOTES	2024 Rs.	(Reclassified) 2023 Rs.
ASSETS			
Current assets			
Cash and cash equivalents	(06)	4,711,806	8,074,612
Financial assets at fair value through profit or loss	(08)	60,446,469	1,012,492,485
Financial instruments - at amortised cost	(07)	103,982,165	107,405,505
Subscriptions receivable		271,000	198,343
Other receivables	(09)	8,309	91,743
Total assets		169,419,749	1,128,262,688
EQUITY AND LIABILITIES			
Unit Holders' fund and liabilities			
Liabilities			
Accrued expenses and other payables	(10)	402,791	924,661
Total liabilities		402,791	924,661
Unit Holders Funds			
Net assets attributable to unit holders		169,016,958	1,127,338,027
Total unitholders' Funds and Liabilities		169,419,749	1,128,262,688

The Management Company is responsible for the preparation and presentation of these financial statements and these financial statements were approved by the Board of Directors of the Management Company. Signed for and on behalf of the Management Company and Trustee.



Director
(Management Company)



Trustee
(Deutsche Bank AG)



Director
(Management Company)

March 24, 2025

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 DECEMBER**

	2024 Rs.	2023 Rs.
Net assets attributable to unit holders at 1 January	1,127,338,027	130,695,288
Increase in net assets attributable to unit holders	61,534,346	117,001,515
Proceeds from creation of units	214,825,000	1,103,409,552
Paid on redemption of units	(1,234,680,415)	(223,768,327)
Net increase due to unit holders' transactions	(1,019,855,415)	879,641,224
Net assets attributable to unit holders at 31 December	169,016,958	1,127,338,027

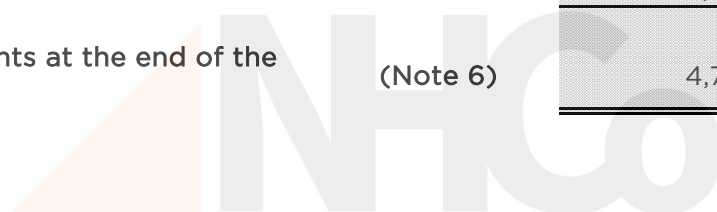


The significant accounting policies and notes from pages 6 to 28 form an integral part of these financial statements.

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

	2024 Rs.	(Reclassified) 2023 Rs.
Cash flows from operating activities		
Interest received	64,675,738	79,751,439
Management fees and trustee fees paid	(2,123,469)	(2,348,901)
Other expenses paid	(681,795)	(468,618)
Net investment in treasury bills / bonds / repurchase agreement	1,000,690,803	(1,037,119,600)
Net investment in asset backed securities	(19,469,282)	(16,413,497)
Net investment in fixed deposits	(26,526,730)	52,446,578
Net Proceeds from subscription receivable	(72,657)	-
Investment in commercial papers	(125,000,000)	-
Withdrawal in commercial papers	125,000,000	-
Net cash flow generated from / (used in) operating activities	1,016,492,609	(924,152,599)
Cash flows from financing activities		
Proceeds from creation of units	214,825,000	1,103,211,209
Payments on redemption of units	(1,234,680,415)	(223,768,328)
Net cash (used in) / generated from financing activities	(1,019,855,415)	879,442,881
Net decrease in cash and cash equivalents	(3,362,806)	(44,709,718)
Cash and cash equivalents at the beginning of the year	8,074,612	52,784,330
Net Cash inflow	4,711,806	8,074,612
Cash and cash equivalents at the end of the year	4,711,806	8,074,612

(Note 6)


 CHARTERED ACCOUNTANTS

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

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

(01) GENERAL INFORMATION

CT CLSA Income Fund is an open ended Collective Investment Scheme (CIS) fund approved by the Securities and Exchange Commission of Sri Lanka. The Fund was launched on 26 July 2021.

The Fund was previously managed by Guardian Acuity Asset Management Limited up to 12 January 2023. With effect from 13 January 2023, the Fund was transferred to CT CLSA Asset Management (Private) Limited [formerly Comtrust Asset Management] which is incorporated and domiciled in Sri Lanka. The registered office of the management company is located at No. 4-07, Majestic City, Colombo 04. The Trustee of the Fund is Deutsche Bank AG having its place of business at No. 86, Galle Road, Colombo 03.

The investment objective of the Fund is to provide an annual income by investing in a portfolio of fixed income securities with a moderate level of risk by investing in corporate debt and government securities.

(02) SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit and loss. The financial statements are presented in Sri Lankan rupees. The statement of financial position is presented on a liquidity basis.

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.6.

2.2 Date of authorization

The financial statements of the fund for period ended 31 December 2024 were authorized for issued by the Fund Management Company and the Trustee on 24th March, 2025.

Notes to the financial statements continued on page 7.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(02) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Statement of Compliance

The financial statements which comprise the statement of financial position as at 31 December 2024, statement of profit or loss and other comprehensive income, statement of in net assets attributable to unit holders and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards and the requirements of the Collective Investment Scheme (CIS) Deed and Collective Investment Scheme (CIS) Code of the Securities and Exchange Commission of Sri Lanka.

(a) Accounting Standards and amendments to existing standards effective 1 January 2024 and Accounting Standards issued but not yet effective as of the reporting date 31.12.2024

- i. There are no standards, amendments to standards, or interpretations effective from 1st January 2024 that have a material impact on the financial statements of the fund
- ii. There are no new standards, amendments to standards, or interpretations issued but not yet effective that would have an impact on the financial statements of the fund.

2.4 Functional and presentation currency

The Fund's investors are from Sri Lanka, with the subscriptions and redemptions of the units of the Fund denominated in Sri Lankan Rupees. The primary activity of the Fund is to provide investors an opportunity to participate in listed securities and invest for capital appreciation taking a higher risk level in the medium to long term. The performance of the Fund is measured and reported to the investors in Sri Lankan Rupees. The Fund considers the Sri Lankan Rupee as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Sri Lankan Rupees, which is the Fund's functional and presentation currency.

2.5 Going Concern

These financial statements are prepared on the assumption that the Fund is a going concern i.e. as continuing in operation for the foreseeable future. It is therefore assumed that the Fund has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operation.

Management of the fund has assessed the potential impact of the current economic condition on the Fund's operations, and is confident that it will not impact the going concern ability of the fund. In a period of rising inflation and interest rates, maturing investments will be typically re-invested at new and higher rates. This will result in a general increase in the fund's running returns.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(02) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Financial Instruments

(a) Classification

The Fund classifies all of its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss and
- those to be measured at amortized cost

The classification depends on the Fund's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss. For investments in equity instruments that are not held for trading, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Fund reclassifies debt investments when and only when its business model for managing those assets changes.

The Fund's policy requires the Investment Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(b) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss within dividend income when the Fund's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Fund, and the amount of the dividend can be measured reliably. Interest on debt securities at fair value through profit or loss is recognised in the statement of profit or loss.

Notes to the financial statements continued on page 9.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(02) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Financial Instruments (Continued)

(b) Recognition, derecognition and measurement (Continued)

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at amortised cost in the statement of financial position comprise of investments in treasury bill / bond repurchase agreements. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in realised gain / (loss) on debt instruments held at amortised cost.

(c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(d) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(e) Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised is reduced by impairment losses, if any, interest income, losses and impairment are recognized in profit and loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt instruments in FVTPL	These assets are subsequently measured at fair value. Net gain and losses, including any interest or dividend income are recognised in profit or loss.

Notes to the financial statements continued on page 10.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(02) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment

The Fund assesses on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures from which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Fund uses ratings from Fitch Rating and ICRA both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Consistent with the policies of the Fund, rated below BBB- are considered non-investment grade investments and Fund considers such investments as significant deterioration of credit risk incurred. 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 the two notches downgrade of the external credit rating of the counterparty since the origination of the instrument.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(02) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.9 Other receivables**

Other receivables are recognised initially at fair value and are subsequently measured at amortised cost. The other receivables balance is held for collection.

At each reporting date, the Fund shall measure the loss allowance on other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that amounts may be credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

As at 31 December 2024, cash and cash equivalents in the statement of financial position and statement of cash flows comprise of cash at bank.

2.11 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.12 Increase / (decrease) in net assets attributable to holders of redeemable shares from operations

Income not distributed is included in net assets attributable to unit holders. Movements in net assets attributable to unit holders are recognised in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(02) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Income tax

Current tax assets and liabilities for the year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Subsequent to the enactment of the new Inland Revenue Act No. 24 of 2017, effective 01 April 2018, an Eligible Collective Investment Scheme (CIS) would not be liable for income tax on any income which is a pass through to its unit holders. Accordingly, the Fund has considered all income as being a pass through to its unit holders. Effective 01 January 2020, withholding tax was abolished in respect of dividend and interest received by resident persons. Accordingly, total gross interest has been recognised as investment income.

2.14 Expenses

The management, trustee fees and custodian fee of the Fund as per the trust deed is as follows:

Management fee	- 0.30% p.a of net asset value of the Fund
Trustee fee	- 0.15% p.a of net asset value of the Fund
Custodian fee	- Rs. 15,000 per month

2.15 Unit holders' Funds

Unit holders' Funds has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unit holders as at the reporting date.

Units can be issued and redeemed based on the Fund's net asset value per unit, calculated by dividing the net assets of the Fund as described in the Trust Deed and directives issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue. Income not distributed is included in net assets attributable to unit holders

2.16 Collateral

The Fund does not hold any collateral as at 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(03) FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Trust Deed and seeks to maximize the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by the Management Company.

Financial instruments of the Fund comprise investments in trading securities and treasury bills repurchase agreements, commercial papers and fixed deposits for the purpose of generating a return on the investment made by Unit holders, in addition to cash at bank and other financial instruments such as receivables and payables, which arise directly from its operations.

In accordance with SLFRS 9 Financial Instruments: Recognition and Measurement, the Fund's financial investments in debt securities are classified as 'financial assets at amortised cost'. Amounts attributable to Unit Holders are classified as 'Unit Holders Funds' and are carried at the redemption amount being net asset value. Payables are designated as 'Accrued expenses' at amortised cost.

Risk arising from holding financial instruments is inherent in the Fund's activities, and is managed through a process of ongoing identification, measurement and monitoring. The Manager is responsible for identifying and controlling the risk arising from the financial instruments held in the Fund and has policies for managing each of the risks identified below.

The Manager also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate and regulatory limits. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the Management Company on a regular basis as deemed appropriate, including the Fund Manager, Risk and Investment Personnel and ultimately the Trustees of the Fund.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ratings analysis for credit risk.

Concentration of risk arises when a number of financial instruments or contracts are entered in to with the same counterparty, or where a number of counterparties are engaged in similar business activities. The Securities and Exchange Commission of Sri Lanka as Regulator has stipulated the level of concentration permitted per counter party. The Fund itself applies and adheres to stringent internal limits.

Further, the Manager has appointed an investment committee which meets monthly to review, evaluate and reassess the investment policies and risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(03) FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets.

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis. However, due to the short term nature of the instruments it is reasonably expected that the fluctuation in interest rate will not materially impact the net assets value of the Fund. The table below summarises the Fund's exposure to interest rate risks.

31st December 2024	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Financial assets at FVTPL	Nil	60,446,469	Nil	60,446,469
Financial instruments at amortised cost	Nil	103,982,165	Nil	103,982,165
Cash and cash equivalents	Nil	4,711,806	Nil	4,711,806
Total exposure	Nil	169,140,440	Nil	169,140,440

31st December 2023	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Financial assets at FVTPL	Nil	1,012,492,485	Nil	1,012,492,485
Financial instruments at amortised cost	Nil	107,405,505	Nil	107,405,505
Cash and cash equivalents	Nil	8,074,612	Nil	8,074,612
Total exposure	Nil	1,127,972,602	Nil	1,127,972,602

Notes to the financial statements continued on page 15.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(03) FINANCIAL RISK MANAGEMENT (CONTINUED)****3.2 Credit risk**

Credit risk is the risk that the counterparty to the financial instruments will fail to discharge an obligation and cause the Fund to incur a financial loss of interest and / or principal.

The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in debt securities, cash and cash equivalents and other receivables.

The exposure to credit risk for repurchase agreements is very low as the Fund has considered the collateral that the primary dealers provided which are government bills and bonds rated as AAA.

The Fund is also subject to credit risk on its bank balance and receivables. The carrying value of these assets under SLFRS 9 impairment represents the Fund's maximum exposure to credit risk on financial instruments and are not deemed to be significant. Hence, no separate credit risk disclosure is provided for these instruments.

The maximum exposure to credit risk before any credit enhancements at 31 December is the carrying amount of the financial assets as set out below :

	2024 (Rs.)	2023 (Rs.)
Financial assets at FVTPL	60,446,469	1,012,492,485
Financial instruments at amortised cost	103,982,165	107,405,505
Cash and cash equivalents	4,711,806	8,074,612
Total	169,140,440	1,127,972,602

Debt securities

The credit risk exposure on these instruments is not deemed to be significant. It is the Fund's policy to enter into financial instruments with reputable counterparties with high credit quality.

The analysis below summarises the credit quality of the Fund's debt portfolio at 31 December 2024.

Counterparty	Credit Rating	Rating Agency
Deutsche Bank AG	A-	Fitch
DFCC Bank PLC	A-	Fitch
Hatton National Bank PLC	A	Fitch
Nations Trust Bank	A-	Fitch
Sampath Bank	A	Fitch
NDB Bank	A-	Fitch
People's Bank	A	Fitch

The Fund is also subject to credit risk on its bank balance and receivables. The credit risk exposure on these instruments is not deemed to be significant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(03) FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of units. Due to the nature of a collective investment scheme, it is unlikely that a significant number of unit holders would exit at the same time. However, to control liquidity risk, it primarily holds investments that are traded in an active market and can be readily disposed.

Furthermore the Collective Investment Scheme (CIS) code requires a minimum of 3% of the deposited property to be maintained in cash or near cash (near cash means investments such as bank / call deposits, repurchase agreements with maturities of less than 3 months, commercial paper endorsed or guaranteed by a Licensed Commercial Bank or Licensed Specialised Bank with maturities of less than 3 months and government securities including government bonds with maturities of less than one year which can be readily convertible into cash).

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

	Less than 7 days	7 days to 1 month	1 to 12 months	More than 12 months
31st December 2024				
Accrued expenses and other payables	580	88,127	314,084	Nil
31st December 2023				
Accrued expenses and other payables	150	468,920	455,591	Nil

3.4 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 liability. 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.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company under the terms of the Collective Investment Scheme (CIS) Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of unit holders.

Notes to the financial statements continued on page 17.

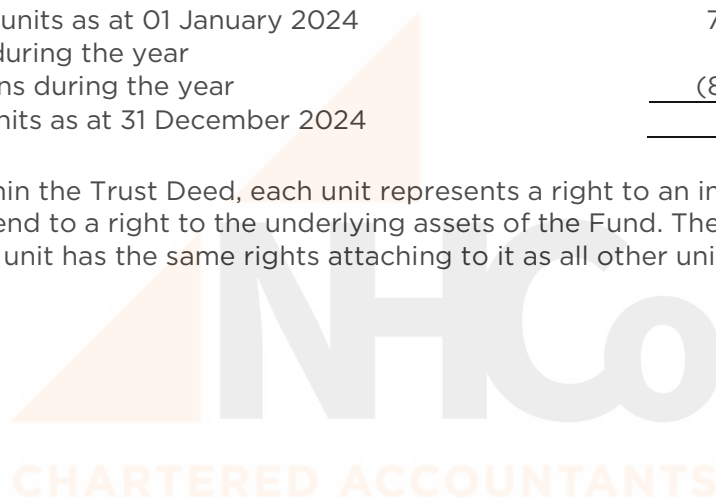
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(03) FINANCIAL RISK MANAGEMENT (CONTINUED)**

Following being the disclosures of Unit Holders' funds;

The movement in the Unit Holder's funds as at 31 December 2024

	Amount (Rs)
In term of value	
Unit Holders' funds as at 01 January 2024	1,127,338,027
Creations during the year	214,825,000
Redemptions during the year	(1,124,680,415)
Increase in net assets attributable to Unit Holders	<u>61,534,346</u>
Unit holders' Funds as at 31 December 2024	<u>169,016,958</u>
In term of no. of units	
Opening no. of units as at 01 January 2024	77,924,408
Unit creations during the year	13,585,751
Unit redemptions during the year	<u>(81,341,804)</u>
Closing no of units as at 31 December 2024	<u>10,168,355</u>

As stipulated within the Trust Deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.



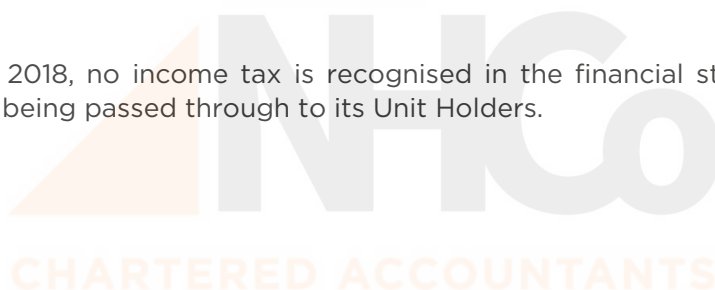
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024 Rs.	2023 Rs.
(04) INTEREST INCOME		
Interest income on fixed deposits	1,526,729	2,771,360
Interest income on treasury bill reverse repurchase agreements	14,254,377	13,249,523
Interest income on treasury bills	353,800	2,800,635
Interest income on treasury bonds	42,810,762	59,431,092
Interest income on savings deposits	456,955	1,387,058
Interest income on asset-backed trust investment	3,768,514	-
Interest income on commercial papers	1,415,240	-
	<u>64,586,377</u>	<u>79,639,672</u>

(4.1) Subsequent to the enactment of the Inland Revenue Act No. 24 of 2017, effective 1 April 2018, notional tax is not applicable for treasury bill / bond and repurchase agreements. In relation to interest income from savings accounts, income has been recognized net of withholding tax as the Fund considers its income to be a pass through to its unit holders. Effective 1 January 2020, withholding tax was abolished in respect of dividend, interest, discount charge, natural resource payment, rent, royalty, premium or retirement payment received and /or on service performed by resident persons. The withholding taxes was re-imposed with effect from 1 January 2023 at the rate of 5%.

(05) TAXATION

With effect from 1 April 2018, no income tax is recognised in the financial statements as the fund has considered all income as being passed through to its Unit Holders.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024 Rs.	2023 Rs.
(06) CASH AND CASH EQUIVALENTS		
Favourable balances		
Current accounts		
Cash at Bank	4,711,806	8,074,612
Cash and cash equivalents for the purpose of statement of cash flows.	4,711,806	8,074,612

(07) FINANCIAL ASSETS AT AMORTISED COST

Name of Institution	31.12.2024		(Reclassified) 31.12.2023	
	Fair value Rs.	Holding as a % of Net Asset Value	Fair value Rs.	Holding as a % of Net Asset Value
Treasury Bill Reverse Repurchase (7.2)	71,590,616	42%	101,540,686	9%
Fixed Deposits (7.3)	32,391,548	19%	5,864,819	0.1%
	103,982,165	62%	107,405,505	9%

	Opening Balance at 01.01.2024 Rs.	During the Year Addition Rs.	During the Year Withdrawal Rs.	Closing Balance at 31.12.2024 Rs.
(7.1) Commercial Papers				
LOLC	-	100,000,000	(100,000,000)	-
LOLC	-	25,000,000	(25,000,000)	-
	-	125,000,000	(125,000,000)	-

Notes to the financial statements continued on page 20.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(07) FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

Name of Institution	31.12.2024		31.12.2023	
	Fair value Rs.	Holding as a % of Net Asset Value	Fair value Rs.	Holding as a % of Net Asset Value
(7.2) Treasury Bill Reverse Repurchase Agreement				
Capital Alliance PLC - LKB01032G014	-	0%	50,654,247	4%
Capital Alliance PLC - LKA09124B096	-	0%	10,109,727	1%
First Capital Treasuries PLC -	-	0%	40,776,712	4%
First Capital Treasuries PLC	66,584,932	39%	-	-
First Capital Treasuries PLC	5,005,685	3%	-	-
	71,590,616	42%	101,540,686	9%

Name of Institution	31.12.2024		(Reclassified) 31.12.2023	
	Fair value Rs.	Holding as a % of Net Asset Value	Fair value Rs.	Holding as a % of Net Asset Value
(7.3) Fixed Deposits				
People's Bank	7,205,607	4%	5,864,819	0.1%
HNB Finance PLC	5,092,683	3%	-	0%
Mahindra Ideal Finance Limited	20,093,258	12%	-	0%
	32,391,548	19%	5,864,819	0.1%

Notes to the financial statements continued on page 21.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(08) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Name of Institution	31.12.2024		(Reclassified) 31.12.2023	
	Fair value Rs.	Holding as a % of Net Asset Value	Fair value Rs.	Holding as a % of Net Asset Value
Asset-Backed Trust Investment (8.1)	35,882,779	21%	16,413,497	1.9%
Treasury Bills (8.2)	24,563,690	15%	9,740,517	1%
Trasury Bonds (8.3)	-	0%	986,338,471	87%
	<u>60,446,469</u>	<u>36%</u>	<u>1,012,492,485</u>	<u>90%</u>

(8.1) Asset-Backed Trust Investment	31.12.2024		(Reclassified) 31.12.2023	
	Fair value Rs.	Holding as a % of Net Asset Value	Fair value Rs.	Holding as a % of Net Asset Value
LOLC	19,570,173	12%	16,413,497	1.9%
Asia Asset Finance PLC	16,312,606	10%	-	-
	<u>35,882,779</u>	<u>21%</u>	<u>16,413,497</u>	<u>1.9%</u>

Name of Institution	31.12.2024		31.12.2023	
	Fair value Rs.	Holding as a % of Net Asset Value	Fair value Rs.	Holding as a % of Net Asset Value
(8.2) Treasury Bills				
Wealth Trust Securities Ltd	14,747,713	9%	9,740,517	1%
Acuity Securities Ltd	9,815,977	6%	-	-
	<u>24,563,690</u>	<u>15%</u>	<u>9,740,517</u>	<u>1%</u>

Notes to the financial statements continued on page 22.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(08) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)**

	31.12.2024		31.12.2023	
	Fair value Rs.	Holding as a % of Net Asset Value	Fair value Rs.	Holding as a % of Net Asset Value
(8.3) Treasury Bonds				
First Capital Treasuries	-	0%	273,611,262	24%
Wealth Trust Securities Ltd	-	0%	45,601,877	4%
First Capital Treasuries	-	0%	264,927,960	24%
Wealth Trust Securities Ltd	-	0%	42,928,317	4%
Capital Alliance Limited	-	0%	85,856,633	8%
Wealth Trust Securities Ltd	-	0%	46,426,784	4%
Wealth Trust Securities Ltd	-	0%	91,203,754	8%
Wealth Trust Securities Ltd	-	0%	92,853,568	8%
Wealth Trust Securities Ltd	-	0%	42,928,317	4%
	-	0%	986,338,471	87%

(09) OTHER RECEIVABLE

	2024 Rs.	2023 Rs.
Savings interest receivable	2,382	91,743
OD interest reversal receivable from DB	5,927	-
	8,309	91,743

(10) ACCRUED EXPENSES AND OTHER PAYABLES

	2024 Rs.	2023 Rs.
Management fee payable	46,450	283,623
Trustee fee and custodian fee payable	41,677	185,297
Audit fee	175,000	312,821
Provision for tax consultancy fee	139,084	142,770
Other payables	580	150
	402,791	924,661

Notes to the financial statements continued on page 23.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(11) FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

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

Level 3 - An investment in a fund is classified in Level 3 of the hierarchy when the investment is measured using unobservable inputs at the reporting date.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Financial Assets Held at Fair Value Through Profit or Loss

		Level 1	Level 2	Level 3
Asset-Backed Trust Investment	(Note 8.1)			
As at 31 December 2024		35,882,779	Nil	Nil
As at 31 December 2023		16,413,497	Nil	Nil
Treasury Bills	(Note 8.2)			
As at 31 December 2024		24,563,690	Nil	Nil
As at 31 December 2023		9,740,517	Nil	Nil
Treasury Bonds	(Note 8.3)			
As at 31 December 2024		Nil	Nil	Nil
As at 31 December 2023		986,338,471	Nil	Nil

Notes to the financial statements continued on page 24.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(11) FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets and financial liabilities not carried at fair value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Accordingly, the following is a list of financial instruments of which carrying amount is a reasonable approximation of fair value.

Assets	Liabilities
Cash and Cash Equivalents	Accrued Expenses and Other Payables
Financial Assets - Debt Instruments at Amortised Cost	
Other Receivables	

(12) CONTINGENT LIABILITIES

There were no material contingent liabilities as at the reporting date which require adjustments to, or disclosure in, the financial statements.

(13) EVENTS OCCURRING AFTER THE REPORTING DATE

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

(14) CAPITAL COMMITMENTS

There were no material capital expenditure commitments as at the reporting date which require adjustments to, or disclosure in, the financial statements.

(15) UNITS IN ISSUE AND UNIT PRICE

Units in issue and deemed to be in issue as at 31 December 2024 is 10,168,355 (2023 - 77,924,408) and the creation and redemption Unit price as at this date is Rs.16.5876 (2023 - Rs. 14.4671).

Notes to the financial statements continued on page 25.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(16) RELATED PARTY DISCLOSURE

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(16.1) Management Company and Trustee

The Management Company is CT CLSA Asset Management (Private) Limited.

The Trustee and Custodian is Deutsche Bank AG.

(16.2) Key management personnel

Key management personnel includes persons who were directors of CT CLSA Asset Management (Private) Limited at any time during the financial year.

Directors of CT CLSA Asset Management (Private) Limited

Ms. Cecilia Page
Mr. Joseph Page
Mr. Zakir Mohameddally
Mrs. B.S. Meepagala
Ms. Coralie Pietersz
Mr. Simon Hempel

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

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

(16.3) 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 for the compensation of key management personnel.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(16) RELATED PARTY DISCLOSURE (CONTINUED)

(16.4) Other transactions within the Fund

Apart from those details disclosed in Note 15.5 and 15.6, key management personnel have not entered in to any other transactions involving the Fund during the financial year.

(16.5) Related party unit holding and other transactions

The following are the related party holdings of CT CLSA Income Market Fund.

As at 31 December 2024	Relationship	No. of	Value of	Total interest	Distribution
Unit holder			units held	held	paid or payable
			Rs.	%	by the Fund
					Rs.
CT CLSA Asset Management (Private) Limited	Fund Managing Company	1,975,513	32,769,016	19.39%	Nil
Mr. Zakir Mohameddally	Key Management Personnel	87	1,439	0.00085%	Nil
Mrs. B.S. Meepagala	Key Management Personnel	2,211	36,674	0.02170%	Nil
Mr. Kuhan Vinayagasundaram	Key Management Personnel	67	1,117	0.00066%	Nil
Ms. Hansini Aravinda	Key Management Personnel	74	1,222	0.00072%	Nil

Notes to the financial statements continued on page 27.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(16) RELATED PARTY DISCLOSURE (CONTINUED)****(16.5) Related party unit holding and other transactions (Continued)**

As at 31 December 2023	Relationship	No. of	Value of units held Rs.	Total interest held %	Distribution paid or payable by the Fund Rs.
Unit holder					
CT CLSA Asset Management (Private) Limited	Fund Managing Company	354,572	5,129,620	0.46%	Nil
Mr. Zakir Mohameddally	Key Management Personnel	87	1,255	0.00011%	Nil
Mrs. B.S. Meepagala	Key Management Personnel	2,211	31,986	0.00284%	Nil
Mr. Kuhan Vinayagasundaram	Key Management Personnel	1,931	27,943	0.00248%	Nil
Ms. Hansini Aravinda	Key Management Personnel	74	1,066	0.00009%	Nil



Notes to the financial statements continued on page 28.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(16) RELATED PARTY DISCLOSURE (CONTINUED)****(16.6) Transactions with and amounts due to related parties**

The fees charged by the Management Company, Trustee and other related parties for services provided during the year and the balances outstanding from such dues as at period end are as disclosed below:

	Charge for the 31 December 2024	Payable as at 31 December 2024	Charge for the year 31 December 2023	Payable as at 31 December 2023
Management Fees - CT CLSA Asset Management (Private) Limited	978,295	46,450	1,592,580	283,623
Management Fees - Guardian Acuity Asset Management Limited	Nil	Nil	Nil	Nil
Trustee Fees and Custodian Fees Payable - Deutsche Bank AG	764,381	41,676	1,151,525	185,297
The Bank balance held at Deutsche Bank AG as at 31 December		1,515,124		875,868

(17) RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE

	2024	2023
Net asset value as per financial statements	169,016,958	1,127,338,027
Audit fee adjustment	(348,138)	Nil
Interest income overprovision adjustment	-	Nil
Published net asset value	<u>168,668,820</u>	<u>1,127,338,027</u>
Number of units outstanding	10,168,355	77,924,408
Net asset value per unit	<u>16.5876</u>	<u>14.4671</u>

(18) RECLASSIFICATION

Previously reported financial figures were reclassified where necessary to conform with the current year's presentation. There is no impact on the previously reported financial figures as a result of this.

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