

CT SMITH HIGH YIELD FUND



INTERIM REPORT

FOR THE SIX MONTHS ENDED
30TH SEPTEMBER 2025

CORPORATE INFORMATION

TRUSTEE & CUSTODIAN

Hatton National Bank PLC

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

FUND MANAGER & REGISTRAR

CT Smith Asset Management (Pvt) Ltd

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

Tel : 0115759571 Fax : 0112506347

Web : www.ctsmith.lk

AUDITORS

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

BANKERS

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

FUND MANAGER REPORT

High Yield Fund

Dear Investor,

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

Economic Review and Outlook

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

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

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

¹ Department of Census and Statistics, National Accounts 2025Q2

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

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

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

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

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

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

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

Fund Performance

As at 30 September 2025, the Net Asset Value per unit of the fund stood at Rs.19.6493. The investments of your fund consist of Treasury bills, Fixed Deposits, Short-term Corporate Debt Securities, Repurchase agreements and Corporate Savings with ~31% 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 4.5 months resulting in stickier yields for the fund amid a muted near term outlook for interest rates. In terms of credit quality, 81.6% of the Fund's investments are in A- and above rated instruments, ensuring sound credit worthiness.

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

	Note	30-Sep-25	31-Mar-25
		Rs.	(Audited) Rs.
Investment Income			
Income from investments	01	335,424,658	759,470,322
Net investment income		335,424,658	759,470,322
Operating Expenses			
Management Fee		(22,752,114)	(45,018,096)
Custodian and Trustee Fee		(9,100,845)	(18,292,481)
Audit Fee		(142,890)	(349,744)
Audit fees under provision		(158,654)	(15,000)
WHT Expense		(14,974,763)	-
Bank Charges		(321,646)	(406,243)
Total Operating Expenses		(47,450,913)	(64,081,564)
Net Operating Profit		287,973,745	695,388,758
Profit before tax		287,973,745	695,388,758
Adjustment for prior year over / (under) Provision for tax		-	-
Profit after tax		287,973,745	695,388,758
Total comprehensive income		287,973,745	695,388,758
Increase in net assets attributable to unit holders		287,973,745	695,388,758

CT Smith High Yield Fund
Statement of Financial Position as at 30th September 2025

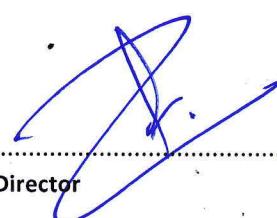
	Note	As at 30 Sep 2025	As at 31st Mar 25 (Audited)
		Rs.	Rs.
Assets			
Current assets			
Cash and cash equivalents	02	33,596,231	26,647,633
Financial assets - at amortised cost	03	6,640,920,388	7,510,728,146
Other Receivables - (Corporate Savings)	04	7,588	7,426
Total Assets		6,674,524,207	7,537,383,205
EQUITY AND LIABILITIES			
Unit Holders' Funds and Liabilities			
Liabilities			
Accrued expenses and other payables	06	163,612,065	17,142,436
Total Liabilities		163,612,065	17,142,436
Net assets attributable to unitholders		6,510,912,142	7,520,240,769
Unit Holders' Funds			
Net Assets Attributable to Holders of Units	07	6,510,912,142	7,520,240,769
Total unitholder' Funds and Liabilities		6,674,524,207	7,537,383,205

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


 Deepak
 Chief Executive Officer


 Hatton National Bank
 Trustee


 Chairman


 Director

CT Smith High Yield Fund
Statement of Changes in Unitholders' Funds as at 30th September 2025

	Unit Capital	Retained Earnings	Total Equity
Balance as at 01 April 2024	4,507,262,472	1,277,350,256	5,784,612,728
Increase due to unit creation during the year	15,566,510,378	-	15,566,510,378
Decrease due to unit redemption during the year	(14,526,271,095)	-	(14,526,271,095)
Increase in net assets attributable to unit holders	-	695,388,758	695,388,758
Unit Holders' funds as at 31 March 2025	5,547,501,755	1,972,739,014	7,520,240,769
Unit Holders' funds as at 01 April 2025	5,547,501,755	1,972,739,014	7,520,240,769
Increase due to unit creation during the year	3,818,387,667	-	3,818,387,667
Decrease due to unit redemption during the year	(5,115,690,039)	-	(5,115,690,039)
Increase in net assets attributable to unit holders	-	287,973,745	287,973,745
Unit Holders' funds as at 30th September 2025	4,250,199,383	2,260,712,759	6,510,912,142

CT Smith High Yield Fund
Statement of Cashflows for the Period Ended 30th September 2025

	As at 30th Sep 2025	As at 31 Mar 25 (Audited)
	Rs.	Rs.
Cash flows from operating activities		
Net interest received	335,424,496	790,618,980
Interest written back	-	1,194,013
Net investments in repurchase agreements	462,323,537	(515,000,000)
Net investments in commercial papers	127,645,810	(101,065,822)
Net investments in fixed deposits	(64,009,277)	(2,995,000,000)
Net investment in assets backed securities	(237,443,289)	191,384,344
Net Investment in Treasury bills	581,290,977	1,594,771,551
Net Investment in Treasury bonds	-	318,614,640
Withdrawal of treasury bond	-	(318,614,640)
Fees and expenses paid	99,018,716	(58,912,259)
Net used in operating activities	1,304,250,971	(1,092,009,193)
Cash flows from financing activities		
Payments for redemptions by unit holders	(5,115,690,039)	(14,529,748,519)
Proceeds from applications by unit holders	3,818,387,667	15,566,510,378
Net cash flow from financing activities	(1,297,302,372)	1,036,761,859
Net increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	26,647,633	81,894,967
Net Cash inflow	33,596,231	26,647,633
Cash and cash equivalents at the end of the year	33,596,231	26,647,633

CT Smith High Yield Fund
Notes to the Financial Statements
for the Period Ended 30th September 2025

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

	30-Sep-25	31-Mar-25 (Audited)
Interest on Repurchase Agreements	78,961,178	153,298,897
Interest on Commercial Papers	46,049,308	57,443,750
Interest on Asset Backed Securities	8,585,793	40,115,702
Interest on Corporate Savings	954,599	3,450,546
Interest on Treasury Bills	7,658,795	244,035,147
Interest on Fixed Deposits	193,214,985	240,106,631
Interest income on government bonds	-	19,825,636
Interest written back	-	1,194,013
	335,424,658	759,470,322

02 Cash and cash equivalents

Cash at bank	25,000	25,000
Corporate Savings Account	33,571,231	26,622,633
	33,596,231	26,647,633

03 Financial assets - at amortised cost

Repurchase agreements	1,355,854,573	1,818,178,110
Commercial papers	478,312,354	605,958,164
Fixed deposits	4,329,901,355	4,265,892,078
Asset Backed Securities	378,338,472	140,895,183
Treasury bills	98,513,634	679,804,611
	6,640,920,388	7,510,728,146

04 Other Receivables

Other Receivables	7,588	7,426
	7,588	7,426

06 Accrued expenses and other payables

Payables on Unit Redemption	-	105,000
Audit Fees Payable	364,002	349,744
Trustee Fee Payable	4,541,399	4,747,462
Custodian Charge Payable	73,166	71,575
Management Fee Payable	11,353,498	11,868,655
Subscription in Advance	147,280,000	-
	163,612,065	17,142,436

07 Net assets attributable to unitholders

	30-Sep-25	31-Mar-25 (Audited)
Opening Balance	7,520,240,769	5,784,612,728
Applications	3,818,387,667	15,566,510,378
Redemptions	(5,115,690,039)	(14,526,271,095)
Increase/decrease in net assets	287,973,745	695,388,758
attributable to unitholders		
Dividend Distributed	-	

08 Net Asset Value Reconciliation

	As at 30.09.2025	As at 31.03.2025 (audited)
Net Asset Value as per the financial statement	6,510,912,142	7,520,240,769
J/E Adjustments	-	(158,654)
Published NAV	6,510,912,142	7,520,082,115
Number of unit outstanding	331,356,518	397,705,024
Published NAV /Unit	19.65	18.91

09 Related Party Disclosure

(a) Responsible entity

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

(b) Key management personnel

Directors

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

Other key management personnel

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

c) Key Management Personnel unit holdings

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

Unitholders	No of Units Held at opening	No of Units Held at closing	Fair Value of Investment	Interest Held	Distribution paid or payable by the fund
Kuhan Vinayagasundaram-1	5,654	32,759	643,690.28	0.01%	-
Kuhan Vinayagasundaram-2	4,001	4,525	88,912.93	0.00%	-
Bimanee Meepagala	-	364,681	7,165,713.73	0.11%	-
Hansini Aravinda	-	4,067	79,913.56	0.00%	-

(d) Key management personnel compensation

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

(e) Other transactions within the Fund

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

(f) Related Party Unitholding

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

	No.fo units held opening	No.fo units held closing	Fair value of Investment	% of Holdings	Distribution paid of payable by the fund
			Rs.		Rs.
Unit holders					
CT CLSA Asset Management (Pvt) Ltd	933,200	765,625	15,043,968.77	0.23%	-
CT CLSA Securities (Pvt) Ltd	-	6,361,550	124,999,783.88	1.92%	-
CT CLSA Capital (Pvt) Ltd	-	2,386,158	46,886,251.67	0.72%	-

(g) Related party investments

Cargills Bank PLC	33,571,231	0.52%
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(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	
	2025	2024	30.09.2025	30.09.2024
Management fees	22,752,114	22,860,569	11,353,498	12,207,305
Trustee fees and Custodian fees	9,100,845	9,141,402	4,614,565	4,953,886

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.)
30-Sep-25					
Nil	Nil	Nil	Nil	Nil	Nil