

CT SMITH
ASSET MANAGEMENT

ANNUAL REPORT

2025

CT SMITH INCOME FUND

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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 Smith Asset Management (Pvt) Ltd the Managers of **CT Smith 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.

Cectiaf
.....

Director
Management Company

Apagallo
.....

Director
Management Company

DEUTSCHE BANK AG
Colombo Branch

[Signature]
.....
Trustee of the Fund
Authorized Signatories
Trustee


02. About the Fund

CT Smith Income Fund [formerly known as 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. With effect from 14 August 2025, CT CLSA Asset Management (Private) Limited [formerly Comtrust Asset Management] re-branded and re-launched Corporate Identity as CT Smith Asset Management (Pvt) Limited. 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 Level 21, One Galle Face Tower, 1A Central Road, Galle Face, Colombo 02. 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.

03. Fund Information- CT Smith Income Fund

Fund Objective	:	To provide investors with a regular and steady income.
Fund Strategy	:	The fund shall invest a minimum of 70% of the NAV in fixed income securities such as government securities, bonds, corporate debentures, money market instruments and cash and cash equivalents.
Fee Structure	:	Front End Fee : Nil
	:	Management Fee : 0.30% p.a
	:	Trustee Fee : 0.15% p.a
	:	Custodian Fee : Rs. 15,000 p.a
	:	Exit Fee : Nil
Fund Structure	:	Minimum Subscription : Rs.1,000/-
	:	Fund Structure : Open Ended
	:	Switching : Allowed
	:	Dividend : -
	:	Initial Offer Price : Rs.10/-
	:	Inception date : 27-Feb-12
Liquidity	:	Redemption period : Within T+1 days

04. Service Provider

<p>Fund Manager</p> <p>CT Smith Asset Management (Pvt) Limited 4-15, Majestic City 10 Station Road Colombo 04</p>	<p>Trustee and Custodian</p> <p>Deutsche Bank AG, Colombo Level 21, One Galle Face Tower, 1a, Centre Road, Galle Face, Colombo 02, Sri Lanka</p>
<p>Registrar</p> <p>CT Smith Asset Management (Pvt) Limited 4-15, Majestic City 10 Station Road Colombo 04</p>	<p>Banker</p> <p>Deutsche Bank AG, Colombo Level 21, One Galle Face Tower, 1a, Centre Road, Galle Face, Colombo 02, Sri Lanka</p>
<p>Collection Agents</p> <p>Cargills Food City Supermarket Banking Service</p>  <p>Collection Bank Accounts Of CT Smith Asset Management (Pvt) Limited</p> <p>Hatton National Bank Account No. 002010553053 Branch. City Office</p> <p>Cargills Bank Account No. 0019500001191 Branch. Head Office</p> <p>Deutsche Bank AG, Colombo Account No.0043133000 Branch. Head Office</p>	<p>Auditors</p> <p>Nihal Hettiarachchi & Company Chartered Accountants RNH House No.622B Kotte Rd, Sri Jayawardenepura Kotte</p>

05. Fund Fact Sheet



CT Smith Income Fund Fact Sheet – 31st December 2025

Fund Snapshot

Inception Date	26th July 2021
Fund Size 31 st Dec 2025	LKR 146.10Mn
Fund Manager	CT Smith Asset Management (PVT) LTD
Portfolio Manager	Mr.Kuhan Vinayagasundaram
Minimum Investment	LKR 1,000

Key Indicators

Average Maturity (Months)	6.20
Expense Ratio	0.80%
Unit Price as at 31 st Dec 2025	17.9388

Fund Fees

Management Fee (VAT excluded) (as a percentage of NAV)	0.30% p.a.
Trustee Fee (VAT excluded) (as a percentage of NAV)	0.15% p.a.

About the Fund

CT Smith Income Fund-formerly known as CT CLSA Income Fund, was established on 26th July 2021. 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. The Fund will invest in corporate debt and government securities to provide a suitable return for unit holders by investing in institutions that the managers consider fulfilling the fund's risk and return requirements. The Fund is an open-ended unit trust which can offer units to investors on a continuing basis. Deutsche Bank is the Trustee and the Custodian of the Fund.

Risk - Reward Indicator

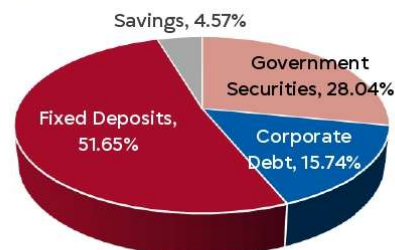


The Income fund provides exposure to medium to long-term fixed-income securities. Investors should consider the following risks: Market interest rate risks, Currency risks, Liquidity risks, Operational risks and Political and Legal risks.

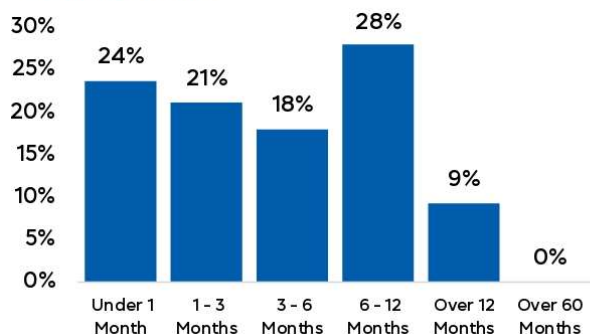
Fund Returns

RETURNS*			
PERIOD	FUND	NDBIB-CRISIL 364 T-BILL INDEX	
2025 December	0.69%	0.38%	
3 Months	2.01%	1.65%	
Year To Date (YTD 2025)	8.15%	8.46%	

Asset Allocation



Maturity Profile

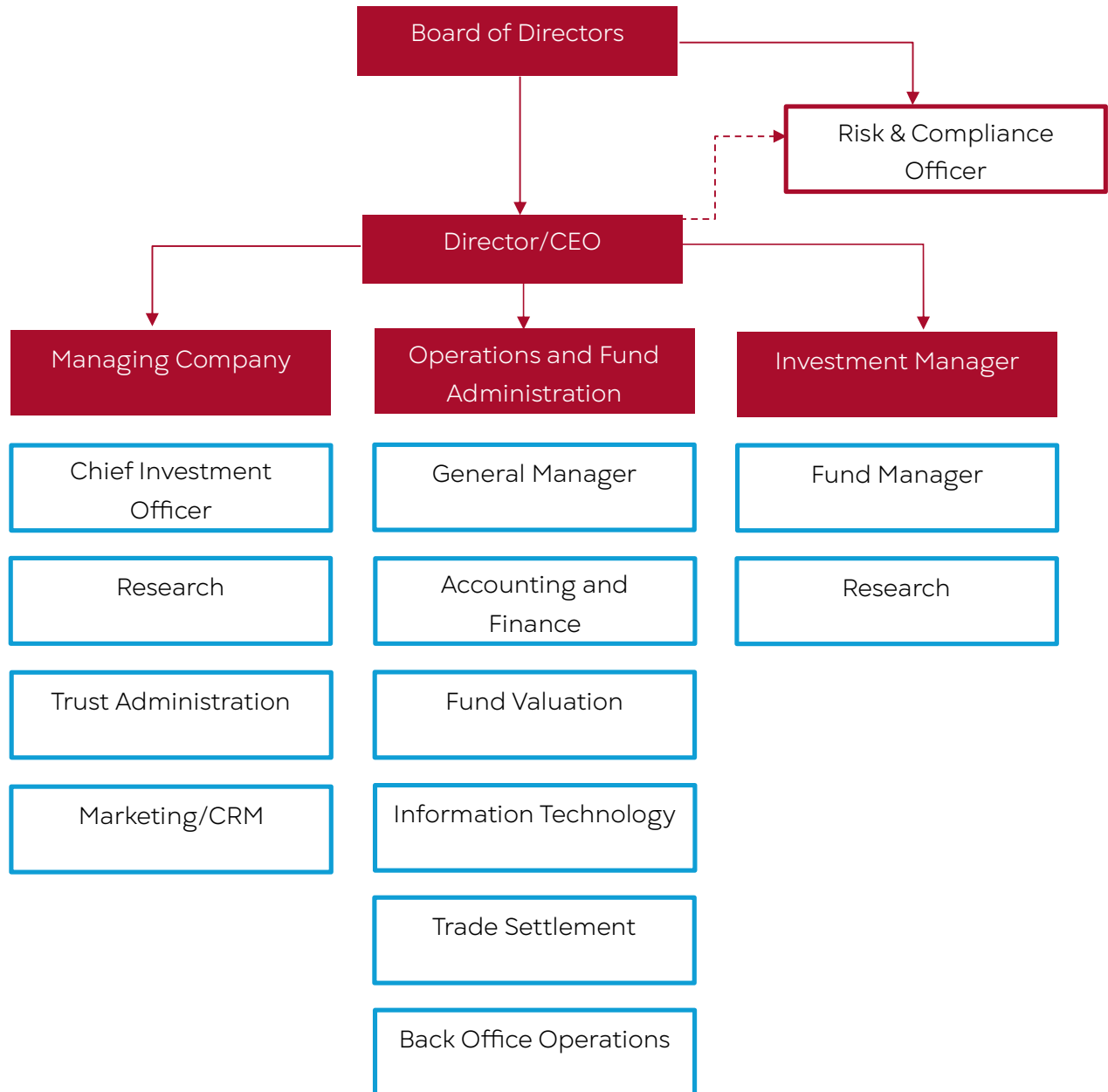


Fund Credit Quality

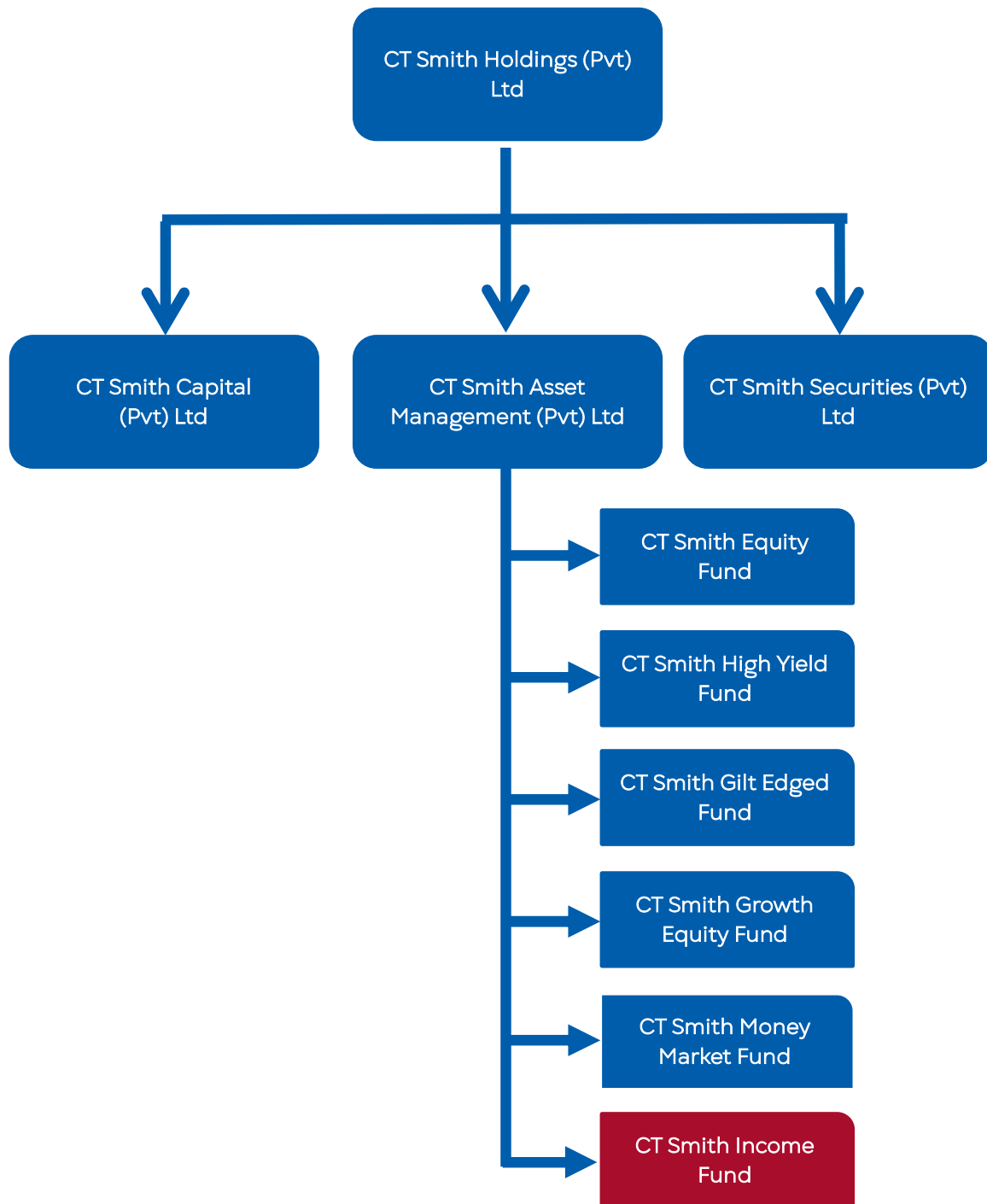


**Performances are based on month end prices as of 31st December 2025. Performance data included in this document represents past performance and is no guarantee of the future results. Investors are advised to read and understand the contents of the Explanatory Memorandum before investing. Among others, investors should consider the fees and the charges involved.

06. Organization Structure



07. Group Structure



08. Board of Directors of The Fund Management Company



Mrs. Cecilia Page
Chairperson

Cecilia Page is the Chairperson of CT Smith Holdings Ltd, CT Smith Securities (Private) Limited, CT Smith Capital (Private) Limited, and CT Smith Asset Management (Private) Limited. She has headed the CT Smith Group since inception. She is also a Director of CT Holdings PLC. She is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants, UK



Mr. Joseph Page
Director

Joseph Page is Deputy Chairman/Managing Director of CT Land Development PLC, and a Director of CT Holdings PLC, Cargills (Ceylon) PLC, Kotmale Holdings PLC, and the Deputy Chairman of Ceylon Theatres (Pvt) Ltd. He has over 37 years of Management experience in the private sector.



Mr. Simon Hemphel
Director

Simon Hemphel is an experienced financial services COO and banking executive with a background in Equities. Recent roles include operating as COO for a 1,000+ global equity operation across EMEA, APAC and North America. He has been appointed to a number of senior regulated roles, including Alternate Chief Executive of Macquarie's Hong Kong bank branch and as Director of its US registered Broker

Dealer. He is a Passed US SEC Securities licensing exams for the Series 24, Series 7 and Series 99 and he possesses Masters of Finance (investment Banking), INSEAD, paris (Graduated on Dean's list), Chartered Accountant, Institute of Chartered Accounts of Australia & New Zealand, Grad. Dip. Applied Finance & Investment, Securities Institute of Australia, Sydney, Graduate Conversion Course in Accountg, UTS, Sydney, Bachelor of Business (Banking & Finance) / Bachelor of Laws, eUT, Brisbane.

**Mr. Zakir Mohamedally**

Director

Zakir has over 19+ years of experience in Sri Lanka's capital market and he joined CT Smith Group in 2007. He has participated in several landmark transactions in Sri Lanka capital market worth over LKR 450 Billion covering both equity and debt in various industries. Prior to joining the CT Smith Group, he was working with PricewaterhouseCoopers (PWC) Sri Lanka. Zakir is a Fellow Member of the Association

of ACCA and is an Associate Member of the CIMA. He is also a member of the Institute of CMA of Sri Lanka and holds a Post Graduate Diploma in Marketing from the CIM UK.

Zakir serves as Director/Group Chief Operating Officer of CT Smith Holdings, Director/CEO of CT Smith Capital, and Director of CT Smith Securities and CT Smith Asset Management.

**Miss. Bimane Meepagala**

Director / Chief Executive Officer

She offers a successful background in asset management and has over 19+ years of experience with in the capital markets in Sri Lanka. Prior to joining CT Smith Asset Management, she served as the Chief Bancassurance Officer at Union Assurance PLC, one of the largest insurance companies in Sri Lanka. She also worked in the capacity of Vice President- Asset Management at NDB Wealth

Management Limited; the largest private sector fund management Company in Sri Lanka for over 12 years. She holds a Master of Arts in Financial Economics (MAFE) from the University of Colombo and a Bachelor of Arts Degree from the same University. She is also a Fellow Member of the Chartered Institute of Management Accountants (UK) FCMA, and a member of Chartered Global Management Accountant (CGMA).

09. Fund Management Team



Miss. Bimanee Meepagala

Director / Chief Executive Officer

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Mr. Pasan Abeygunawardane

General Manager

Pasan counts over 19 years of experience in both local and global markets. His academic and professional exposure encompasses accounting and finance, Stock Broking, capital market operation, portfolio administration, transfer agency, risk and compliance. He holds a Masters of Business Administration from Postgraduate Institute of management affiliated to University of Sri Jayewardenepura and a Bachelor of Science Degree from the same University. He is also an Associate Member of the Chartered Institute of Management Accountants (UK) ACMA, and a member of Chartered Global Management Accountant (CGMA).



Mr. Kuhan Vinayagasundaram

Chief Investment Officer

Kuhan possesses over a decade of combined experience in portfolio management and investment research covering an equity/fixed income universe spanning multiple sectors and geographies including Sri Lanka. He has extensive academic and professional exposure in accounting & finance, Investment research and valuations. Previously at CT Smith, his responsibilities included building fundamentally robust financial models, drafting investment research reports with commercially focused valuations and introducing new research products. He is a Member of the Association of Chartered Certified Accountants (ACCA UK) and a level 2 candidate of the CFA qualification.

**Miss. Suresha Nilmini**

Fund Manager

Suresha counts over 4 years of experience in Capital Markets, and Banking Sector. Her academic and professional exposure encompasses Investment and Portfolio Management, Financial Modelling and Forecasting, Business Valuation, Corporate Finance, Risk Management and Insurance, Economics, and Accounting. She holds a bachelor's degree in Finance (BSc Finance Special - First Class) from the University of Sri Jayewardenepura.

**Miss. Hansini Aravinda**

Senior Financial Analyst

Hansini Aravinda has over 6 years of professional experience working in diverse industries. Her academic and professional exposure encompasses project management, research, and analysis in capital markets and valuations. She is a passed finalist of CIMA (Chartered Institute of Management Accountants). Further, Hansini holds a first-class degree in Bachelor of Engineering (Hons) in Electronics and Communication Engineering offered by the University of Wolverhampton (UK).

**Miss. Sachinee Chanduka**

Compliance Officer

Sachinee has over four years of experience in finance and accounting. Before joining CT Smith AM, she lead the finance and accounting operations at VoiceD. Her skill set include compliance monitoring, financial statement preparation, financial analysis forecasting, revenue management, and payroll procedures. She holds a Bachelor of Science (Honors) in Finance and Insurance from the University of Colombo, Faculty of Science.

10. Investment Committee



Mr. Ravi Ratnasabapathy
FCMA(UK), MBA(UOSJ), FE(UOC)

Seasoned professional, 25 years experience across key sectors including telecommunications, agribusiness and power. Qualified accountant, FCMA (UK), with a Masters in Business Administration (PIM, Sri J) and a Masters in Financial Economics (Colombo).

An active member of the Sri Lanka Institute of Directors, well-versed in the governance standards required of listed companies. Holds non-Executive board positions in two mid-cap CSE listed entities.

Currently an independent consultant, assignments have been successfully completed for international agencies including The International Trade Centre (a joint agency of the WTO and UN), the EU Delegation to Sri Lanka, the Asian Development Bank, and USAID projects.



Mr. Hiran Samarasinghe
CFA, FCCA(UK)

Hiran heads the Investor Relations and Strategy function of the Sunshine group, primarily focused on managing a transparent investor relations function, and seeking new growth opportunities for the group. Sunshine Holdings is a diversified holding company with key focus areas in healthcare, FMCG, agriculture, and specialized retail.

Prior to joining Sunshine Holdings, he gained capital market experience with several International Banking Institutions working as an Equity Analyst for Amba Research. Prior to that he was attached to PricewaterhouseCoopers as an Associate Consultant advising both local and international clients on valuation and strategy engagements. He is a CFA charter holder and a Fellow member of ACCA.



Mr. Zakir Mohamedally

Director

Zakir has over 19+ years of experience in Sri Lanka's capital market and he joined CT Smith Group in 2007. He has participated in several landmark transactions in Sri Lanka capital market worth over LKR 450 Billion covering both equity and debt in various industries. Prior to joining the CT Smith Group, he was working with PricewaterhouseCoopers (PWC) Sri Lanka. Zakir is a Fellow Member of the Association

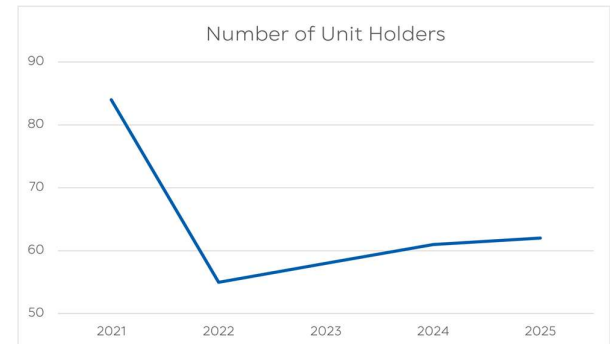
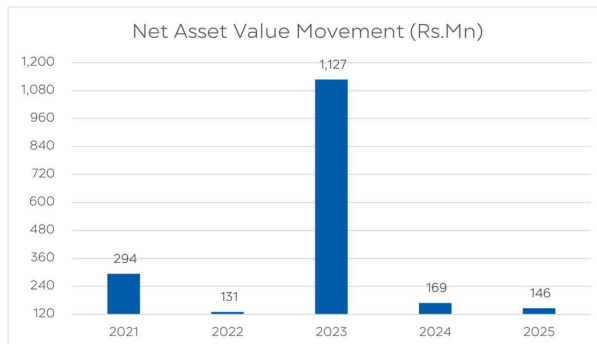
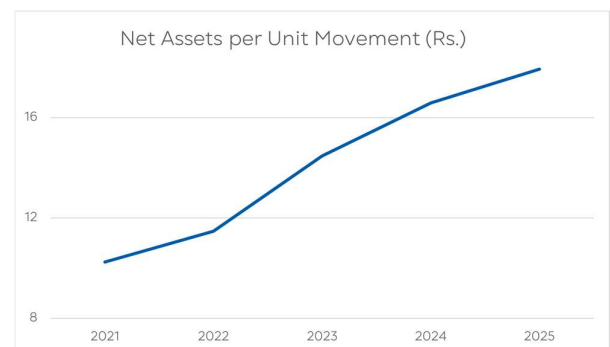
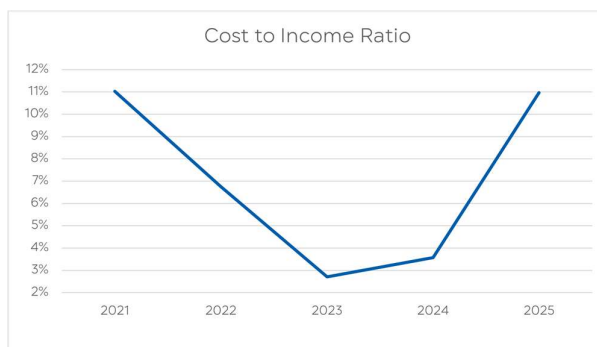
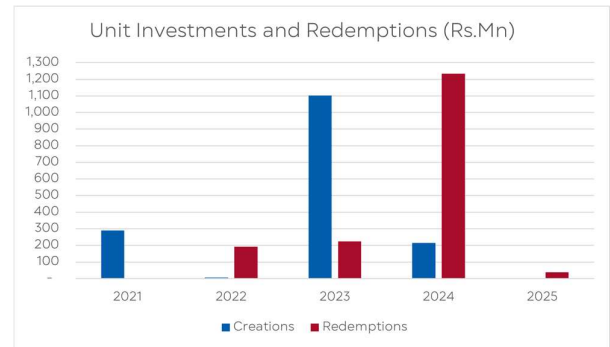
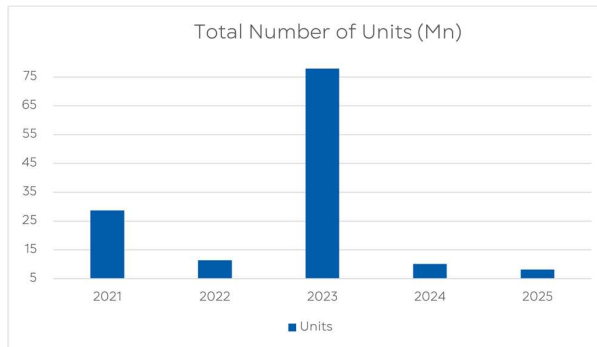
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Zakir serves as Director/Group Chief Operating Officer of CT Smith Holdings, Director/CEO of CT Smith Capital, and Director of CT Smith Securities and CT Smith Asset Management.

11. Financial Highlights

Indicator	31.12.2025	31.12.2024	Change %
Results for the Year			
Inter-set income	13,051,096	63,811,813	-80%
Profit for the year	11,619,580	61,534,346	-81%
Assets and Liabilities			
Financial assets at amortised cost	134,596,795	103,982,165	29%
Net assets attributable to unitholders	146,087,012	169,016,958	-14%
Profitability and Efficiency Ratios			
Net profit margin	89%	96%	-8%
Return on Assets	9%	38%	-76%
Cost to income ratio	11%	4%	207%
Investor Indicators/ Measures			
Total number of units	8,144,123	10,168,355	-20%
Total redemptions	37,473,026	1,234,680,415	-97%
Total unit investments	2,923,500	214,825,000	-99%
Net assets value per unit	17.94	16.59	8%
Total assets per unit	17.99	16.66	8%
Cash Flow generated from/ (used in)			
Operating activities	36,524,275	1,016,492,609	-96%
Financing activities	-34,549,526	-1,019,855,415	-97%

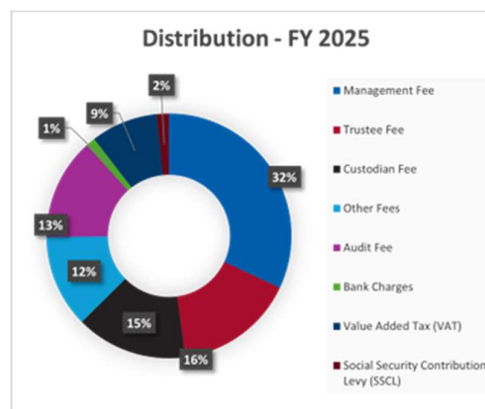
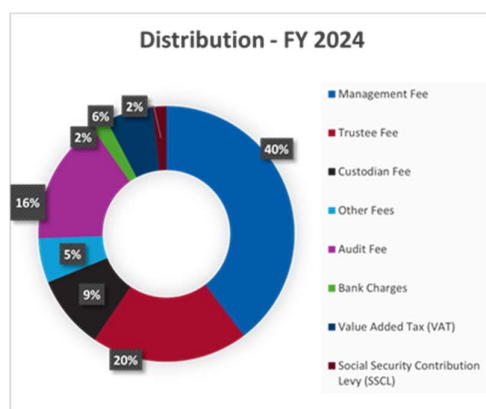
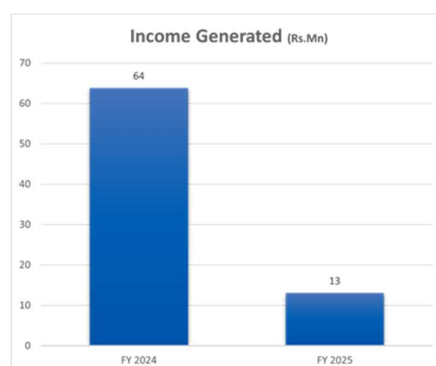
Financial Highlights (In Graph)



12. Socio-Economic Impact

Value Added Statement

	2025 Rs.	2024 Rs.
Income generated	13,051,096	63,811,813
Distributed as Follows :		
Fund Managing Company- Management Fee (excluding VAT/SSCL)	457,760	903,170
Trustee Fee (excluding VAT/SSCL)	227,539	451,587
Custodian Fee (excluding SSCL)	210,805	212,400
Other Service Providers		
- Audit Fee	192,500	360,407
- Bank Charges	17,930	45,610
- Other Fees	175,488	128,774
Indirect Taxes		
- Value Added Tax	126,517	135,337
- Social Security Contribution Levy	22,977	40,184
Total Distribution	1,431,516	2,277,468
Retention for future expansion and growth	11,619,580	61,534,345



13. Stakeholder Interaction



14. Our Commitment to Financial Literacy

During the year ended 2025, CT Smith Asset Management (Pvt) Limited (CT Smith AM) conducted various awareness sessions to improve the financial literacy of general public. These programs were focused on personal financial management and Unit Trust as an alternative investment option. The Summary of programs as follows.

Type of the Program	Program Name	Date	Calibrating institution	Audience
Educational	Importance of Personal Finance Management	18 January 2025	CT CLSA - Virtual Financial Education Series - Part 2	Potential CT CLSA AM clients, Existing clients
	Capital markets awareness session and panel discussion	06 March 2025	University of Colombo	Undergraduates
	Financial Literacy Session	28 August 2025	University of Moratuwa	Undergraduates
	Financial Literacy Program and discussion for Journalists	29 October 2025	Unit Trust Association of Sri Lanka and CSE	Journalists, representatives from the Unit Trust Industry and members of the public
Unit Trust Awareness Sessions	Stock market Investments through Equity Unit Trust Funds	25 February 2025	CSE Negombo	Potential CSE Investors
	Investing in Stock market through a Unit Trust	10 March 2025	CSE Ratnapura	Potential CSE Investors
	Unit Trusts as a pathway to Equities	26 March 2025	CSE Negombo	Potential CSE Investors
	Investing in Stock market through a Unit Trust	22 May 2025	CSE Panadura	Potential CSE Investors
	Investing in Stock market through a Unit Trust	27 May 2025	CSE Batticaloa	Potential CSE Investors
	Market Condition Analysis	12 June 2025	CSE Bandarawela	Potential CSE Investors
	Introductory Session to Unit Trust	27 August 2025	Securities and Exchange Commission (SEC)	Commerce stream teachers in the Kelaniya educational zone
	Investing in stock market through a unit trust	28 August 2025	CSE Bandarawela	Potential CSE Investors

	Access to Stock Market through Equity Unit Trust Funds	11 September 2025	CSE Negombo	Potential CSE Investors
	Investing in Unit Trust Funds	16 September 2025	SEC	Commerce stream teachers in the Kalutara educational zone
	Market Condition Analysis	17 September 2025	CSE Batticaloa	Potential CSE Investors
	Invest in Stock Market through Unit Trust funds	26 September 2025	CSE Panadura	Potential CSE Investors
	Unit Trust Awareness Campaign	28 October 2025	Unit Trust Association of Sri Lanka	General Public
	Introduction to the Unit Trust funds	17 November 2025	CSE Batticaloa	Potential CSE Investors
	Awareness session on Collective Investment Schemes	08 December 2025	SEC	SEC Employees
	Introduction to the Unit Trust funds	11 December 2025	CSE Bandarawela	Potential CSE Investors
Macro Economy Discussions	How to achieve financial success in 2025?	04 January 2025	Ada Derana 24 - The Nightly business Report	General Public
	2025 Will Be Good for Equities: Investor's Guide Roundtable	11 January 2025	Echelon	General Public
	Sri Lanka's Macro Economy and Capital Market in 2025	01 February 2025	CA Sri Lanka	General Public
	Investor Forum	20 November 2025	SEC and CSE in Gampaha	Potential CSE Investors
	Economic impact of Cyclone "Ditwah" to Sri Lankan Economy	06 December 2025	TV Derana	General Public
	Outlook for 2026	31 December 2025	CA Sri Lanka	General Public

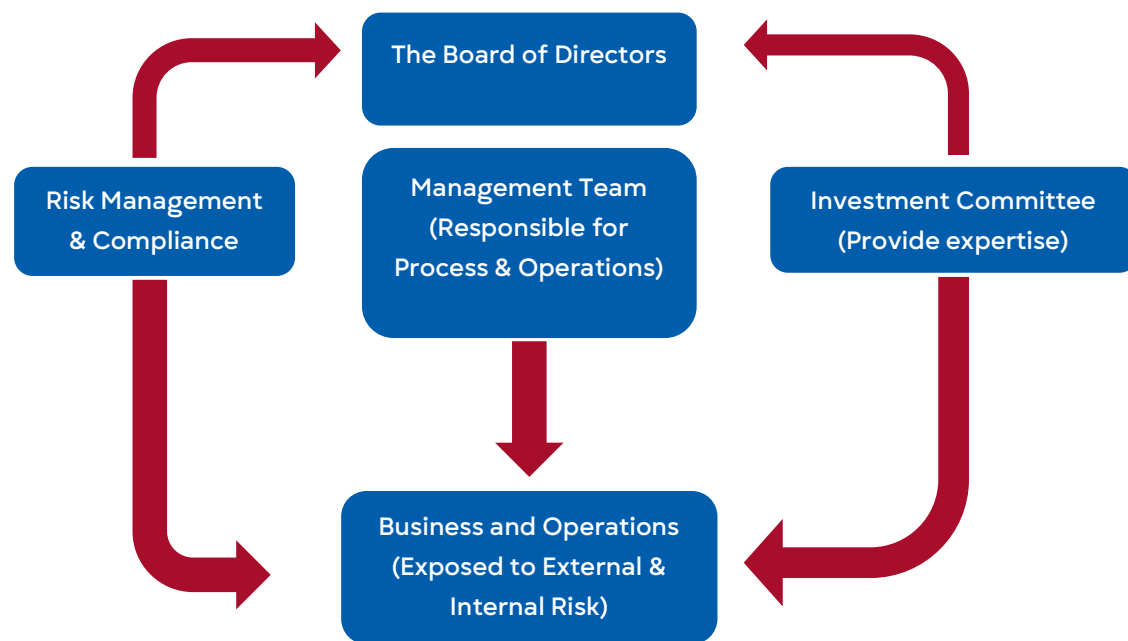


15. Governance and Risk Management Framework

Overview of Risk Management

Risk Management is the process of identification and assessment of risks arising due to factors which are internal and external to the entity, in order to mitigate such risks. Management of risk helps avoid or minimize unanticipated losses being incurred. It is not a one time or period assessment, rather it is a continuous process, which is also an integral part of normal business operations and the management of the entity.

Risk Management Structure



The function of Risk Management is delegated to the management team of the Company. Fund Managers are responsible for the management of investments portfolios, whereas the research division provides recommendations together with analysis at both macro and micro environment level. The Investment Committee share their insights and knowledge to enhance the quality of the decision-making process. The management team responsible for business and operations, identify and assess the risk involved in the Company and its environment, and adopt risk mitigating actions. Compliance conducts process / compliance audits periodically and provide recommendations to the Board of Directors and Management team in order to improve the internal controls on operations and process, as well as risk management practices.

Key Risk Categories

Overall macro-economic conditions and political factors affect the risk profiles of unit trusts. The variations of macro-economic variables like Gross Domestic Product (GDP), interest rate, inflation, exchange rates and changes in the political environment and government policies affect the performance and the variations of returns of the funds.

Unit trust funds are exposed to the following key risks, arising from the nature of its investment objectives and investment strategies.

Income Funds		
<p>CT Smith Income Fund :</p> <p>Invest in a portfolio of securities that will mature within 397 days.</p>	<p>Default Risk :</p> <p>Loss of capital invested and interest entitled due to a default by the financial institution/ counter party.</p>	<p>Evaluation of financial stability, reputation of the institution which is performed as an ongoing practice as a part of investment process.</p> <p>Consider standard rating criteria in evaluating credit quality.</p>
<p>The investment objective of the fund is to provide an annual income by investing in a portfolio of securities which will mature within 397 days with a lower level of risk.</p>	<p>Interest Rate Risk :</p> <p>Changes to interest rates will cause the values of the instruments in the portfolio to vary which will have a direct bearing on the yield of the fund. This will have an impact on the comparative return of the fund.</p>	<p>Close monitoring of environmental conditions in financial sector.</p> <p>Internal financial institution/ counter party approval process.</p>
	<p>Liquidity Risk :</p> <p>Insufficient liquidity of the fund to meet investors' redemptions. Losses due to distressed sale of instruments caused by lack of marketability.</p>	<p>Closely monitoring the behaviour of interest rate determinant factors, and adopt an investment strategy in line with anticipated interest rate trends.</p> <p>Maintenance of sufficient amount of allocation into more liquid instruments such as overnight repos and weekly repos.</p> <p>Maintenance of other assets with a routine maturity cycle.</p>

	<p>Know your clients (KYC)/ Anti-Money Laundering (AML)</p>	<p>Adhere to the relevant KYC documents and proper follow up procedures.</p> <p>Third party verifications on high-risk clients.</p> <p>Cash collections are done through the banks, hence not accepting the cash physically.</p> <p>KYC reviews are conducted on a periodic basis to ensure that existing customer information is kept updated.</p>
<p>Reputation Risk</p>	<p>Risk of losing the trust due to fraudulent activities or mis-selling</p>	<p>Strong Board oversight on matters of strategy, policy, execution and transparent reporting.</p> <p>Effective corporate governance and communication among staff members</p> <p>Proper cultural alignment to manage compliance in proactive and holistic manner.</p> <p>Quality public reporting</p>

16. Compliance Disclosures

Regulatory Requirement	Compliance Status
Managing Company must renew licence by submitting an application three months prior to the expiry	Complied
Managing Company shall at all times maintain the minimum Shareholders' Funds as specified by the SEC from time to time.	Complied
A change in the shareholding of twenty per centum (20%) or more of the total shareholding of a Managing Company shall be made only with prior consent of the SEC.	Complied
Managing Company must maintain adequate systems and resources, enforce functional barriers to protect sensitive information, and ensure proper information recording for regulatory inspection.	Complied
Persons making investment decisions on behalf of the Managing Company shall possess the adequate qualification set out by SEC	Complied
Managing Company shall ensure that a minimum of two persons possessing qualifications and/or experience as set out by SEC, are employed by the Managing Company to make investment decisions in accordance with the investment objective and policy set out in the KIID and the trust deed of the CIS and to deal with Unit Holders.	Complied
A Managing Company and individuals dealing with Unit Holders must ensure CIS transactions align with its objectives, regulations, and risk profile while refraining from intentional cross trades involving personal or related accounts.	Complied
Managing Company shall disclose to the Commission all other business activities it is engaged in at the time of applying for its licence and inform the Commission in writing prior to engaging in any other business activity after obtaining a licence from the SEC.	Complied
Unless approved by the SEC a Managing Company shall be prohibited from buying or selling any securities in its own name or having equity interest in any entity wholly or partly, directly or indirectly engaged in the business of dealing in securities.	N/A
A Managing Company shall not invest the assets of the CIS in the securities issued by a related company of the Managing Company without the prior written consent of the Trustee. All such transactions shall be disclosed in the annual report of the CIS.	N/A

Transactions between the CIS and the Managing Company, its Key Management Person/employee or their immediate family members, as well as transactions with an associate, joint venture, subsidiary, or holding company of the Managing Company, require prior written consent from the Trustee and must be disclosed in the CIS annual report	Complied
A Managing Company may amend its KIID either by the substitution of a completely new memorandum or by the addition or deletion of any information contained therein with the prior approval of the Trustee	Complied
The Managing Company shall give the Unit Holders, not less than one-month prior written communication of any increase in the Managing Company's annual charges, up to the maximum permitted level specified in the trust deed.	Complied
A Managing Company shall maintain and retain for six years records of Unit Holders, including their register, nominees, beneficial owners, unit holdings with fractions, registration dates, and units in issue, with records of redeemed units retained for six years from the redemption date.	Complied
The Managing Company shall ensure that a Unit Holder's information is updated regularly and in any event on an annual basis.	Complied
Managing Company shall have an internal compliance manual applicable to its directors and employees which shall include amongst others adequate compliance procedures and practices	Complied
All advertisements and promotional material in respect of a CIS shall be prepared in accordance with the guidelines contained in Appendix 2 of the CIS Code and No advertisement or promotional material shall be issued or published by the Managing Company on behalf of a CIS, without the prior written approval of the Trustee.	Complied
A Managing Company shall maintain accurate accounting records and books reflecting its transactions and financial position in compliance with Sri Lanka Accounting Standards, ensure they are auditable, and retain them for at least six years.	Complied
Management Company shall provide the financial statements prepared monthly in conformity with the Sri Lanka Accounting Standards signed by a Director and the Chief Executive Officer to the Commission before the twentieth (20th) day of the following month.	Complied
An interim report and unaudited accounts shall be produced for each Scheme for the first six months of each annual accounting reporting period and shall contain the same information as required in the annual audited report and accounts but need not contain an auditor's report.	Complied

Interim report and unaudited accounts of a Scheme for a reporting period shall be published on the website of the Management Company and the investors shall be informed of such fact by way of a newspaper advertisement within three (3) calendar months from the end of the interim accounting period.	Complied
Annual report and audited accounts shall be submitted to the Commission by the Management Company within four calendar months after the end of the annual accounting period.	Complied
The annual report and audited accounts shall be forwarded to the Trustee for approval prior to it being submitted to the Commission.	Complied
The annual report and audited accounts shall be made available to current Unitholders of the Scheme and also be published on the website of the Management Company within four calendar months of the end of the last day of the financial year.	Complied
The annual report and audited accounts of a Scheme shall be a stand-alone document and shall not contain any extraneous or financial promotion material.	Complied
Ensure compliance with the CDD rules and related circulars issued by CBSL-FIU.	Complied
Make a quarterly compliance report including the content specified by the Rules approved by the board of Directors and Chief Executive Officer confirming compliance with the provisions of the SEC Act before the 20th day of the following month.	Complied
A minimum liquidity level of 3% of the net asset value shall be maintained in cash or near-cash instruments.	Complied

17. Limitation on Investment

Requirement		Compliance Status
(A) Listed Entity Listed Equity Securities	<p>Fifteen per centum (15%) of the NAV of the CIS; or percentage of the NAV which is equivalent to the 'Market Capitalization Percentage' of the Security; whichever is higher,</p> <p>subject to a maximum of ten per centum (10%) of the issued voting share capital of the Listed Entity.</p> <p>For this purpose, 'Market Capitalization Percentage' shall mean the Market Capitalization of the security as a percentage of the total Market Capitalization of the Exchange.</p>	N/A
Unlisted Equity Securities	No investment shall be made in unlisted equity securities of a Listed Entity	N/A
(B) Listed Entity Listed Debt Securities	25% of NAV	N/A
Unlisted Debt Securities	<p>If guaranteed (security) from a Licensed Commercial Bank; 15% of NAV</p> <p>If rated (entity/security) BBB – (minimum rating); 15% of NAV</p>	Complied
(C) Unlisted Entity Listed Debt Securities	25% of NAV	N/A
Unlisted Debt Securities	<p>If guaranteed (security) from a Licensed Commercial Bank; 100% of NAV.</p> <p>If rated (entity/security) BBB- (minimum rating); 10% of NAV.</p>	Complied
(D) Listed Entity - Aggregate Exposure Listed equity, listed debt and unlisted debt	Aggregate value of <i>investments</i> made in <i>securities</i> specified under (A) and (B) above in a listed entity shall not exceed twenty-five per centum (25%) of the NAV.	Complied

(E) Unlisted Entity - Aggregate Exposure Listed debt and unlisted debt securities (subject to disclosure Requirements)	Aggregate value of investments made in an unlisted entity as specified in 'C' above shall not exceed twenty-five per centum (25%) of the NAV,	Complied
(F) Total exposure with a Commercial Bank, Specialized Bank or a Finance Company Licensed by the CBSL Whether through investments inter a/la Equity, Debt Security, Deposits, REPOS and Guarantees	No investment shall be made with a Commercial Bank, a Specialized Bank or a Finance Company licensed by the Central Bank of Sri Lanka unless such Banks and Finance Companies carry a minimum rating of BBB- or above rated by a Credit Rating Agency licensed by the SEC and shall not exceed twenty-five per centum (25%) of the NAV.	Complied
(G) Investment in Equity Securities through IPO's, Offers for Sale, and Rights Issues	Investments made in Initial Public Offers (IPOs), Offers for Sale and Rights Issues of Equity shall not exceed fifteen per centum (15%) of the NAV at the initial subscription.	N/A
(H) Investments in CIS	Investments in CIS's managed by: (i) the same managing company shall not exceed five per centum (5%) of NAV. (ii) other managing companies shall not exceed ten per centum (10%) of NAV.	N/A

18. Chief Executive Officer's Report

I am pleased to present an overview of the performance of the CT Smith Income Fund for the year 2025.

Economy at a Glance

Sri Lanka's economy in 2025 continued its growth momentum, posting nine straight quarters of positive performance. Despite the positive growth trajectory in the fourth quarter of 2025 the devastating Cyclone Ditwah impacted the Sri Lankan economy. Given the prudent buffers built on the external, monetary and fiscal fronts, we remain confident that the country will successfully navigate the Ditwah setback despite some envisaged near-term challenges.

Inflation remained well anchored, providing a positive impetus for a more sustained interest rate environment. This makes fixed income-based unit trust products such as the CT Smith Income Fund, an attractive proposition that enables unit holders to obtain a higher return while enjoying the flexibility of withdrawing cash with ease. What provides long-term positivity to the economy is that Sri Lanka continued to post positive primary surpluses and current account surpluses for the third consecutive year. Furthermore, the legislative framework in place including the Central Bank Act and Fiscal Responsibility Act, provides capital market participants with the optimism to invest in markets confidently.

Against this macro backdrop our team at CT Smith Asset Management (CT CLSA AM) has focused on generating above-average risk-adjusted returns, reflecting our commitment to prudent investment strategies and strong risk management practices. Given the low-interest rate regime and growing investor awareness over the years, we believe more investors will invest in unit trust options, such as the CT Smith Income Fund, to enhance their returns.

CT Smith's Commitment to Financial Education

At CT Smith AM we are committed to improving financial literacy among the Sri Lankan community by continuously engaging in financial literacy programs on timely topics such as "Personal Financial Management," "Unit Trust as an Alternative Investment Option," and "Current Market Trends." We believe these types of continuous investor education engagements will improve financial literacy and unit trust penetration levels in Sri Lanka. To reach a younger audience, we leveraged social media channels and WhatsApp broadcasting to engage with the youth and raise awareness regarding their savings and investment needs.

In 2025, one of our key focus areas was to enhance financial literacy beyond the Western Province to promote shared financial growth for those under-represented in financial

markets. We have leveraged our digital platforms and financial literacy programs to make unit trust investments more accessible to all Sri Lankans. We are breaking down barriers to entry and fostering financial literacy, thereby paving the way for collective prosperity where every Sri Lankan can participate in and benefit from the country's capital markets.

Outlook

Given the solid policy frame, we remain optimistic for the FY 2026. We believe the local economy will continue on its upward growth trajectory despite rising global geopolitical risks which may pose market volatility in the near term. It's our belief that volatility presents opportunity and the team at CT Smith is well experienced to navigate uncertainty and take well informed investment decisions. The low interest rate environment provides an opportunity for unit trust funds such as CT Smith Income as an attractive investment proposition as it provides higher returns than tradition savings with similar flexibility of returns to traditional savings.

Appreciation

I take this opportunity to thank our valued unitholders for the confidence placed in us. We also place on record our appreciation for the unstinted support extended by the Securities and Exchange Commission of Sri Lanka, our Trustee Deutsche Bank, Board of Directors at CT Smith AM and the dynamic team at CT Smith AM who has made this a success a possibility.

While we celebrate yet another year of success, we remain grounded in our belief that the pursuit of excellence is an ongoing journey. In line with this, we are setting our sights on innovation, operational efficiency and client-centricity as we continue to build the future of capital markets in Sri Lanka.

Signed



Bimanee Meepagala

Director / Chief Executive Officer

CT Smith Asset Management (Pvt) Ltd

19. Fund Manager's Review

Economic Review

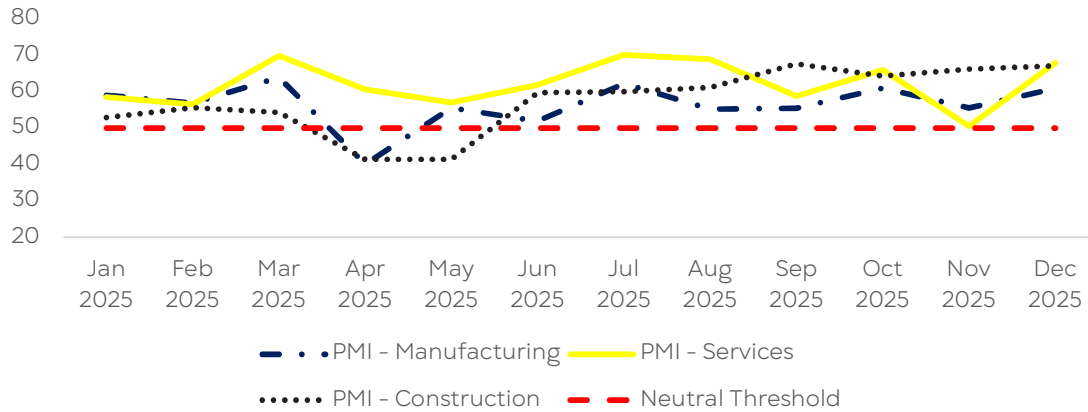
The year 2025 was shaped by a range of global economic and geopolitical developments. Major central banks continued to adjust monetary policies, with several maintaining accommodative stances to support growth amid easing inflationary pressures. Bond markets, particularly in the United States, remained volatile as investors weighed fiscal deficits, debt sustainability, and inflation expectations. In the commodity markets, oil prices remained relatively stable, supported by moderate demand growth and continued production from non-OPEC countries. Geopolitical tensions, particularly between United States and Iran remained high with limited progress in diplomatic talks adding to global uncertainty.

The Sri Lankan economy recorded a 5.0%¹ (YoY) growth in 2025, supported by broad based expansion across all three sectors, The Industrial Sector led this growth with a notable increase of 7.8%¹ followed by the service sector which grew by 3.3%¹ while agricultural sector recorded a modest expansion of 1.4%.¹ This growth momentum was further supported by strong tourism activity and inflows of worker remittances which boosted economic activity. Accordingly, the economy demonstrated greater resilience despite the disruptions caused by cyclone Ditwah during the latter part of the year.

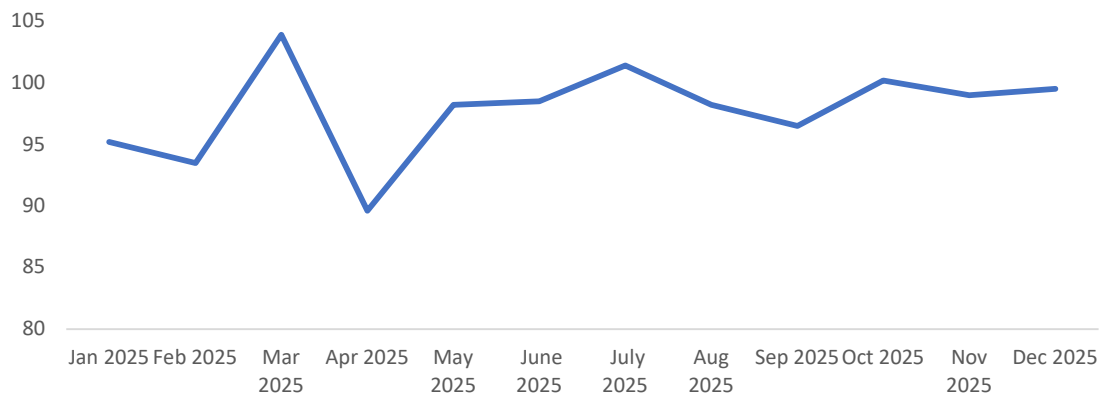
The political environment in 2025 remained stable, with the government continuing to advance key policy and economic reforms following the 2024 elections. Progress in fiscal consolidation and structural reforms under the IMF Extended Fund Facility (EFF) helped strengthen the country's macroeconomic framework. Sri Lanka maintained its improved credit profile, with Fitch Ratings maintain the rating at CCC+, reflecting ongoing improvements in debt sustainability, public finance stability, and investor confidence.



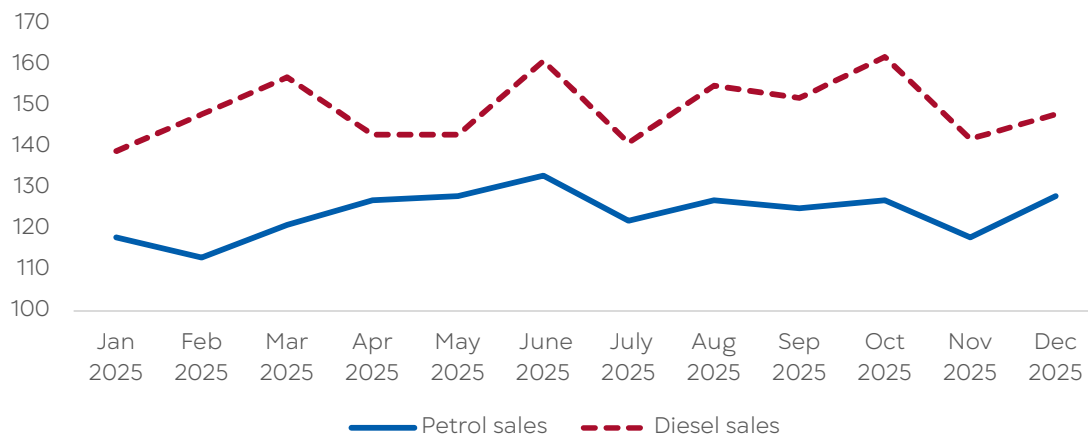
Purchasing Manager Indices

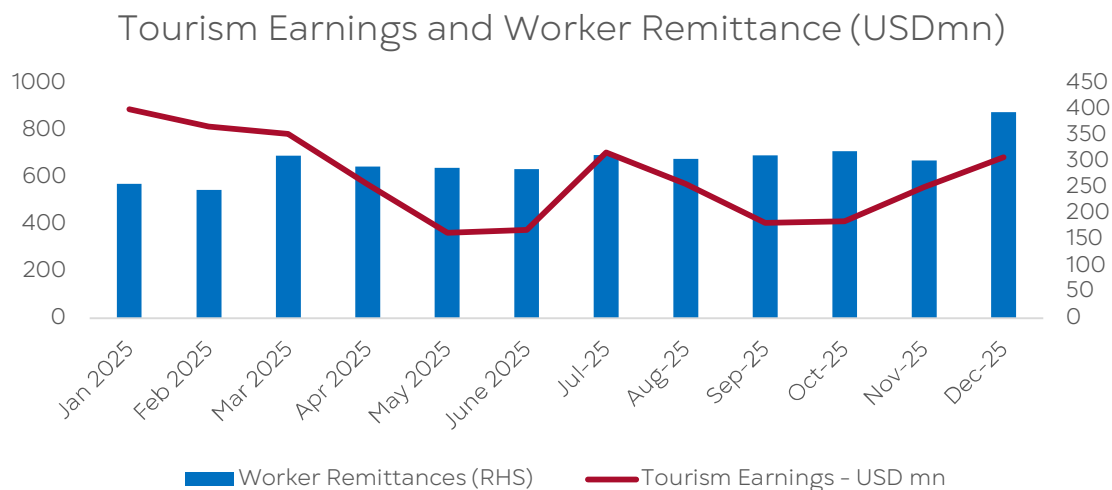


Index of Industrial Production



Petrol and Diesel Sales - (000 MT)





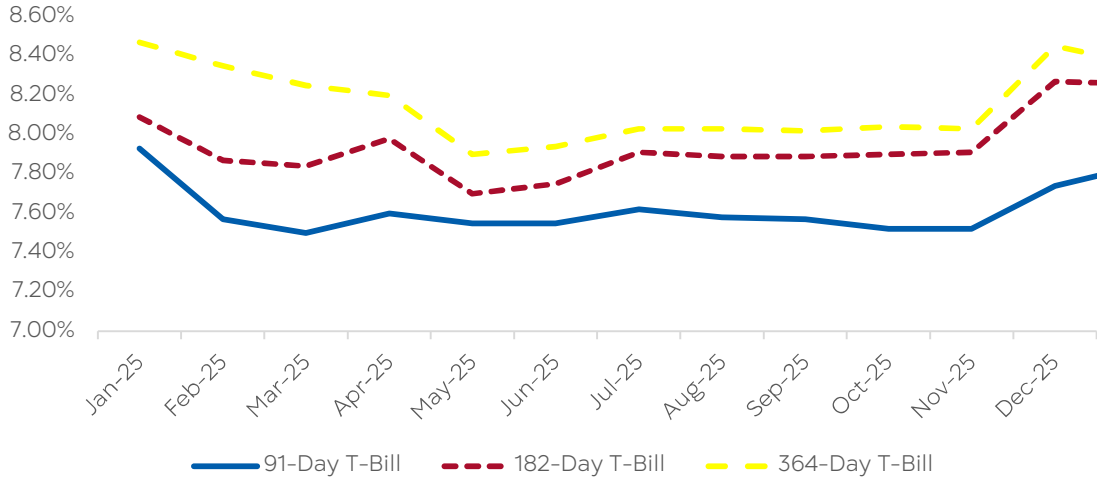
High frequency data tracked by CT Smith Asset Management show positivity.

Interest Rate Environment

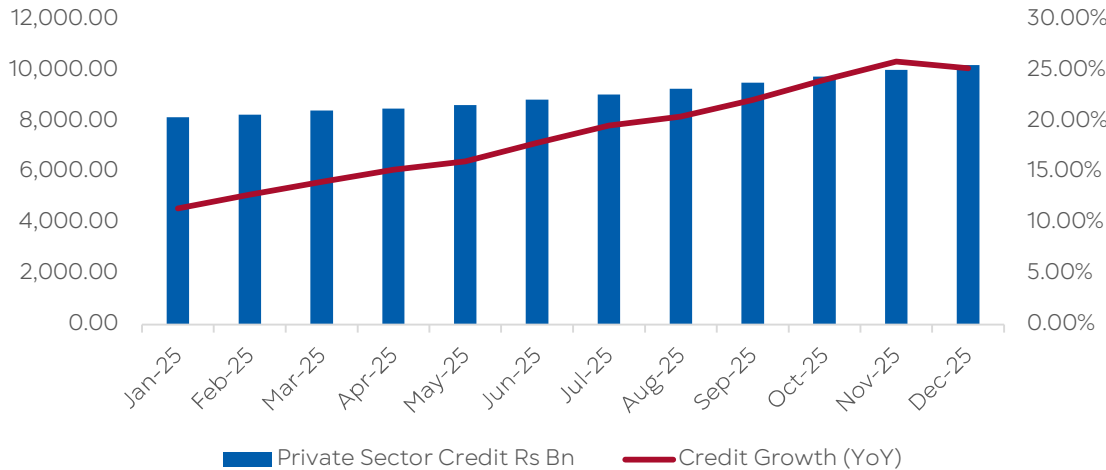
The Central Bank continued its accommodative Monetary Policy stance in 2025. In line with this, the Overnight Policy Rate (OPR) was reduced by 25bps in May 2025 to 7.75%² and maintained at the same level throughout the year as inflation returned to positive territory and moving closer to the medium-term target. Reflecting the accommodative monetary policy, the market interest rates, including those on government securities has broadly adjusted downwards during 2025, however anomalies observed in short term interest rates during the latter part of the year likely due to higher government borrowing expectations for post-Cyclone Ditwah recovery efforts. Accordingly, Treasury bill rates for 91-day, 182-day, 364-day maturities stood at 7.74%², 8.27%², and 8.45%² respectively by year end.

Domestic money market liquidity remained in surplus during 2025 with some volatility, largely supported by net purchases of foreign exchange by the Central bank. Credit to the private sector increased by Rs 2.1 Tn² representing a 25.2%² increase over 2024 due to the expansion in economic activity and increased demand for vehicle imports.

Treasury Bill Rates



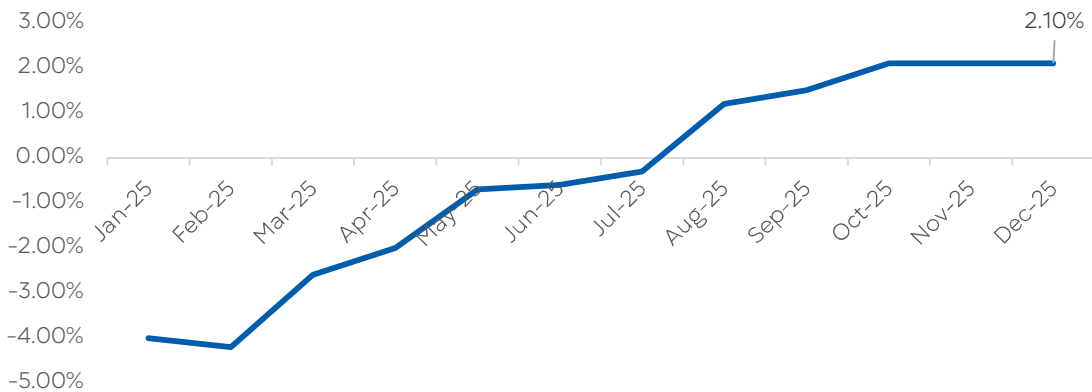
Private Sector Credit



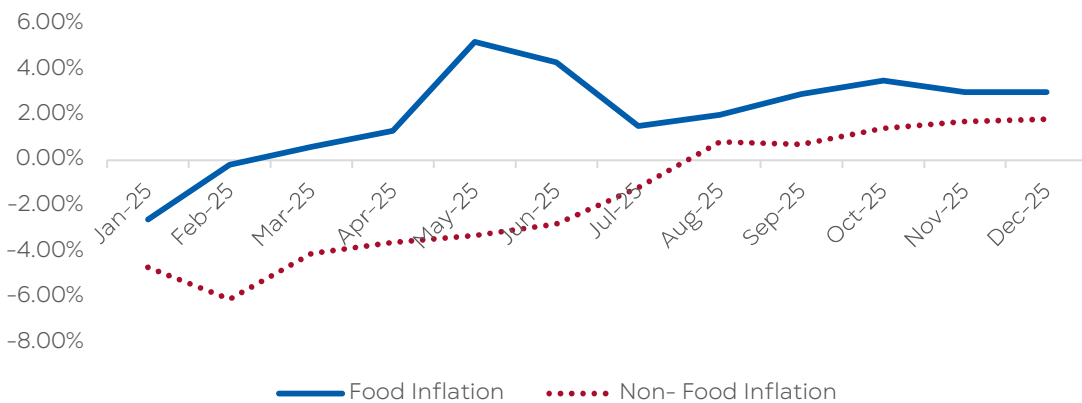
Inflation

Headline inflation measured by Colombo Consumer price index (CCPI, 2021 =100) showed a gradual recovery during 2025 following a period of deflation in the previous year. Inflation remained negative during the early months of the year, reflecting subdued demand and declines in energy and transportation prices. However, it began to recover during the second half of the year, supported by easing deflationary pressures, adjustments to administered prices such as electricity tariffs, and favourable statistical base effects. Accordingly, inflation measured by both the Colombo Consumer Price Index (CCPI) and the National Consumer Price Index (NCPI) turned positive and trended upward towards the end of the year, with CCPI-based headline inflation stabilising at around 2.1%² by December 2025, while NCPI-based headline inflation increased to 2.9%². Despite some temporary food price pressures caused by supply disruptions and seasonal demand, overall inflation remained moderate and well below the medium-term target of 5%² during the year.

CCPI - Point to Point Inflation



Food Inflation & Non-Food Inflation



External Sector

The external sector recorded a notable improvement in 2025, supported by stronger inflows from workers' remittances, tourism, and services exports. The current account recorded an estimated surplus of around US\$ 1.7 Bn² for the year, reflecting improved foreign exchange inflows despite continued challenges in merchandise trade. Export earnings reached historically high levels in 2025. However, the trade deficit widened to approximately US\$ 7.9 Bn² as import expenditure grew at a faster pace than export earnings, partly due to rising demand for consumer goods and vehicles. At the same time, workers' remittances exceeded US\$ 8 Bn², providing a significant source of foreign exchange, while tourism earnings rose by 1.6%² compared with 2024 with tourist arrivals surpassing pre-crisis levels recorded in 2018.

Gross Official Reserves increased to around US\$ 6.8 Bn² by the end of 2025 amidst ongoing external debt service payments, primarily supported by receipts from multilateral institutions and the net foreign exchange purchases by the Central Bank. On the currency front, the Sri Lankan rupee depreciated by 5.6%² during 2025 ending the year at 309.992 against the US dollar. Meanwhile, foreign investment in government security market recorded a net inflow of US \$ 248 Mn² compared to net outflow recorded in 2024.

Exhibit 01: Summary of External Sector Performance²

Category	2024 USD Mn	2025 USD Mn	Change %
Merchandise Exports	12,772	13,581.4	6.3
Merchandise Imports	18,841.4	21,479.9	14.0
Trade Balance	-6,069.4	7,898.6	
Worker Remittances	6,575.4	8,076.2	22.8
Tourism Earnings	3,168.6	3,219.2	1.6
Current Account Balance	1,205.7	1,733.4	43.8

Fiscal Sector

Fiscal sector performance strengthened further in 2025, supported by robust revenue based fiscal consolidation measures. Government Revenue increased by 34.1% (YoY)² in 2025 primarily driven by tax revenue while total expenditure increased marginally by 1.6% (YoY)² mainly reflecting increases in salaries, wages and interest payments. Accordingly, overall fiscal deficit narrowed to Rs 744.86 Bn² with a primary surplus of Rs 1,755.81 Bn² by end 2025.

The fiscal sector, however faced pressures from post-Cyclone Ditwah recovery efforts, including restoring livelihoods and rebuilding damaged infrastructure. In response, The Government implemented targeted relief measures and reconstruction initiatives, supported by the overperformance of the primary surplus in 2025. Additionally, a Supplementary Estimate of Rs. 500 Bn² for Budget 2026 was approved, to be financed through existing cash buffers while maintaining the borrowing limit unchanged.

Exhibit 02: Summary of Fiscal Sector Performance²

Category	2024 Rs Bn	2025 Rs Bn	Change %
Total Revenue	4,090.81	5,485.55	34.1%
Total Expenditure	6,130.74	6,230.41	1.6%
Primary Balance	649.57	1,755.81	170.3%
Overall Budget Balance	(2,039.93)	(744.86)	-63.5%

CT Smith Income Fund (Inception: 26th July 2021)**Fund Manager**

Kuhan Vinayagasundaram

Fund Objective and Benchmark

The investment objective of the CT Smith 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

During 2025, the CT Smith Income Fund provided an annualized return of 8.15% 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 0.51 years while 100% of the fund was 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 05: Fund Return vs. Benchmark Return

Period	CT Smith Income Fund	NDBIB-CRISIL 364 Day T-Bill Index	Income Fund-Annualized
2025 YTD	8.15%	8.46%	8.15%
Since Inception	79.39%	65.73%	17.90%

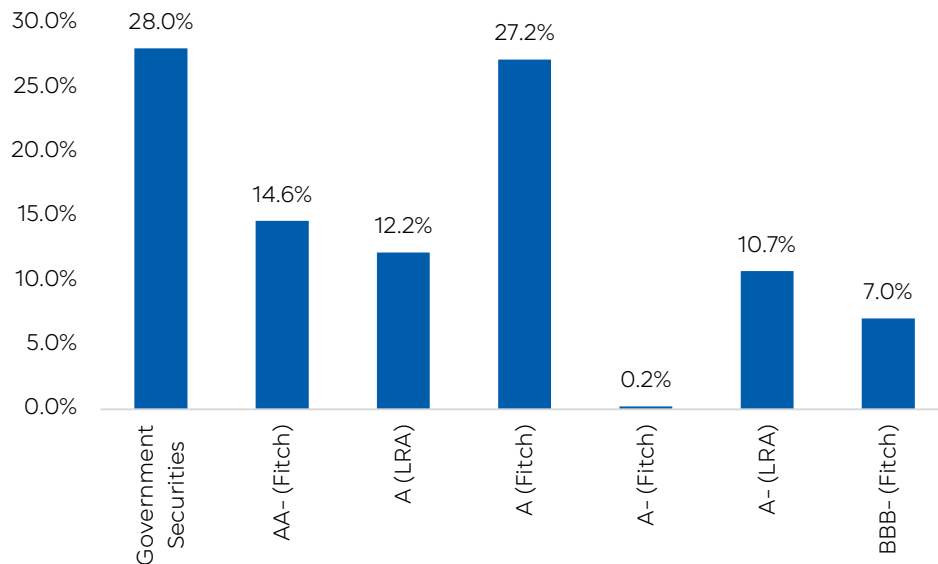
**Performances are based on month end prices as of 31st December 2025. Performance data included in this document represents past performance and is no guarantee of the future results.*

During the period under review, the fund increased its allocation to fixed deposits maturing within 12-13 months which offered more attractive post WHT returns compared to equivalent treasury bills yields. At the same time, the Fund limited investments in longer-term Treasury bonds and other mark-to-market instruments to avoid volatile returns amid declining interest rates.

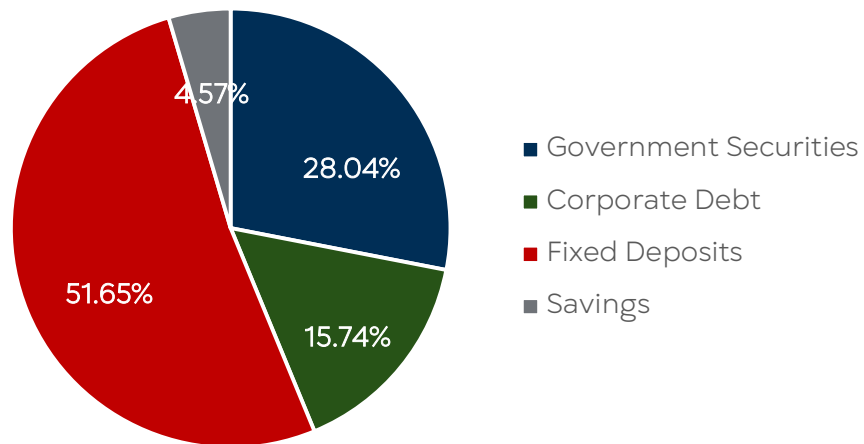
As of 31st December 2025, the fund remained fully invested in BBB- and above rated instruments with 45% of the fund invested in maturities within 3 months to capitalize on any potential upward movements in interest rates amid ongoing global uncertainties.

Key Facts of the Fund

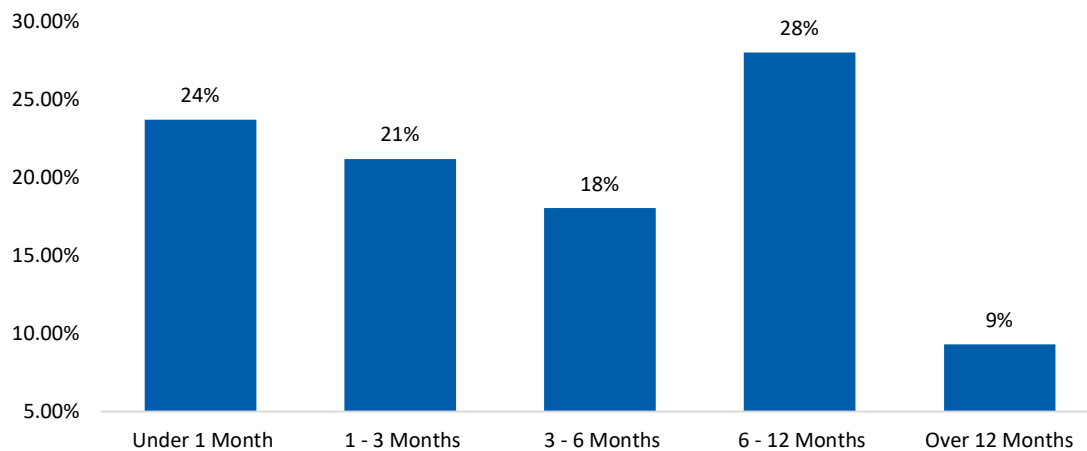
FUND CREDIT QUALITY - % OF NAV



ASSET ALLOCATION



Maturity Profile -% of NAV



As at 31st December 2025, the total net asset value of the fund was Rs.146.09 million with 62-unit holders in the fund. The redemption price for the fund on 31st December 2025 was Rs. 17.9388

Sources

¹ Department of Census and Statistics

² Central Bank of Sri Lanka

Auditor Financial Statement

CT SMITH INCOME FUND

{ FORMERLY KNOWN AS CT CLSA INCOME FUND }

FINANCIAL STATEMENTS - 31ST DECEMBER, 2025



LOCAL IN TOUCH GLOBAL IN REACH

Independent auditor's report

To the Unitholders of CT Smith Income Fund [formerly known as CT CLSA Income Fund]

Report on the audit of the financial statements

Our opinion


We have audited the financial statements of **CT Smith Income Fund** (the fund). The financial statements of the Fund comprise the statement of financial position as at 31st December 2025, the statement of profit or loss and other comprehensive income, the statement of movement in unitholders' fund 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 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

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.




 "RNH House", 622-B,
Kotte Road,
Kotte, Sri Lanka.

 +94 114 975 999

 +94 114 511 473

 info@nh-co.lk

Galle Branch

 3rd Floor,
Galle District Chamber of
Commerce and Industries,
Galle.

 +94 773 158 134

 www.nh-co.lk

Partners

R. N. Hettiarachchi FCA, FCMA, FCPA (AUS),
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

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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Managing Company, CT Smith Asset Management Limited [formerly known as 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 Smith Asset Management Limited and the Trustee of the Fund are 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 Management 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.

The Trustee is responsible for overseeing the Fund's financial reporting process.

Independent auditor's report

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

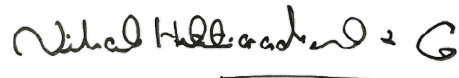
Auditor's responsibilities for the audit of the financial statements (Continued)

We communicate with Trustee and 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.(CIS Code 2022).

COLOMBO,
March 19, 2026


NIHAL HETTIARACHCHI & CO.,
Chartered Accountants



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER

	NOTES	2025 Rs.	2024 Rs.
INCOME			
Interest income	(04)	13,642,355	64,586,377
Realised loss on disposal of financial assets at fair value through profit or loss		(709,467)	(1,484,028)
Unrealised gain on financial assets at fair value through profit or loss		118,208	709,464
Total Income		13,051,096	63,811,813
OPERATING EXPENDITURE			
Management fees		554,006	978,295
Trustee & custodian fees		491,592	764,381
Audit fees	(05)	192,500	360,407
Tax consultancy fee	(06)	166,488	128,774
Other expenses		9,000	-
Bank charges		17,930	45,610
Total operating expenditure		1,431,516	2,277,467
Net operating profit		11,619,580	61,534,346
Profit before tax		11,619,580	61,534,346
Adjustment for prior year over / (under) provision for tax	(07)	-	-
Profit after tax		11,619,580	61,534,346
Total comprehensive income		11,619,580	61,534,346
Increase in net assets attributable to unit holders		11,619,580	61,534,346

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	2025 Rs.	2024 Rs.
ASSETS			
Current assets			
Cash and cash equivalents	(08)	6,686,555	4,711,806
Financial assets at fair value through profit or loss	(10)	5,231,362	60,446,469
Financial instruments - at amortised cost	(09)	134,596,795	103,982,165
Subscriptions receivable		1,000	271,000
Other receivables	(11)	10,147	8,309
Total assets		146,525,859	169,419,749
EQUITY AND LIABILITIES			
Unit Holders' fund and liabilities			
Liabilities			
Accrued expenses and other payables	(12)	438,847	402,791
Total liabilities		438,847	402,791
Unit Holders Funds			
Net assets attributable to unit holders		146,087,012	169,016,958
Total unitholders' Funds and Liabilities		146,525,859	169,419,749

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)



Director
(Management Company)



Trustee
(Deutsche Bank AG)

March 19, 2026

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**

	2025 Rs.	2024 Rs.
Net assets attributable to unit holders at 1 January	169,016,958	1,127,338,027
Increase in net assets attributable to unit holders	11,619,580	61,534,346
Proceeds from creation of units	2,923,500	214,825,000
Paid on redemption of units	(37,473,026)	(1,234,680,415)
Net increase due to unit holders' transactions	(34,549,526)	(1,019,855,415)
Net assets attributable to unit holders at 31 December	146,087,012	169,016,958



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**

	2025 Rs.	2024 Rs.
Cash flows from operating activities		
Interest received	13,634,590	64,675,738
Management fees and trustee fees paid	(1,047,879)	(2,123,469)
Other expenses paid	(341,654)	(681,795)
Net investment in treasury bills / bonds / repurchase agreement	54,475,346	1,000,690,803
Net investment in asset backed securities	30,651,417	(19,469,282)
Net investment in fixed deposits	(43,282,961)	(26,526,730)
Net proceeds from subscription receivable	270,000	(72,657)
Investment in commercial papers	(17,834,584)	(125,000,000)
Withdrawal in commercial papers	-	125,000,000
Net cash flow generated from operating activities	36,524,275	1,016,492,609
Cash flows from financing activities		
Proceeds from creation of units	2,923,500	214,825,000
Payments on redemption of units	(37,473,026)	(1,234,680,415)
Net cash used in financing activities	(34,549,526)	(1,019,855,415)
Net decrease in cash and cash equivalents	1,974,749	(3,362,806)
Cash and cash equivalents at the beginning of the year	4,711,806	8,074,612
Net Cash inflow	6,686,555	4,711,806
Cash and cash equivalents at the end of the year	6,686,555	4,711,806

(Note 8)


 NHCo
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 Smith Income Fund [formerly known as 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. With effect from 14 August 2025, CT CLSA Asset Management (Private) Limited [formerly Comtrust Asset Management] re-branded and re-launched Corporate Identity as CT Smith Asset Management (Pvt) Limited. 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 Level 21, One Galle Face Tower, 1A Central Road, Galle Face, Colombo 02.

References to the 'CT Smith Asset Management (Pvt) Limited' in the accompanying financial statements relate to CT CLSA Asset Management (Private) Limited formerly Comtrust Asset Management.

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 year ended 31 December 2025 were authorized for issued by the Fund Management Company and the Trustee on 19th March, 2026.

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 2025, statement of profit or loss and other comprehensive income, statement of 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 Trust Deed and Collective Investment Scheme (CIS) Code of the Securities and Exchange Commission of Sri Lanka.

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 on page 8.

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 2025, 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

Fund is not liable to pay income tax as the reporting date. The fund's income generated through investment business is treated as "pass through vehicles" under the provisions of Inland Revenue Act No. 24 of 2017 and subsequent amendment thereto.

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's collateral position at 31 December 2025 is reflected in the disclosures provided in Note 9.2

2.17 Standards and amendments to existing standards effective from 1st January 2025

No significant impact resulted on the financial statements of the Fund due to changes in Accounting Standards and disclosures during the year and Standards Issued but not yet Effective.

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 debt 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' and 'FVTPL'. 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 quarterly to review, evaluate and reassess the investment policies and risk.

Notes to the financial statements continued on page 14.

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 2025	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Financial assets at FVTPL	Nil	5,231,362	Nil	5,231,362
Financial instruments at amortised cost	Nil	134,596,795	Nil	134,596,795
Cash and cash equivalents	Nil	6,686,555	Nil	6,686,555
Total exposure	Nil	146,514,712	Nil	146,514,712

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

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 considered as risk free investments.

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:

	2025 (Rs.)	2024 (Rs.)
Financial assets at FVTPL	5,231,362	60,446,469
Financial instruments at amortised cost	134,596,795	103,982,165
Cash and cash equivalents	6,686,555	4,711,806
Total	146,514,712	169,140,440

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 2025.

Counterparty	Credit Rating	Rating Agency
Deutsche Bank AG	A-	Fitch
DFCC Bank PLC	A	Fitch
Hatton National Bank PLC	AA-	Fitch
Sampath Bank	AA-	Fitch
NDB Bank	A	Fitch
People's Bank	AA-	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 2025 Accrued expenses and other payables	440	85,846	352,561	Nil
31st December 2024 Accrued expenses and other payables	580	88,127	314,084	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.

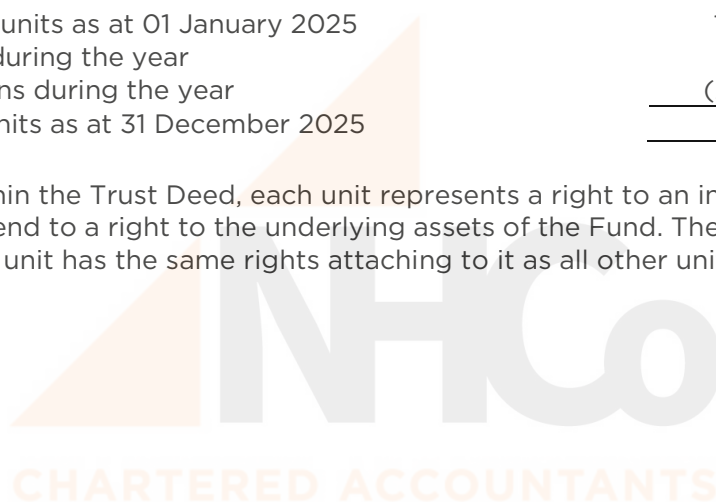
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(03) FINANCIAL RISK MANAGEMENT (CONTINUED)**

Following being the disclosures of Unit Holders' funds;

The movement in the Unit Holder's funds as at 31 December 2025

	Amount (Rs)
In term of value	
Unit Holders' funds as at 01 January 2025	169,016,958
Creations during the year	2,923,500
Redemptions during the year	(37,473,026)
Increase in net assets attributable to Unit Holders	11,619,580
Unit holders' Funds as at 31 December 2025	<u>146,087,012</u>
In term of no. of units	
Opening no. of units as at 01 January 2025	10,168,355
Unit creations during the year	170,040
Unit redemptions during the year	(2,194,272)
Closing no of units as at 31 December 2025	<u>8,144,123</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 on page 18.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2025 Rs.	2024 Rs.
(04) INTEREST INCOME		
Interest income on fixed deposits	4,762,401	1,526,729
Interest income on treasury bill reverse repurchase agreements	4,933,416	14,254,377
Interest income on treasury bills	445,008	353,800
Interest income on treasury bonds	-	42,810,762
Interest income on savings deposits	244,426	456,955
Interest income on asset-backed trust investment	2,422,520	3,768,514
Interest income on commercial papers	834,584	1,415,240
	<u>13,642,355</u>	<u>64,586,377</u>
(05) AUDIT FEE		
Audit fees	192,500	175,000
Audit fee under provision 2023	-	185,407
	<u>192,500</u>	<u>360,407</u>
(06) TAX CONSULTANCY FEE		
Tax consultancy fee	160,062	139,084
Tax consultancy fee under/(over) provision 2024	6,426	(10,310)
	<u>166,488</u>	<u>128,774</u>

(07) TAXATION

Fund is not liable to pay income tax as at the reporting date. The fund's income generated through investment business is treated as "pass through vehicles" under the provisions of Inland Revenue Act No. 24 of 2017 and subsequent amendment thereto.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2025 Rs.	2024 Rs.
(08) CASH AND CASH EQUIVALENTS		
Favourable balances		
Current accounts		
Cash at Bank	6,686,555	4,711,806
Cash and cash equivalents for the purpose of statement of cash flows.	<u>6,686,555</u>	<u>4,711,806</u>

(09) FINANCIAL ASSETS AT AMORTISED COST

Name of Institution	31.12.2025		31.12.2024	
	Fair value	Holding as a % of Net Asset Value	Fair value	Holding as a % of Net Asset Value
	Rs.		Rs.	
Commercial Papers (9.1)	17,834,584	12%	-	-
Treasury Bill Reverse Repurchase (9.2)	41,087,702	28%	71,590,616	42%
Fixed Deposits (9.3)	75,674,510	52%	32,391,548	19%
	<u>134,596,795</u>	<u>92%</u>	<u>103,982,165</u>	<u>62%</u>

	Opening Balance at 01.01.2025 Rs.	During the Year Addition Rs.	During the Year Withdrawal Rs.	Closing Balance at 31.12.2025 Rs.
(9.1) Commercial Papers				
LOLC	-	17,834,584	-	17,834,584
	<u>-</u>	<u>17,834,584</u>	<u>-</u>	<u>17,834,584</u>

Notes to the financial statements continued on page 20.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(09) FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)**

Name of Institution	31.12.2025		31.12.2024	
	Fair value Rs.	Holding as a % of Net Asset Value	Fair value Rs.	Holding as a % of Net Asset Value
(9.2) Treasury Bill Reverse Repurchase Agreement				
First Capital Treasuries PLC	5,118,346	4%	66,584,932	39%
First Capital Treasuries PLC	30,960,534	21%	5,005,685	3%
HNB Securities Ltd	5,008,822	3%	-	0%
	41,087,702	28%	71,590,616	42%

Repurchase (REPO) Investments - Collateral

As at the reporting date, the Company held a repurchase (REPO) investments measured at amortised cost as above. The investments are secured by Government securities with a face value held as collateral under the terms of the agreement as follow. The excess of the collateral's face value over the carrying amount of the REPO investments represent a haircut maintained to mitigate counterparty credit and market risks.

ISIN No	Deal No.	Security Description	Repo Value as at 31st December 2025 Rs.	Face Value of government security Rs.
LKB015341155	RF20251016-012	15 Year Treasury Bond	5,118,346	6,050,000
LKB00529J154	RF20250807-017	05 Year Treasury Bond	30,960,534	33,400,000
LKB00832L158	RF251224-00015	08 Year Treasury Bond	5,008,822	6,000,000

	31.12.2025		31.12.2024	
	Fair value Rs.	Holding as a % of Net Asset Value	Fair value Rs.	Holding as a % of Net Asset Value
(9.3) Fixed Deposits				
People's Bank	8,356,273	6%	7,205,607	4%
HNB Finance PLC	17,945,035	12%	5,092,683	3%
Mahindra Ideal Finance Limited	13,053,546	9%	20,093,258	12%
The People's Leasing Finance	10,257,651	7%	-	0%
Vallibel Finance PLC	15,736,027	11%	-	0%
Mercantile Investments and Finance PLC	10,325,978	7%	-	0%
	75,674,510	52%	32,391,548	19%

Notes to the financial statements continued on page 21.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Name of Institution	31.12.2025		31.12.2024	
	Fair value Rs.	Holding as a % of Net Asset Value	Fair value Rs.	Holding as a % of Net Asset Value
Asset-Backed Trust Investment (10.1)	5,231,362	4%	35,882,779	21%
Treasury Bills (10.2)	-	0%	24,563,690	15%
	<u>5,231,362</u>	<u>4%</u>	<u>60,446,469</u>	<u>36%</u>

	31.12.2025		31.12.2024	
	Fair value Rs.	Holding as a % of Net Asset Value	Fair value Rs.	Holding as a % of Net Asset Value
(10.1) Asset-Backed Trust Investment				
LOLC	-	0%	19,570,173	12%
Asia Asset Finance PLC	-	0%	16,312,606	10%
Richard Pieris Finance Ltd	5,231,362	4%	-	0%
	<u>5,231,362</u>	<u>4%</u>	<u>35,882,779</u>	<u>21%</u>

Name of Institution	31.12.2025		31.12.2024	
	Fair value Rs.	Holding as a % of Net Asset Value	Fair value Rs.	Holding as a % of Net Asset Value
(10.2) Treasury Bills				
Wealth Trust Securities Ltd	-	0%	14,747,713	9%
Acuity Securities Ltd	-	0%	9,815,977	6%
	<u>-</u>	<u>0%</u>	<u>24,563,690</u>	<u>15%</u>

Notes to the financial statements continued on page 22.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2025 Rs.	2024 Rs.
(11) OTHER RECEIVABLE		
Savings interest receivable	10,147	2,382
OD interest reversal receivable from DB	-	5,927
	<u>10,147</u>	<u>8,309</u>
(12) ACCRUED EXPENSES AND OTHER PAYABLES		
Audit fee	192,500	175,000
Management fee payable	44,896	46,450
Provision for tax consultancy fee	160,061	139,084
Trustee fee and custodian fee payable	40,950	41,677
Other payables	440	580
	<u>438,847</u>	<u>402,791</u>



Notes to the financial statements continued on page 23.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(13) 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 10.1)			
As at 31 December 2025	5,231,362	Nil	Nil
As at 31 December 2024	35,882,779	Nil	Nil
Treasury Bills (Note 10.2)			
As at 31 December 2025	-	Nil	Nil
As at 31 December 2024	24,563,690	Nil	Nil

Notes to the financial statements continued on page 24.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(13) 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

Cash and Cash Equivalents
Financial Assets - Debt Instruments
at Amortised Cost
Other Receivables

Liabilities

Accrued Expenses and Other Payables

(14) CONTINGENT LIABILITIES

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

(15) 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.

(16) CAPITAL COMMITMENTS

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

(17) UNITS IN ISSUE AND UNIT PRICE

Units in issue and deemed to be in issue as at 31 December 2025 is 8,144,123 (2024 - 10,168,355) and the creation and redemption Unit price as at this date is Rs.17.9388 (2024 - Rs. 16.5876).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(18) 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.

(18.1) Management Company and Trustee

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

The Trustee and Custodian is Deutsche Bank AG.

(18.2) Key management personnel

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

Directors of CT Smith Asset Management (Private) Limited

Ms. Cecilia Page
Mr. Joseph Page
Mr. Zakir Mohameddally
Mrs. B.S. Meepagala
Mr. Chanakya Dissanayake
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

(18.3) 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 for the compensation of key management personnel.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(18) RELATED PARTY DISCLOSURE (CONTINUED)****(18.4) Other transactions within the Fund**

Apart from those details disclosed in Note 18.5 and 18.6, key management personnel have not entered in to any other transactions involving the Fund during the financial year.

(18.5) Related party unit holding and other transactions

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

As at 31 December 2025	Relationship	No. of Units	Value of units held Rs.	Total interest held %	Distribution paid or payable by the Rs.
Unit holder					
CT Smith Asset Management	Fund Managing Company	1,975,513	35,438,329	24.26%	Nil
Mr. Zakir Mohameddal	Key Management Personnel	87	1,556	0.00107%	Nil
Mrs. B.S. Meepagala	Key Management Personnel	2,211	39,662	0.02715%	Nil
Mr. Kuhan Vinayagasu	Key Management Personnel	67	1,208	0.00083%	Nil
Ms. Hansini Aravinda	Key Management Personnel	74	1,322	0.00090%	Nil

Notes to the financial statements continued on page 27.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(18) RELATED PARTY DISCLOSURE (CONTINUED)****(18.5) Related party unit holding and other transactions (Continued)**

As at 31 December 2024	Relationship	No. of Units	Value of units held	Total interest held	Distribution paid or payable by the Rs.
Unit holder			Rs.	%	Rs.
CT Smith Asset Management	Fund Managing Company	1,975,513	32,769,016	19.39%	Nil
Mr. Zakir Mohameddal	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 Vinayagasu	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 28.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**(18) RELATED PARTY DISCLOSURE (CONTINUED)****(18.6) 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 year 31 December	Payable as at 31	Charge for the year 31 December	Payable as at 31 December
	2025	2025	2024	2024
Management Fees - CT Smith Asset Management (Private) Limited	554,006	44,896	978,295	46,450
Management Fees - Guardian Acuity Asset Management Limited	Nil	Nil	Nil	Nil
Trustee Fees and Custodian Fees Payable - Deutsche Bank AG	491,592	40,950	764,381	41,676
The Bank balance held at Deutsche Bank AG as at 31 December		330,493		1,515,124

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

	2025	2024
Net asset value as per financial statements	146,087,012	169,016,958
Audit fee adjustment	8,500	(348,138)
Published net asset value	<u>146,095,512</u>	<u>168,668,820</u>
Number of units outstanding	8,144,123	10,168,355
Net asset value per unit	<u>17.9388</u>	<u>16.5876</u>

NIHAL HETTIARACHCHI & COMPANY

HEAD OFFICE :

RNH House, 622-B, Kotte Road, Kotte, Sri Lanka.



+94 114 975 999



+94 114 511 473



info@nh-co.lk

GALLE BRANCH :

71/21, 2/1, 3rd Floor,
Galle District Chamber of Commerce and industries Building,
Sri Gnanobhasha Mawatha, Galle.



+94 914 942 100



info.galle@nh-co.lk

WWW.NH-CO.LK

21. Five Year Summary – Financial Statements

Year ended 31 December

Trading Results	2025	2024	2023	2022	2021
Gross income	13,051,096	63,811,813	120,265,886	26,006,960	7,230,745
Profit for the year	11,619,580	61,534,346	117,001,515	24,251,814	6,433,624
Statements of Financial Position					
Assets					
Cash at bank	6,686,555	4,711,806	8,074,612	52,784,330	36,490,481
Financial assets at amortised cost	134,596,795	103,982,165	107,405,505	78,332,768	237,463,479
Financial assets at fair value through profit or loss	5,231,362	60,446,469	1,012,492,485	-	19,891,667
Other receivables	10,147	8,309	91,743	-	-
Unitholders' funds and liabilities					
Liabilities					
Accrual and other payables	438,847	402,791	924,661	477,810	281,433
Total Liabilities					
Unitholders' funds					
Net assets attributable to unitholders	146,087,012	169,016,958	1,127,338,027	130,695,288	293,564,194
Total Unitholders' Funds and Liabilities	146,525,859	169,419,749	1,128,262,688	131,173,098	293,845,627
Other Financial Information					
Net assets value per unit	17.9388	16.5876	14.4671	11.4700	10.2398

Financial Instruments as at 31 December 2025, 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021 have been presented in accordance with SLFRS 9.

CT SMITH
ASSET MANAGEMENT

4-15, Majestic City, 10, Station Road, Colombo 04, Sri Lanka.

Tel : +94 11 255 2290 Email : info@ctsmith.lk

www.ctsmith.lk