

CT CLSA INCOME FUND



INTERIM REPORT

FOR THE SIX MONTHS ENDED 30TH JUNE 2025

CORPORATE INFORMATION

TRUSTEE & CUSTODIAN

Deutsche Bank AG

Filiale Colombo, Level 21, One Galle Face Tower,

1A, Centre Road,

Galle Face, Colombo 02.

MANAGING COMPANY & REGISTRAR

CT CLSA Asset Management (Pvt) Ltd

04th Floor, Majestic City,

No. 10, Station Road, Colombo 04

Tel: 0115759571 Fax: 0112506347

Web: www.ctclsal.lk

AUDITORS

Nihal Hettiarachchi & Co,

Chartered Accountants,

“RNH House”, 622-B

Kotte Road.

Kotte.

BANKERS

Deutsche Bank AG

Filiale Colombo, Level 21,

One Galle Face Tower,

Colombo 10.

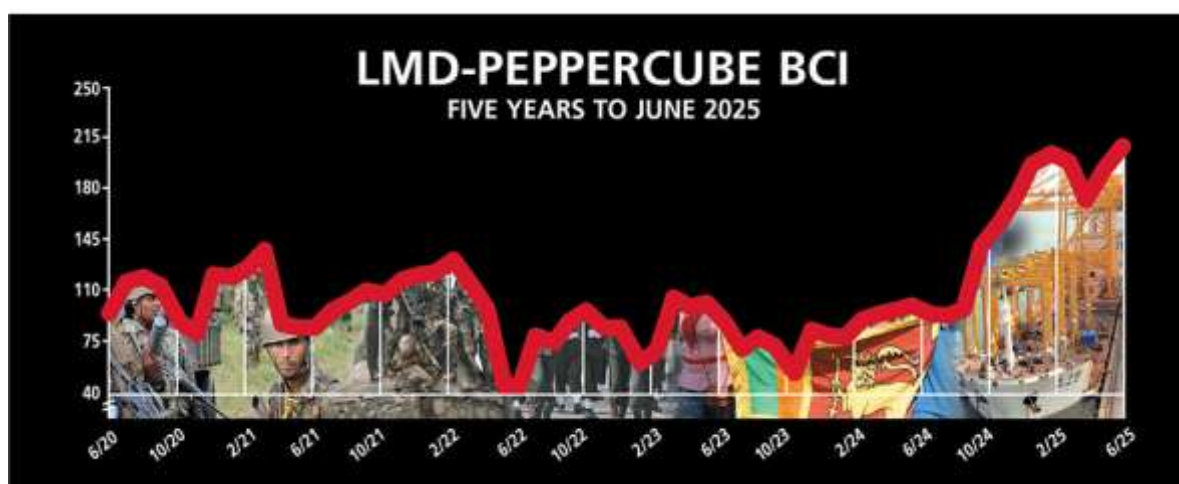
Fund Manager Review

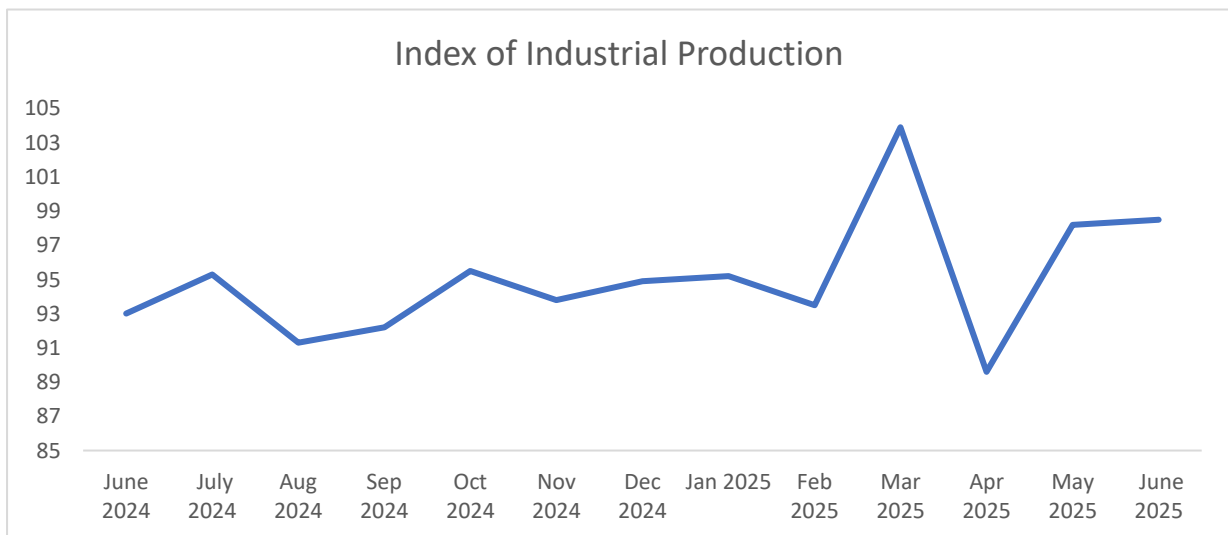
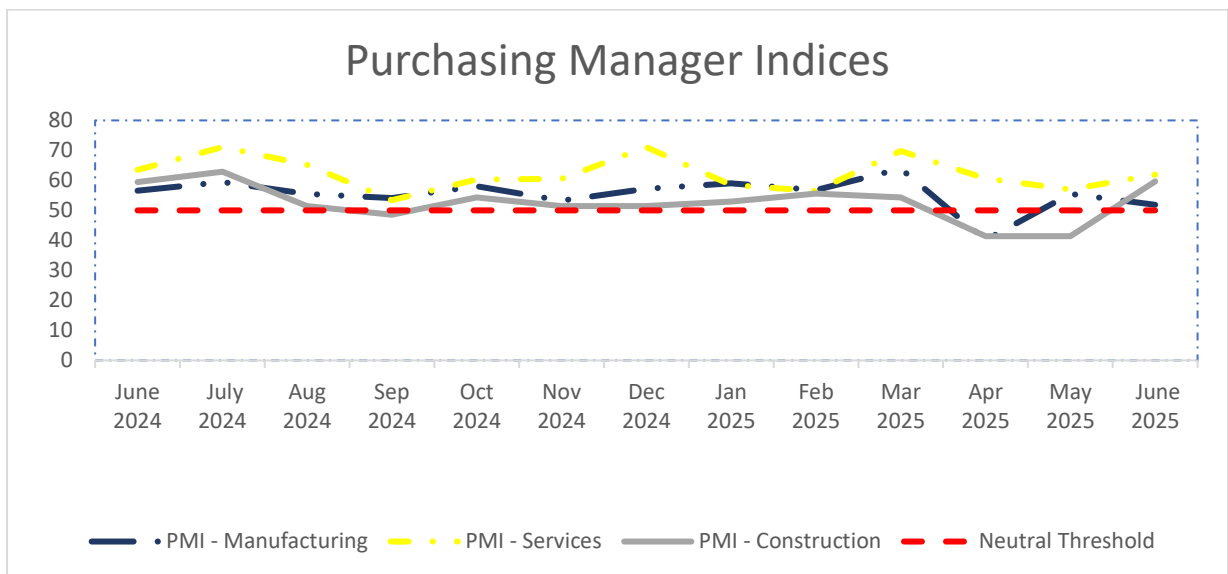
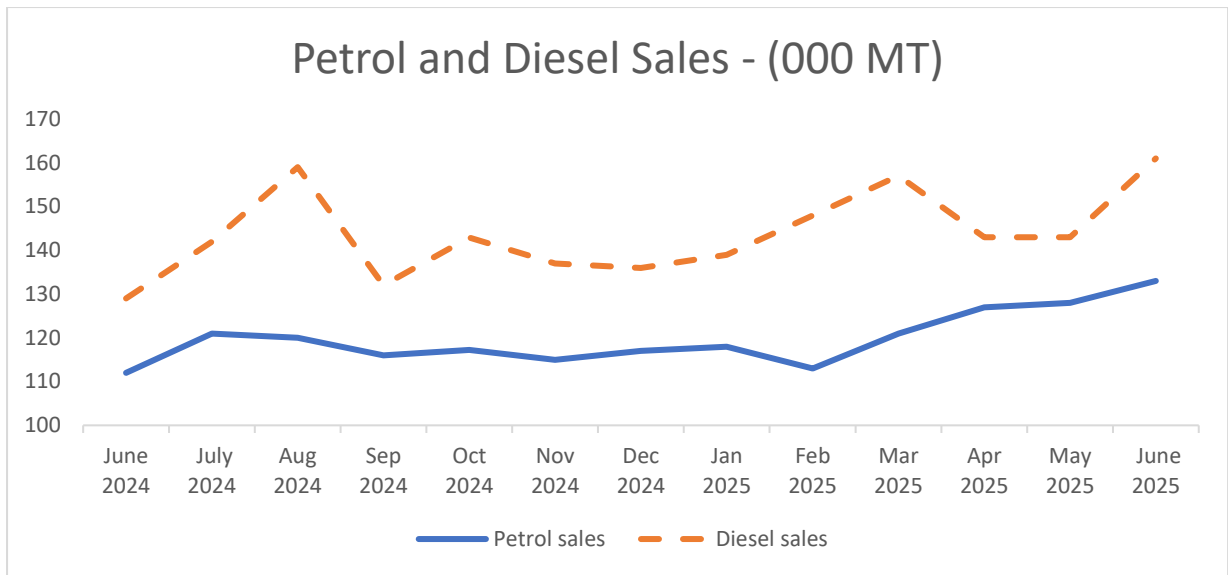
Economic Review

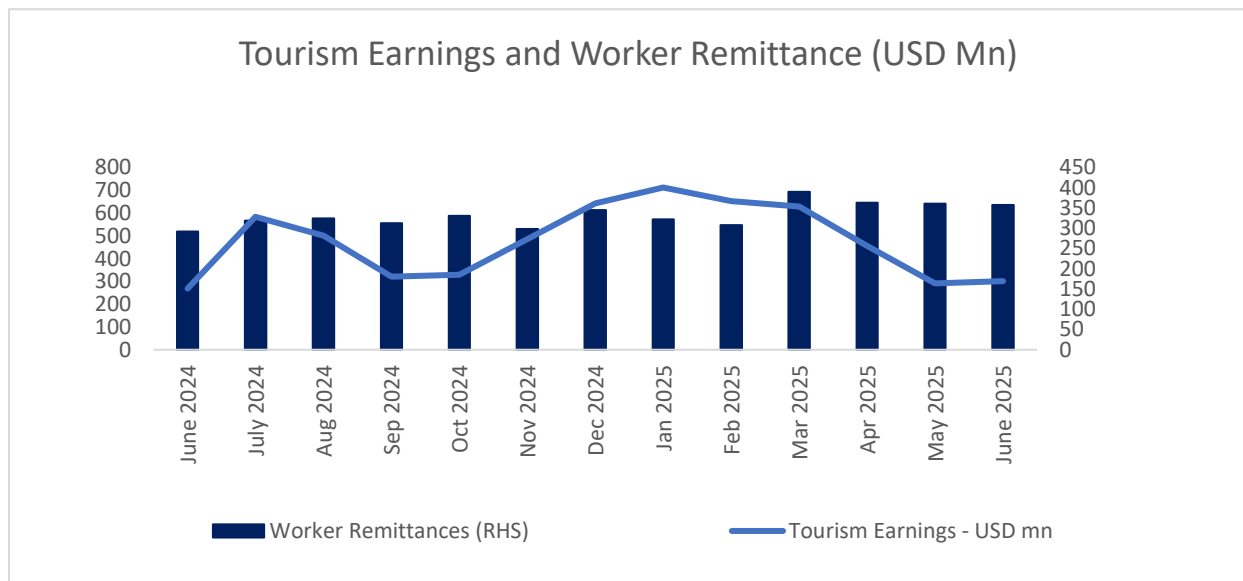
In first quarter of 2025, The Sri Lankan economy expanded by 4.8%¹, marking the seventh quarter of positive growth since the third quarter of 2023. This growth was primarily driven by strong performances in the Industrial and Services activities while the agriculture sector experienced a contraction. Accordingly, the industrial and service sectors recorded growth rates of 9.7%¹ and 2.8%¹ respectively, while agricultural sector contracted by -0.7%¹.

As per the IMF world economic outlook the global growth is projected at 3.0%² while global headline inflation is expected to ease to 4.2%² in 2025.

The business confidence index has continued to remain higher indicating positive outlook on the economy



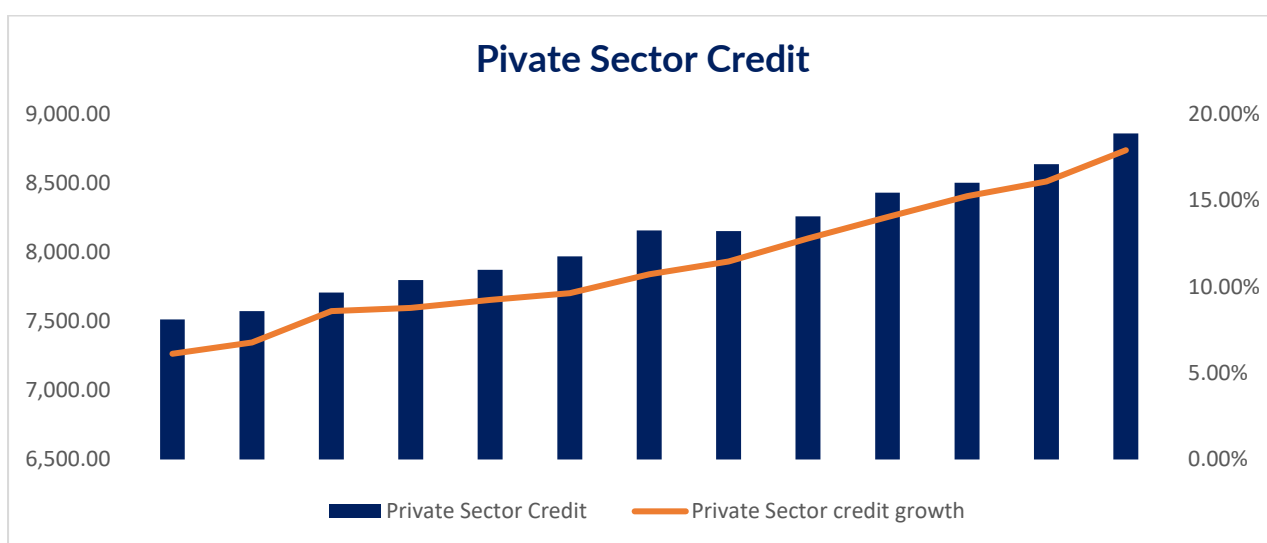
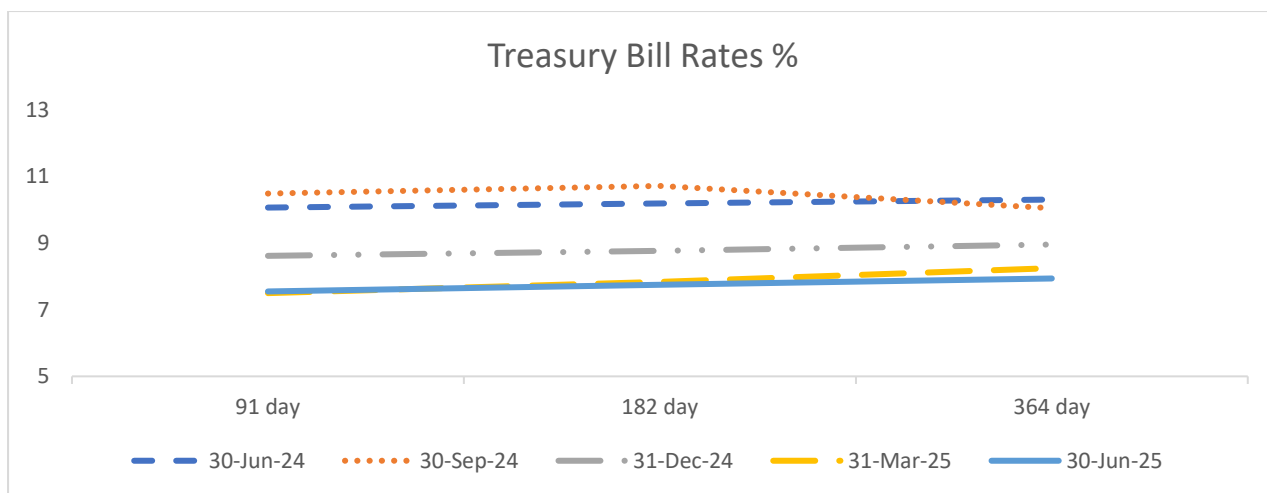




The high frequency data tracked by CT CLSA Asset Management show positivity.

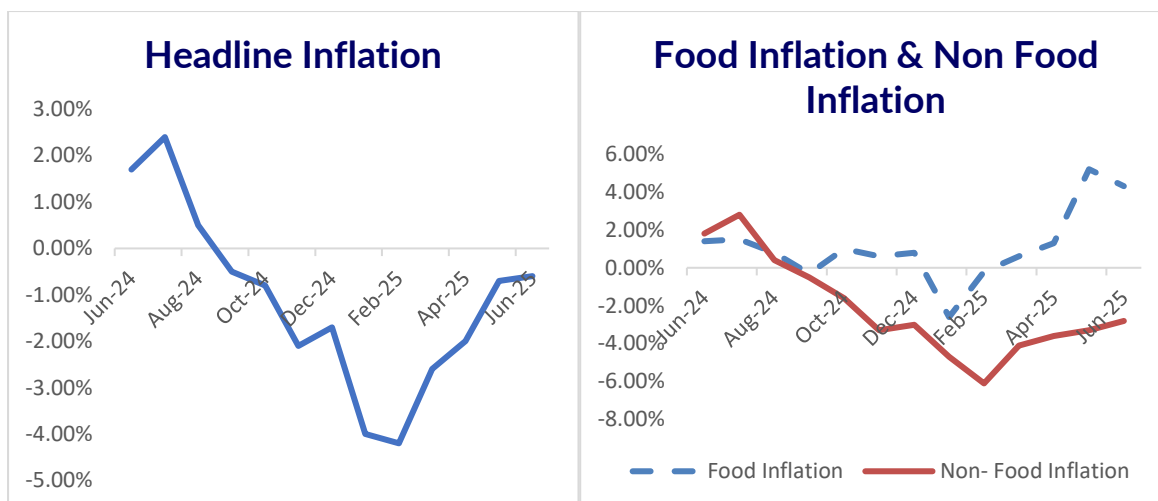
Interest Rate Environment

The central bank maintained an accommodative monetary policy stance in response to subdued demand driven inflationary pressures in the market. In line with this, the central bank executed a 25-bps¹ rate cut in May 2025, lowering the overnight policy rate at 7.75%¹. Following the rate cut, market interest rates declined, including the yields of government securities. By end June 2025, treasury bill yields stood at 7.55%¹ for the 91 day, 7.75%¹ for the 182 day, 7.94%¹ for the 365-day. Meanwhile, Private sector credit grew by 8.58%¹ in the first half of 2025 reaching Rs. 8,856.10¹ Bn as of end June 2025.



Inflation

Headline inflation as measured by Colombo Consumer Price Index remained in deflationary territory throughout the first half of 2025, gradually easing from $-4\%^1$ in January 2025 to $-0.6\%^1$ by June 2025. Food inflation moved from deflationary levels in early 2025 to a peak of $5.2\%^1$ in May, before moderating to $4.3\%^1$ by June, driven by rising prices in key commodities. In contrast, non-food inflation remained in negative territory throughout the period, easing gradually from $-4.7\%^1$ in January to $-2.8\%^1$ in June, reflecting subdued demand conditions and base effects. Inflation is expected to remain well anchored in the near term.



External Sector

The external sector remained resilient during the first half of 2025, despite pressures from a widening trade deficit. Improved inflows from tourism and workers' remittances provided crucial support to the balance of payments. By end June 2025, Gross official reserves remained at healthy levels of \$6.1Bn.¹ The Central Bank continued its reserve accumulation efforts through regular net foreign exchange purchases. Additionally, external financing was bolstered by the receipt of the fifth tranche of the IMF-EFF arrangement in early July 2025. On the currency front the Sri Lankan rupee depreciated by 2.5%¹ at the end of June 2025 against the U.S Dollar closing at LKR 299.97¹ per USD. Meanwhile the government securities market recorded a net foreign investment inflow of USD 90¹ Million during the first half of 2025.

Exhibit 01: Summary of External Sector Performance¹

Category	Jan -Jun 2024 (USD Mn)	Jan - Jun 2025 (USD Mn)	Change %
Merchandise Exports	6,144.4	6,492.1	5.7
Merchandise Imports	8,684.4	9,762.2	12.4
Trade Balance	(2,540.0)	(3,270.1)	
Worker Remittances	3,144.0	3,738.0	18.9
Tourism Earnings	1,556.6	1,712.6	10
Current Account Balance	1,148.4	1,495.0	30.2

Fiscal Sector

Fiscal Sector performance continued to improve during the first half of 2025 driven by the government’s strong commitment to revenue based fiscal consolidation. These measures resulted a notable primary surplus and a narrowing of the overall budget deficit, marking steady progress toward fiscal sustainability.

Exhibit 02: Summary of Fiscal Sector Performance¹

Category	Jan - Jun 2024 Rs Bn	Jan- Jun 2025 Rs Bn
Total Revenue	1,864.6	2,325.1
Total Expenditure	2,463.3	2,730.7
Primary Balance	543.4	859.0
Overall Budget Balance	(598.7)	(405.6)

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

Fund Manager

Kuhan Vinayagasundaram

Fund Objective and Benchmark

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

Commentary

During the first half of 2025, the CTCLSA Income Fund provided an annualized return of 9.10% 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 0.56 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	GAIF	NDBIB-CRISIL 364 Day T-Bill Index	GAIF-Annualized
2025 YTD	4.51%	4.84%	9.10%
Since Inception	73.36%	60.20%	18.66%

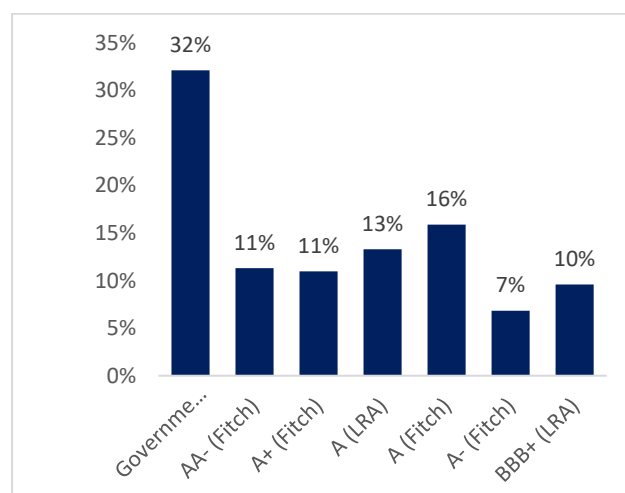
**Performances are based on month end prices as of 30th June 2025. Performance data included in this document represents past performance and is no guarantee of the future results.*

The Central Bank of Sri Lanka maintained an accommodative monetary policy stance during the first half of 2025, continuing the easing cycle that commenced in June 2023. Following a rate cut in November 2024, policy rates were held steady at 8%¹ in both January and March 2025, allowing market interest rates to adjust downward. In May 2025, the Central Bank reduced the overnight policy rate by 25¹ basis points in view of slower than expected inflation normalisation, and to cushion growth from increased global uncertainty. In line with policy rate cuts market interest rates declined notably and the yield on government securities also decreased notably. Accordingly, the 91 days, 182 days, and 364 days Treasury bill rates stood at 7.55%¹ 7.75%¹, 7.95%¹, respectively at the end of June 2025.

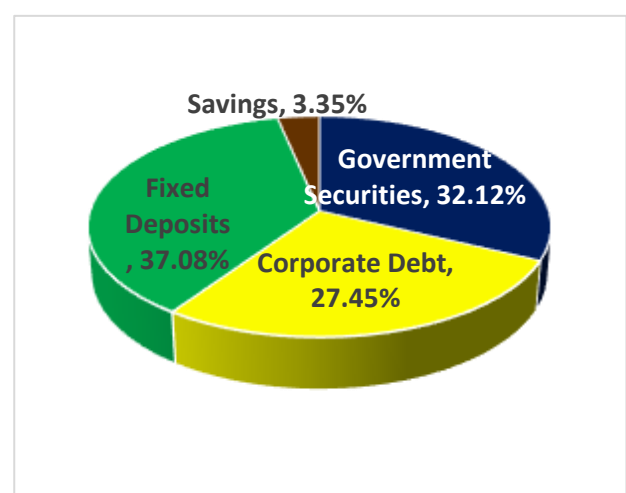
During the period under review, the fund strategically invested in shorter-term government securities maturing within three months in order to take benefits from potential upside pressure on interest rates amid global uncertainties. Simultaneously, funds were allocated to fixed deposits with maturities of 12- 13 months, which offered more attractive yields compared to equivalent Treasury bill rates. Additionally, the fund maintained its exposure to high-quality corporate debt instruments in order to enhance overall returns within the prevailing low interest rate environment. As of end June 2025, 90% of the fund was invested in instruments rated A- and above by fitch ratings or Lanka ratings agency.

Key Facts of the Fund

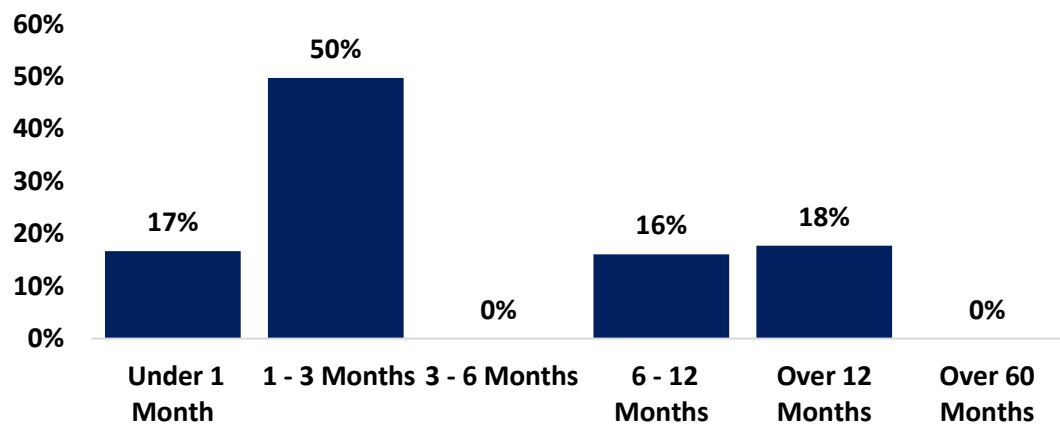
FUND CREDIT QUALITY - % OF NAV



ASSET ALLOCATION



MATURITY PROFILE - % OF NAV



As at 30th June 2025, the total net asset value of the fund was Rs.156.82 million with 63-unit holders in the fund. The redemption price for the fund on 30th June 2025 was Rs. 17.3360

Sources

¹ Central Bank of Sri Lanka

² IMF World Economic Outlook – 2025

³ Colombo Stock Exchange

CT CLSA Income Fund

STATEMENT OF FINANCIAL POSITION

As at	Notes	30-Jun-25 Rs.	30-Jun-24 Rs.	31/12/2024 (Audited) Rs.
ASSETS				
Current assets				
Cash and Cash Equivalents	2	5,212,315	5,580,266	4,711,806
Financial Assets at Fair Value Through Profit or Loss		43,140,264	33,532,594	60,446,469
Financial Instruments at Amortised Cost	3	108,738,404	83,466,139	103,982,165
Subscription Receivable		31,000	1,000	271,000
Other Receivables		14,762	300	8,309
Total Assets		157,136,745	122,580,299	169,419,749
EQUITY AND LIABILITIES				
Unit Holders' Funds & Liabilities				
Liabilities				
Accrued Expenses and other payables	4	319,305	316,660	402,791
Total Liabilities		319,305	316,660	402,791
Unit Holders' Funds				
Net assets attributable to unit holders		156,817,440	122,263,639	169,016,958
Total Unit Holders' Funds and Liabilities		157,136,745	122,580,299	169,419,749

These Financial Statements were approved by the Management Company.

The accompanying notes form an integral part of the Financial Statements.

The statement of Financial Position as at 30th June 2025 along with related statements of comprehensive income and unitholders funds' have been drawn up from unaudited accounts.

Director
Management Company

September 19, 2025
Colombo

Director
Management Company

DEUTSCHE BANK AG
Colombo Branch
Authorized Signatories
Trustee
Deutsche Bank AG

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended	Notes	30-Jun-25 Rs.	30-Jun-24 Rs.	31-Dec-24 Rs.
INCOME				
Interest Income	1	7,892,891	30,966,453	64,586,377
Unrealised gain on financial assets at fair value through profit or loss		(489,651)	844,762	709,464
Realised gain/loss disposal of financial assets at fair value through profit or loss		-	24,922,841	(1,484,028)
		7,403,240	56,734,055	63,811,813
OPERATING EXPENSES				
Management Fees		(286,030)	(750,503)	(978,295)
Trustee and Custodian Fees		(247,934)	(540,967)	(764,381)
Audit Fees		(123,225)	(366,475)	(360,407)
Tax consultancy fees		(79,676)	(52,331)	(128,774)
Bank Charges		(13,698)	(32,174)	(45,610)
		(750,563)	(1,742,450)	(2,277,467)
PROFIT BEFORE TAX		6,652,677	54,991,605	61,534,346
Income Tax Expense		-	-	-
NET PROFIT AFTER TAX FOR THE PERIOD		6,652,677	54,991,605	61,534,346
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,652,677	54,991,605	61,534,346

The accompanying notes form an integral part of the Financial Statements.

CT CLSA Income Fund**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**

For the six months ended	30-Jun-25 Rs.	30-Jun-24 Rs.	31/12/2024 (Audited) Rs.
UNIT HOLDERS' FUNDS AS AT 31 DECEMBER	169,016,958	1,127,338,027	1,127,338,027
Total Comprehensive Income for the Period	6,652,677	54,991,605	61,534,346
Dividend Payment for the Period	-	-	-
Received on Creation of Units	2,831,000	117,365,000	214,825,000
Paid on Redemption of Units	(21,683,195)	(1,177,430,993)	(1,234,680,415)
Net Increase due to Unit Holders' Transactions	(18,852,195)	(1,060,065,993)	(1,019,855,415)
UNIT HOLDERS' FUNDS AS AT 30 JUNE	156,817,440	122,263,639	169,016,958

The accompanying notes form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

	30-Jun-25	30-Jun-24	31-Dec-24
	Rs.	Rs.	Rs.
Cash flows from operating activities			
Interest received	7,403,240	56,734,055	64,675,738
Management fees and trustee fees paid	(494,248)	(1,687,768)	(2,123,469)
Other expenses paid	(339,801)	(662,682)	(681,795)
Net cash flow generated from operating activities	6,569,191	54,383,605	61,870,475
Cash flows from investing activities			
Net proceeds from investing in Amortized Cost Financial Assets	(4,756,239)	40,352,863	(46,068,669)
Net Proceeds from investing in Treasury Bills	17,539,753	962,835,179	1,000,690,803
Net cash generated from investing activities	12,783,513	1,003,188,043	954,622,134
Cash flows from financing activities			
Proceeds on creation of units	2,831,000	117,365,000	214,825,000
Payments on redemption of units	(21,683,195)	(1,177,430,993)	(1,234,680,415)
Net cash used in financing activities	(18,852,195)	(1,060,065,993)	(1,019,855,415)
Net increase in cash and cash equivalents	500,509	(2,494,346)	(3,362,806)
Cash and cash equivalents at the beginning of the year	4,711,806	8,074,612	8,074,612
Cash and cash equivalents at the end of the period	5,212,315	5,580,266	4,711,806

CT CLSA Income Fund
NOTES TO THE FINANCIAL STATEMENTS

For the six months ended	30-Jun-25 Rs.	30-Jun-24 Rs.
1 INTEREST INCOME		
Interest income on		
Fixed Deposits	1,480,049	666,731
Commercial Papers	-	1,415,240
Treasury Bills	436,310	259,483
Treasury Bonds	-	16,410,800
Treasury Bill/Bond Reverse Repurchase Agreement	3,145,998	10,583,454
Asset backed security	2,747,135	1,274,336
Savings Interest	83,398	356,409
	7,892,891	30,966,453

Interest on fixed income securities has been accounted for Net basis.

As at	30-Jun-25 Rs.	30-Jun-24 Rs.	31/12/2024 (Audited) Rs.
2 CASH AND CASH EQUIVALENTS			
Cash at Bank	5,212,315	5,580,266	4,711,806
	5,212,315	5,580,266	4,711,806

	30-Jun-25		30-Jun-24		31-Dec-24	
	Fair value	Holding as a % of Net Asset Value	Fair value	Holding as a % of Net Asset Value	Fair value	Holding as a % of Net Asset Value
3 FINANCIAL ASSETS-HELD FOR TRADING						
	Rs.		Rs.		Rs.	
Government Debt Securities	43,140,264	28%	33,532,594	27%	60,446,469.00	36%
	43,140,264	28%	33,532,594	27%	60,446,469	36%

	30-Jun-25		30-Jun-24		31-Dec-24	
	Fair value	Holding as a % of Net Asset Value	Fair value	Holding as a % of Net Asset Value	Fair value	Holding as a % of Net Asset Value
4 FINANCIAL ASSETS AT AMORTISED COST						
Treasury Bill/Bond Reverse Repurchase Agreement	50,466,890	32%	76,934,589	63%	71,590,616	42%
Fixed Deposits	58,271,514	37%	6,531,550	5%	32,391,548	19%
	108,738,404	69%	83,466,139	68%	103,982,164	61%

4.1 Treasury Bill/Bond Reverse Repurchase Agreement

HNB Securities Ltd	15,047,466	0%	-	0%	-	0.0%
First Capital Treasuries PLC	35,419,425	23%	76,934,589	63%	71,590,616	42.4%
	50,466,890	23%	76,934,589	63%	71,590,616	42.4%

4.2 Fixed Deposits

People's Bank	7,717,692	5%	6,531,550	5%	7,205,607	4%
HNB Finance PLC	15,199,432	10%	-	0%	5,092,683	3%
Mahindra Ideal Fiannace Limited	10,026,445	6%	-	0%	20,093,258	12%
Vallibel Finance PLC	15,055,479	10%	-	0%	-	0%
LOLC	10,272,466	7%	-	0%	-	0%
	58,271,514	37%	6,531,550	5%	32,391,548	19%

	30-Jun-25 Rs.	30-Jun-24 Rs.	31/12/2024 (Audited) Rs.
5 ACCRUED EXPENSES			
Management fee payable	46,816	36,510	46,450
Trustee Fee and Custodian Fee Payable	81,026	36,111	41,677
Audit Fee	117,648	181,068	175,000
Provision for tax consultancy fee	73,250	62,641	139,084
Bank Charges	565	330	580
	319,305	316,660	402,791

6 UNITS IN ISSUE AND UNIT PRICE

Units in issue and deemed to be in issue as at 30th June 2025 is 9, 045,767.30 (30th June 2024 : 7,746,601.58) and the creation and redemption Unit price as at this date is Rs. 17.3360 (30th June 2024 : 15.7829).

7 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.

7.1 Management Company and Trustee

The Management Company, CT CLSA Asset Management (Private) Limited, was rebranded as CT Smith Asset Management (Private) Limited on 15.08.2025. Accordingly, the CT CLSA Income Fund has been renamed as the CT Smith Income Fund.

The Trustee is Deutsche Bank AG.

CT CLSA Income Fund
NOTES TO THE FINANCIAL STATEMENTS

7.2 Key management personnel

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

Directors

Mrs. Cecilia Page
Mr. Joseph Page
Mr. Zakir Mohameddaly
Ms. Miriam Pietersz
Ms. Bimane Meepagala
Mr. Simon Hempel

Other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the period are given below;
Mr Kuhan Vinayagasundaram - Chief Investment Officer
Ms. Hansini Aravinda - Senior Financial Analyst

7.3 Key management personnel compensation

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

7.4 Other transactions within the Fund

Apart from those details disclosed in note 7.5, key management personnel have not entered in to any other transactions involving the Fund during the period.

As at 30th June 2025	Relationship	No of Units	Value of units held	Total interest held	Distribution paid or payable by the Fund
CT CLSA Asset Management (Pvt) Ltd	Managing Company	1,975,513	34,247,494	28%	-
Key Management Personnel		141	2,445	0%	-

7.5 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 period and the balances outstanding from such dues as at period end are as disclosed below:

	Charge for the period 30th June		Payable as at 30th June	
	2025	2024	2025	2024
Management Fees - CT CLSA Asset Management (Private) Lim	286,030	750,503	46,816	36,510
Trustee & Custodian Fees - Deutsche Bank AG	247,934	540,967	81,026	36,111
Bank Balance Held at Deutsche Bank			456,937	963,936

As at	30-Jun-25 Rs.	30-Jun-24 Rs.	31/12/2024 (Audited) Rs.
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8 RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE

Net Asset Value as per Financial Statements	156,817,440	122,263,639	169,016,958
Audit Fee Adjustment	-	-	(348,138)
Interest income overprovision adjustment	-	-	-
Published Net Asset Value	156,817,440	122,263,639	168,668,820
Number of units outstanding	9,045,767	7,746,602	10,168,355
Net Asset Value per Unit	17.3360	15.7829	16.5876