



CT SMITH EQUITY 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

Equity Fund

Dear Investor,

We take pleasure in presenting the Half-Yearly Report of the CT Smith Equity 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>

³ https://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

Market Review

Year to Date - 2025, the All Share Price Index (ASPI) has increased +36.6% while the S&P SL20 Index has gained by +26.0%. Following the strong rally in stocks in 4Q2024 post the presidential election, SL equities experienced some profit booking in 1Q2025 keeping in-line with seasonal patterns observed over the past decade. However, stocks made a V-shaped recovery from the decline caused by the sudden announcement of reciprocal tariffs by the US administration in early April as implementation was paused for further negotiations. Despite uncertainties introduced to the external sector by the US tariffs and Israel-Iran war, higher than anticipated economic growth, strong pick up in private sector credit growth, improved business and consumer confidence, and the prevailing low-interest rate regime, supported equity performance in 1HFY26.

Fund Performance

In the six months to September 2025, the CT Smith Equity Fund has gained +41.4% outperforming the ASPI and S&P SL20 which increased by +37.7% and +29.4%, respectively. During 1HFY26, the fund continued to maintain a higher strategic tilt towards equities whilst making regular tactical decisions on asset allocation based on price movements and market developments, often partially realizing gains during market strength and accumulating positions during market weakness. The fund's exposure to equity stood at Rs.467Mn as at 30th September 2025. In the period under review, the fund notably increased its exposure to the "Transportation" sector whilst broadly maintaining its overweight exposures in "Capital Goods" and "Banking" sectors. The fund's investment decisions are underpinned by its "Quintuple Foundation" investment strategy which focuses on five quality-oriented factors to identify stocks that could generate above average returns over a medium to long term investment horizon. The framework's five factors are Sustainable earnings/FCF growth, Healthy margins and RoE, Market leadership, Management quality and Reasonable valuations.

CT Smith Equity Fund Performance vs. ASPI & S&PSL20; March 2024 – September 2025

	1 Month (%)	3 Month (%)	6 Month (%)
CEF	6.4	23.5	41.4
ASPI	3.7	20.8	37.7
S&P SL20	0.8	14.5	29.4

Outlook

Improved macro and political stability in Sri Lanka, strong fiscal outperformance and low single digit inflation readings continue to support the CBSL's relaxed monetary policy stance as real rates remain positive. Therefore, the continuation of the prevailing low-interest rate regime bodes well for the prospects of SL Equities which enjoy the added advantage of being tax efficient as only dividends earned on equities attract income tax. In this backdrop, we expect domestic fund flows to continue its shift towards equities until interest rate pressures build up. On the back of two consecutive years of double-digit gains, the All share price Index is on track to record another strong year in 2025E as listed corporates reported a healthy growth of +18% YoY in 1-3Q2025. Although the index currently trades in line with the past ten-year average earnings multiple, we expect valuations are reasonable and could re-rate higher aided by improved political and macro stability as evidenced by sovereign credit rating upgrades by all three international rating agencies and, the prevailing low-interest rate environment.

Although the impact of Cyclone Ditwah could derail growth momentum in 4Q2025E, we expect the underlying growth drivers to remain intact as the Government of Sri Lanka has the fiscal, monetary and external buffers in place to support relief and reconstruction efforts. The fund will continue to overweight equities over the near term to capture price upside stemming from both upward valuation re-ratings and an anticipated double digit corporate earnings growth in 2026E. The fund aims to reduce the number of portfolio holdings to increase portfolio concentration and the fund will place higher active weights on its high conviction picks within the Capital goods, Banking and Transportation sectors.

CT SMITH EQUITY FUND
STATEMENT OF COMPREHENSIVE INCOME FOR
THE PERIOD ENDED AS 30 SEPTEMBER 2025


	Note	30.09.2025	31.03.2025
		Rs.	(Audited) Rs.
INVESTMENT INCOME			
Profit from investments	01	57,097,056	61,695,402
OTHER INCOME			
Net unrealized gain on financial assets - at fair value through profit or loss	02	95,609,576	34,746,402
Total Investment gain		152,706,631	96,441,804
Expenses			
Management fee		4,365,076	7,234,960
Trustee fee		623,193	1,033,044
Custodian charge		145,536	290,277
Audit fee		135,308	269,342
Audit fees over provision		199,800	187,952
Bank Charges		39,319	62,845
WHT Tax expense		44,368	49,991
		5,552,599	9,128,411
Profit before tax		147,154,032	87,313,393
Other comprehensive income		-	-
Total comprehensive income		147,154,032	87,313,393
Increase in net assets attributable to unit holders		147,154,032	87,313,393


CT SMITH EQUITY FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2025

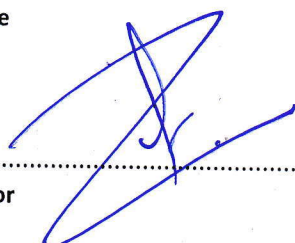
	Note	30.09.25 Rs.	31.03.25 (Audited) Rs.
Assets			
Cash and cash equivalents	03	12,752,641	10,877,644
Financial assets - at amortised cost	04	20,000,000	20,026,137
Financial assets held at fair value through profit or loss	05	479,750,683	323,490,472
Other receivables	06	423,537	1,009,131
Total assets		512,926,861	355,403,384
Unit Holders' funds and Liabilities			
Liabilities			
Accrued expenses and other payables	07	5,482,486	2,573,999
Total liabilities		5,482,486	2,573,999
Net assets attributable to unitholders		507,444,375	352,829,385
Unit Holders' Funds			
Net assets attributable to unitholders		507,444,375	352,829,385
Total Unit Holders' Funds and Liabilities		512,926,861	355,403,384

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 SMITH EQUITY FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS
AS AT 30th SEPTEMBER 2025

	Unit Capital	Retained Earnings	Total Equity
Balance as at 01 April 2024	67,131,834	291,171,608	358,303,442
			-
Net increase due to creation and redemption of units	(92,787,450)		(92,787,450)
			-
Increase in net assets attributable to unit holders	-	87,313,393	87,313,393
			-
Unit Holders' funds as at 31st March 2025	(25,655,616)	378,485,001	352,829,385
Unit Holders' funds as at 01 April 2025	(25,655,616)	378,485,001	352,829,385
Net increase due to creation and redemption of units	7,460,958		7,460,958
Increase in net assets attributable to unit holders	-	147,154,032	147,154,032
Previous Year Adjustment			
Unit Holders' funds as at 30th September 2025	(18,194,659)	525,639,033	507,444,375

CT SMITH EQUITY FUND
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2025

	30.09.2025	31.03.2025
	Rs.	(Audited) Rs.
Cash flows from operating activities		
Interest received	4,812,949	5,237,875
Dividends received	6,334,319	11,202,267
Operating expenses paid	(5,552,599)	(8,452,471)
Decrease in financial investments - at fair value through profit of loss	(14,700,847)	66,253,835
Net unrealized gain on treasury bond		1,540,346
Decrease in other receivables	585,594	4,946,719
Increase in other payables	2,908,487	(2,694,296)
Net investments in Treasury Bills	-	4,062,400
Net investments in bank deposit placement fees		-
Net investments in repurchase agreements	26,137	5,018,931
Net Investment in Treasury Bonds		4,474,490
Net Cash Generated from operating activities	<u>(5,585,960)</u>	<u>91,590,096</u>
Cash flows from financing activities		
Amounts received on unit creations	28,941,153	90,178,095
Amounts paid on unit redemptions	(21,480,196)	(182,965,545)
Net cash flow used in financing activities	<u>7,460,958</u>	<u>(92,787,450)</u>
Net increase in cash and cash equivalents	1,874,997	(1,197,354)
Cash and cash equivalents at the beginning of the year	10,877,644	12,074,998
Cash and cash equivalents at the end of the year	<u><u>12,752,641</u></u>	<u><u>10,877,644</u></u>

CT SMITH EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2025

		30.09.2025	31.03.2025 (Audited)
01 Profit From Investments			
Dividend income		6,334,319	11,981,217
Interest income on financial assets - at amortised cost	(Note - 1.1)	2,496,079	4,064,670
Net realized gain / (loss) on sale of financial assets -at fair value through profit or loss	(Note - 1.2)	48,266,658	45,649,515
		57,097,056	61,695,402
1.1. Interest income from financial assets not held at fair value through profit and loss			
Interest on Repurchase Agreements		1,091,548	2,793,931
Interest on Corporate Savings		538,226	950,136
Interest on Treasury Bills primary		-	122,067
Interest on TBond		866,305	198,536
		2,496,079	4,064,670
1.2 Net realized gain / (loss) on sale of financial assets -at fair value through profit or loss			
Proceeds on sale of equity shares		50,875,060	49,729,409
Brokerage fees		(2,608,402)	(4,335,738)
Interest income on government bonds		-	255,844
		48,266,658	45,649,515
02 Net unrealized gain / (loss) on sale of financial assets -at fair value through profit or loss			
Interest income on Equity Shares		93,292,706	33,206,056
Interest income on government bonds		2,316,870	1,540,346
		95,609,576	34,746,402
03 Cash and cash equivalents			
Cash at bank		25,000	25,000
Corporate Savings Account		12,727,641	10,852,644
		12,752,641	10,877,644
04 Financial Assets at Amortised Cost			
Investments in Repurchase Agreements		20,000,000	20,026,137
		20,000,000	20,026,137
05 Financial assets held at fair value through profit or loss			
Investment on treasury bonds		11,086,805	11,272,900
Investments in equity shares		468,663,878	312,217,572
		479,750,683	323,490,472

	30.09.2025		31.03.2025	
Name of the Company	Number of Shares	Market Value	Number of Shares	Market Value
Access Engineering	645,334	39,300,841	440,084	16,943,234
ACL Cables PLC	112,210	23,283,575	102,210	12,469,620
Asian Hotels And Properties Ltd	-	-	32,500	1,722,500
Aitken Spence Hotel Holdings Limited	149,573	18,023,547	144,573	11,580,297
BBPL Holding PLC	651,600	12,706,200	526,600	10,005,400
Commercial Bank Of Ceylon Limited	114,285	22028433.75	100,120	14,767,700
Ceylon Glass Company PLC	313,812	18,232,477	382,749	13,128,291
Distilleries Company of Sri Lanka PLC	360,000	52,560,000	135,000	9,868,500
Dialog Telecom PLC	471,216	12,722,832	616,216	8,811,889
Hayleys-Mgt Knitting Mills Limited	497,418	21,985,876	-	-
Hayles Limited	123,363	22,945,518	98,363	13,475,731
Haycarb Limited	137,215	13,790,108	152,215	12,496,852
Hayleys Fabric PLC	-	-	422,418	19,008,810
Hemas Holdings	903,700	29,731,730	141,740	17,008,800
Hatton National Bank Limited	62,430	24,550,598	51,930	15,838,650
John Keels Holdings	997,040	22,134,288	1,332,040	26,907,208
Jat Holdings Limited	285,000	13,224,000	320,000	8,608,000
Nations Trust Bank Ltd	165,781	51,433,555	140,781	26,748,390

Name of the Company	30.09.2025		31.03.2025	
	Number of Shares	Market Value	Number of Shares	Market Value
People'S Leasing	286,319	7,530,190	929,130	16,631,427
Prime Lands Residencies PLC	308,114	10,537,499	630,614	7,378,184
Sampath Bank	155,622	22,604,096	153,122	18,757,445
Softlogic Life Insurance Ltd	137,290	10,379,124	57,290	4,147,796
Textured Jersey	-	-	70,224	3,581,424
Tokyo Cement Co.(Lanka) Plc	46,378	4,132,280	121,981	9,636,499
Windforce	502,614	14,827,113	507,797	12,694,925
	7,426,314	468,663,878	7,609,697	312,217,572

	30.09.2025	31.03.2025 (Audited)
06 Other receivables		
Dividend receivables	168,315	778,950
Interest Income - Corporate Savings	3,828	1,933
Treasury bonds interest receivable	225,750	228,248
Repo receivable	25,644	-
	423,537	1,009,131
07 Accrued Expenses And Other Payables		
Management Fee Payable	2,427,653	1,954,099
Trustee fee payables	346,591	278,983
Custodian fee payable	73,166	71,575
Audit fee payable	409,703	269,342
Trade creditors equity	2,225,374	-
Unit redemption payable	-	-
	5,482,486	2,573,999
08 Net Asset Value		
	As at 30.09.2025	As at 31.03.2025
Net Asset Value as per the financial statement	507,444,375	352,829,385
Adjustment (if any)	-	(199,800)
Published NAV	507,444,375	352,629,585
Number of unit outstanding	8,105,131	7,965,322
Published NAV /Unit	62.61	44.27

09 Related Party Disclosure

a) Responsible entity

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

b) Key management personnel

Directors

- Mrs. Cecilia Muttukumar
- Mr. Zakir Mohamedally
- Mr. Joseph Page
- Ms. Bimane Meepagala
- Mr. Chanakya Dissanayake
- Mr. Simon Hempel

Other key management personnel

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

c) Key Management Personnel unitholdings

Unitholder	No of Units Held		Fair Value of Investment (Rs)	Interest Held %	Dividend Paid / Payable (Rs)
	30-Sep-25	31-Mar-25			
Hansini Aravinda	-	679	42,510.69	0%	-

d) Key management personnel compensation

Key management personnel are paid by CT Smith Asset Management (Private) Limited. The 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 and other related parties have not invested in the CT Smith Equity Fund.

g) Transactions with and amounts due to related parties

The fees were charged by the management company and trustee for services provided during the half year and the balances outstanding from such dues as at half year end are as disclosed below:

	Charge for the period		Balance outstanding	
	2025	2024	30.09.2025	30.09.2024
Management fees	4,365,076	3,526,134	2,427,653	1,570,288
Trustee fees	623,193	503,543	346,591	224,187
Custodian fee	145,536	145,536	73,166	73,166