



# COMTRUST MONEY MARKET FUND

## ANNUAL REPORT 2022-23



Commitment. Trust. Continuity



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## **CORPORATE INFORMATION**

### **TRUSTEE & CUSTODIAN**

Hatton National Bank PLC

HNB Towers, 479, T B Jayah Mawatha,

Colombo 10.

### **FUND MANAGER & REGISTRAR**

CT CLSA Asset Management (Pvt) Ltd

04th Floor, Majestic City,

No. 10, Station Road, Colombo 04.

Tel : 0115759571 Fax : 0112506347

Web : [www.ctclsa.lk](http://www.ctclsa.lk)

### **AUDITORS**

Nihal Hettiarachchi & Company

“RNH House”, 622B, Kotte Road

Kotte

### **BANKERS**

Hatton National Bank PLC

HNB Towers, 479, T B Jayah Mawatha,

Colombo 10.

# FUND MANAGER REPORT

## Money Market Fund

Dear Investor,

We take pleasure in presenting the Annual Report of the Comtrust Money Market Fund for the year ended 31<sup>st</sup> March 2023.

The Net Asset Value per unit of your Fund appreciated by 11.74% during the financial year ended 31<sup>st</sup> March 2023 (FY23) compared to a gain of 6.46% during the twelve months ended 31<sup>st</sup> March 2022. Resultantly, the Net Asset Value per unit as at 31<sup>st</sup> March 2022 was at LKR 14.2

### Economic Review

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The Sri Lankan Economy plunged into recession in 2022 as misguided pro-growth and populist policies introduced by the, then government, led to fiscal pressures and forex shortages resulting in the island nation announcing an external debt default in April 2022. Consequently, the Sri Lankan economy recorded a contraction of -7.8%<sup>1</sup> in 2022 compared to the growth of 3.7%<sup>1</sup> recorded in the preceding year. All three sectors of the economy registered declines during the year ended 31<sup>st</sup> December 2022, Agriculture by -4.6%<sup>1</sup>; Industry by -16.0%<sup>1</sup> and Services by -2.0%<sup>1</sup>. The GDP estimates for 1Q2023 reflects a further de-growth of -11.5%<sup>1</sup> for the quarter amid continued weakness in the Industry and Services Sectors.

	2021		2022		1Q2023	
	% Growth	% of GDP	% Growth	% of GDP	% Growth	% of GDP
Agriculture	0.9	8.8	-4.6	8.7	0.8	8.0
Industry	5.7	30.0	-16.0	30.3	-23.4	28.7
Services	3.5	55.6	-2.0	56.1	-5.0	58.2
GDP	3.7		-7.8		-11.5	

*Source: Statistics Department*

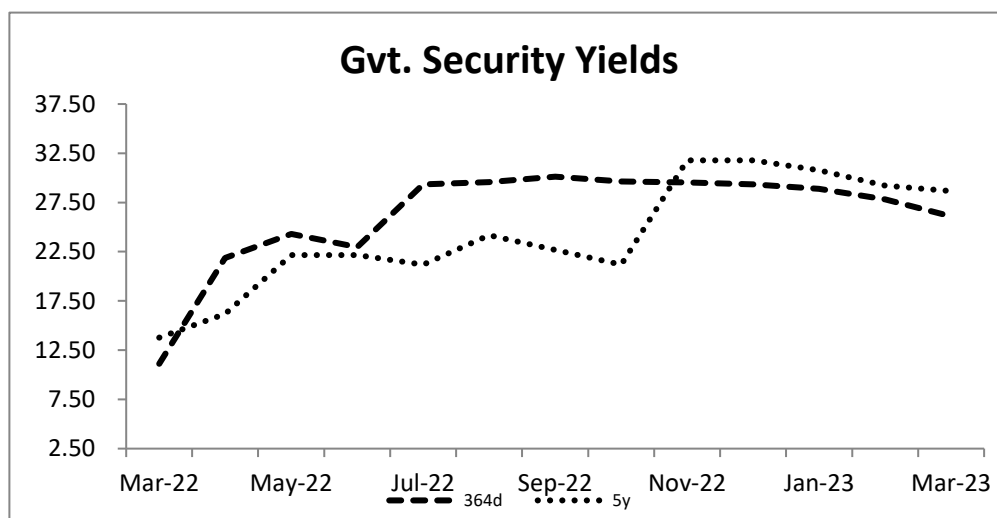
As per the World Economic Outlook (WEO) of the International Monetary Fund (IMF), global growth is projected to slow from an estimated 3.5%<sup>3</sup> for the year ended 2022 to 3.0%<sup>3</sup> in 2023 and 2024 with emerging and developing markets in Asia projected to drive global growth.

### Interest Rate Environment

	Mar-22	Apr-22	Jul-22	Mar-23	Jun-23	Jul-23	Aug-23
<b>SDFR (%)</b>	6.5	13.5	14.5	15.5	13.0	11.0	11.0
<b>SLFR (%)</b>	7.5	14.5	15.5	16.5	14.0	12.0	12.0
<b>SRR (%)</b>	4.0	4.0	4.0	4.0	4.0	4.0	2.0

Source: CBSL

The Central Bank of Sri Lanka sharply hiked policy rates in April 2022 to tame run-away inflation caused by supply side shortages and a steep depreciation of LKR in March 2022. Policy rates were further tightened in July 2022 and March 2023 ahead of the IMF board level approval of the extended fund facility. By this point, Inflation had started to show signs of deceleration helped by subdued demand caused by tight monetary and fiscal policies, easing global commodity prices and an improvement in supply chain dynamics. G-Sec yields adjusted higher initially as a reflection of higher policy rates but eventually as market factored in a risk-premia in relation to the possibility of a domestic debt restructure. Amid this interest rate backdrop, demand for private credit has witnessed continuous month on month declines since June 2022.



Source: CBSL

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
<b>Pvt. Sector Credit Growth (%)</b>	4.3	3.0	-5.1	-8.3	-9.5	-8.0

*Source: CBSL*

### **External Trade**

Trade deficit narrowed in 2022 as the export sector remained resilient despite inflationary pressures in key end markets and weakness in agricultural exports. Meanwhile, merchandise imports declined in 2022 reflecting subdued demand for consumer goods and investment goods amid a contraction in economic activity and credit. Tourism earnings showed signs of recovery in the seasonal peak months towards the end of the year albeit remaining much lower than pre-pandemic/Easter Sunday numbers. Meanwhile, worker remittances declined owing to the presence of a large differential between official and grey market exchange rate in 1H2022 which enticed increased grey market activity. The suspension of external debt payments further supported the country's balance of payment position.

### **Exchange Rate Environment**

The Sri Lankan rupee witnessed steep downward pressure and volatility when it was free floated in March 2022 after being held at Rs.200-203/US\$<sup>1</sup> for several months. Although the introduction of a daily trading band reduced volatility, LKR ended 2022 at Rs.362.4/US\$<sup>1</sup>. However, with the IMF program in place, LKR witnessed improved demand from March 2023 and the removal of the trading band, improved trade balance, higher tourism earnings/worker remittances and portfolio investments in the local G-Securities drove an appreciation of the currency to Rs.295.5/US\$ by end May 2023<sup>1</sup>. Meanwhile, the gross official reserves improved to an estimated US\$3.7bn<sup>1</sup> as of end June 2023 (Including a PBoC Swap that has conditionality on usability) aided by balance of payment surpluses on the external account and funding from international development partners.

### **Inflation**

The Headline inflation, as measured by the year-on-year change in the Colombo Consumer Price Index (CCPI, 2013=100) and the National Consumer Price Index (NCPI, 2013=100), continued to accelerate in 2022, reaching a peak of 69.8%<sup>2</sup> and 73.7%<sup>2</sup>, respectively in September 2022 contributed by increases in both food and non-food inflation. However, since September 2022, Inflation has trended down following a disinflation path as measures taken by the central bank of Sri Lanka to quell demand side pressures started to take effect. Headline inflation continued to decelerate in 2023 returning to single digit levels in June 2023 (6.3%<sup>2</sup> in June 2023; CCPI, 2021=100)

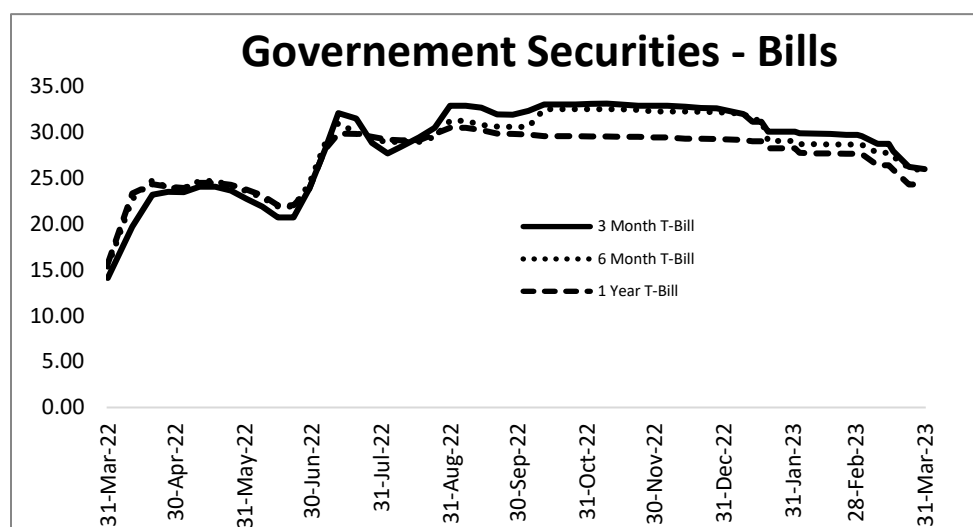
## **Fiscal Accounts**

Government revenue reached the Rs.2trn mark in 2022 growing 37.5%<sup>1</sup> from a low base in 2021 aided by the introduction of new tax measures such as the one-off surcharge tax, social security contribution levy and upward revisions to value added tax rates. Despite the increase in government revenue, it accounted for only 8.3%<sup>1</sup> of nominal GDP in 2022, and resulted in larger budget deficits amid a rise in expenditure. In an effort to lift revenue to GDP in line with targets prescribed by the IMF program, Government of Sri Lanka raised corporate and personal income tax rates with effect from 01 January 2023. Resultantly, central government revenue and grants has increased +38.1% YoY in Jan-May 2023 to stand at Rs.1,122bn<sup>1</sup> leading to a primary surplus of Rs.47.4bn<sup>1</sup> for the period.

## **Money Market overview**

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The Central Bank of Sri Lanka started its monetary tightening cycle in August 2021 after an extended period of practicing modern monetary theory policies which led to underlying inflationary pressures and forex shortages amid increased import demand during the pandemic era. This coupled with significant reduction in foreign exchange inflows in the form of tourism earnings and efforts by the Central Bank of Sri Lanka to stabilize the currency by burning forex reserves led to a severe shortage of dollars in the economy. Eventually in March 2022, the Central Bank of Sri Lanka free floated the currency and, this combined with an increase in global commodity prices caused by the war in Ukraine and accommodative monetary policy adopted globally exerted significant upside pressure on inflation and the currency. With a new Central Bank governor at the helm, The Central Bank of Sri Lanka steeply hiked policy interest rates by 700bps in April 2022 (largest single day adjustment in recent times) and simultaneously defaulted on its external debt payments. The Central Bank of Sri Lanka continued to maintain a tight monetary policy regime as it targeted a slowdown in headline inflation. The Central Bank succeeded in taming inflation which peaked in September 2022 and began a deceleration path thereon. Meanwhile, the government of Sri Lanka following the appointment of a new president, took measures to seek IMF support and signed a crucial staff level agreement in September 2022. The government also took measures to increase revenue by raising direct and indirect taxes. The sudden increase in interest rates to historically high levels, resultant low money market liquidity and speculation around the possibility of a domestic debt restructure and the extent of same drove Government Securities Yields to dizzying highs during FY23. As of end December 2023, The 91 days, 182 days and 364 days, Treasury bills yielded a primary auction yield of 32.76%<sup>1</sup>, 32.24%<sup>1</sup> and 29.34%<sup>1</sup>, respectively.



Source: CBSL

## Asset Allocation

Taking advantage of the high yields offered by Treasury Bills, the fund increased allocation toward the asset class since October 2022 (following the announcement of the Staff level agreement of the IMF Program), thereby locking in attractive yields. We carefully weighed the possibilities of Treasury Bills held by market participants other than the Central Bank of Sri Lanka, being included in a domestic debt restructure and concluded that the probabilities were very remote as the treasury bill market was a key source of domestic financing for the government of Sri Lanka. As anticipated, treasury bills held by market participants other than the Central Bank of Sri Lanka were excluded from the domestic debt optimization plan announced in late June 2023. Meanwhile, funds investments in Fixed Deposits and Corporate Savings instruments fully meet the investment grade criteria as per ratings issued by Fitch Ratings and Lanka Ratings Agency.

Asset Type	Government Securities	Fixed Deposits	Corporate Debt	Cash	Corporate Saving
Allocation - March 2022	5.8%	75.6%	14.5%	0.001%	4.2%
Allocation - March 2023	71.0%	21.7%	0%	0.001%	7.3%



## Fund Performance

The fund generated an after tax income of **LKR 326 Million** for the Financial Year ended 31st March 2023.

Performance as at 31 <sup>st</sup> March, 2023				
Period	3 months	6 months	12 months	24 months
Performance	6.51%	13.43%	11.74%	18.96%

## Outlook for the Money Market Fund

We foresee a sustained downward trajectory for interest rates in FY24 from the highs witnessed in FY23 as the Central Bank of Sri Lanka envisages to spur economic growth through easing monetary policy. Although, Government Security Yields have corrected from extra-ordinarily high levels, we believe there is further room for downward adjustment with further easing of policy interest rates in 4Q2023E. The fund will gradually shift asset allocation towards Fixed Deposits and Corporate Debt as risk premia attached to government securities completely subside. Although, downside risks to our forecast remains in the form of increasing global crude oil prices, adverse weather expected during the peak harvest season and possible depreciation of the currency following the commencement of debt repayment and relaxation of further import controls, all of which could put upward pressure on inflation numbers, we remain reasonably confident that the Central Bank of Sri Lanka will execute its flexible inflation targeting regime by anchoring inflation expectations to the desired 4-6% levels in the near to medium term.

## Sources

<sup>1</sup>The Central Bank of Sri Lanka ([www.cbsl.gov.lk](http://www.cbsl.gov.lk))

<sup>2</sup> The Department of Census and Statistics ([www.census.gov.lk](http://www.census.gov.lk))

<sup>3</sup> International Monetary Fund ([www.imf.org](http://www.imf.org))

## DECLARATION BY TRUSTEE AND MANAGING COMPANY

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Declaration by Trustee and Management Company as per SEC Guidelines

Hatton National Bank PLC, the Trustee and CT CLSA Asset Management (Pvt)Ltd., the Managers of Comtrust Money Market Fund do hereby declare that,

the requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds set out by the Securities and Exchange Commission of Sri Lanka have been complied with during the financial year ended March 31, 2022.

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.



Hatton National Bank

Trustee



CTCLSA Asset Management (Pvt) Ltd.

Management Company

ANNUAL REPORT  
2021-22



Comtrust Money Market Fund

**COMTRUST MONEY MARKET FUND**

**FINANCIAL STATEMENTS  
31ST MARCH, 2023.**

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COMTRUST MONEY MARKET FUND

### Report on the Audit of the Financial Statements


#### Opinion

We have audited the financial statements of Comtrust Money Market Fund, ("the Fund"), which comprise the statement of financial position as at March 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the fund as at 31 March 2023, 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 Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the fund in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Tax Director  
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Special Representative FCA, ACA, CPA, FRCR  
Padma Kumara ACA, FRCR



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

**Other Information**

The fund manager is responsible for the other information. The other information comprises the report of the manager, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information included in the Manager's report and we will 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 identified above 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The fund manager and trustee is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as the 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, fund manager 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 fund manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to 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.



**Auditor's Responsibilities for the Audit of the Financial Statements. (Continued)**

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism 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 fund manager and trustee.

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- Conclude on the appropriateness of fund manager's and trustee'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.

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

**Report on Other Legal and Regulatory Requirements**

These financial statements also comply with the requirements of the Rule 27(3) of the Unit Trust Code of September 2011 issued by the Securities and Exchange Commission of Sri Lanka under the Act No. 36 of 1987 and the trust deed.

COLOMBO,  
August 29, 2023

NIHAL HETTIARACHCHI & CO.,  
Chartered Accountants



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST MARCH**

	NOTES	2023 Rs.	2022 Rs.
<b>INVESTMENT INCOME</b>			
Profit from investments	(05)	338,286,670	118,054,007
<b>OPERATING EXPENDITURE</b>			
Management fees		8,875,530	8,294,646
Trustee & custodian fees		4,310,562	3,842,218
Audit fees & tax fees		313,524	284,999
Legal fee		20,000	-
Printing & stationery		12,100	-
Advertising		28,277	-
Bank charges		74,700	31,277
<b>Total operating expenditure</b>		<b>13,634,693</b>	<b>12,453,140</b>
<b>Net operating profit</b>		<b>324,651,977</b>	<b>105,600,867</b>
<b>Profit before tax</b>		<b>324,651,977</b>	<b>105,600,867</b>
Adjustment for prior year over / (under) provision for tax	(06)	-	-
<b>Profit after tax</b>		<b>324,651,977</b>	<b>105,600,867</b>
<b>Total comprehensive income</b>		<b>324,651,977</b>	<b>105,600,867</b>
<b>Increase in net assets attributable to unit holders</b>		<b>324,651,977</b>	<b>105,600,867</b>



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 MARCH**

	NOTES	2023 Rs.	2022 Rs.
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	(07)	120,916,273	87,523,957
Financial assets - at amortised cost	(08)	1,567,478,521	2,169,892,513
Other receivables - (Corporate Savings)	(09)	2,216,887	7,087,455
Income tax receivable	(11)	-	-
<b>Total assets</b>		<b>1,690,611,681</b>	<b>2,264,503,925</b>
<b>EQUITY AND LIABILITIES</b>			
Unit Holders' fund and liabilities			
Liabilities			
Accrued expenses and other payables	(10)	9,780,414	4,422,079
<b>Total liabilities</b>		<b>9,780,414</b>	<b>4,422,079</b>
Unit Holders' Funds			
Net assets attributable to unit holders	(12)	1,680,831,267	2,260,081,846
<b>Total unitholders' Funds and Liabilities</b>		<b>1,690,611,681</b>	<b>2,264,503,925</b>


I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.

  
Chief Executive Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.  
Signed for and on behalf of The Board by:

  
Chairman



  
Director

August 29, 2023



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 MARCH**

	Unit Capital Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 31 March 2021	601,230,572	159,496,427	760,726,999
Decrease due to unit redemption during the year	(1,155,508,615)	-	(1,155,508,615)
Increase in net assets attributable to unit	2,549,262,595	105,600,867	2,654,863,462
Dividend distribution to Unit Holders	-	-	-
Balance as at 31 March 2022	<u>1,994,984,552</u>	<u>265,097,294</u>	<u>2,260,081,846</u>
Balance as at 01st April 2022	1,994,984,552	265,097,294	2,260,081,846
Decrease due to unit redemption during the year	(3,465,951,012)	-	(3,465,951,012)
Increase in net assets attributable to unit	2,695,724,611	324,651,977	3,020,376,588
Dividend distribution to Unit Holders	-	(133,676,155)	(133,676,155)
Balance as at 31 March 2023	<u>1,224,758,151</u>	<u>456,073,116</u>	<u>1,680,831,267</u>



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 MARCH**

	2023 Rs.	2022 Rs.
<b>Cash flows from operating activities</b>		
Net interest received	276,085,037	9,420,440
Net investments in repurchase agreements	(40,000,000)	34,616,878
Net investments in commercial paper	316,439,151	316,439,151
Net investments in fixed deposits	1,328,907,109	(1,791,379,476)
Net investment in assets backed securities	60,000,000	60,043,134
Net investment in treasury bills	(995,860,067)	-
Fees and expenses paid	(14,267,138)	(9,594,824)
<b>Net cash generated from / (absorbed in) operating activities</b>	<b>931,304,092</b>	<b>(1,380,454,697)</b>
<b>Cash flows from financing activities</b>		
Payments for redemptions by unit holders	(3,459,960,232)	(1,155,508,615)
Proceeds from applications by unit holders	2,695,724,611	2,549,262,595
Dividends paid	(133,676,155)	-
<b>Net cash (absorbed in) / generated from financing activities</b>	<b>(897,911,776)</b>	<b>1,393,753,980</b>
<b>Net increase in cash and cash equivalents</b>	<b>33,392,316</b>	<b>13,299,283</b>
Cash and cash equivalents at the beginning of the year	87,523,957	74,224,674
<b>Net Cash inflow</b>	<b>120,916,273</b>	<b>87,523,957</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>120,916,273</b>	<b>87,523,957</b>

(Note 7)



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



## NOTES TO THE FINANCIAL STATEMENTS

### (01) GENERAL INFORMATION

Comtrust Money Market Fund is a unit trust approved by The Securities & Exchange Commission of Sri Lanka on 28 December 2011.

C T C L S A Asset Management (Private) Limited (Former name - Comtrust Asset Management (Pvt) Ltd) is the managing company of Comtrust Money Market Fund while Hatton National Bank has been appointed as the Trustee, from 31 January 2019.

The registered office and place of the business of the unit trust is located at 4-07, Majestic City, No 10, Station Road, Colombo 4.

The principal place of operation in Sri Lanka of the Trustees is Hatton National Bank PLC, a bank duly incorporated in the said Republic of Sri Lanka having its Head office at No. 479 T.B. Jayah Mawatha, Colombo 01 was appointed as new trustee.

#### 1.1 Principal activities

The Comtrust Money Market Fund is an Open-Ended Money Market Fund investing in Government Securities, Investment Grade Short-Term Corporate Debt & Bank Deposits.

#### 1.2 Date of authorization for issue

The financial statements of the fund for the year ended 31 March 2023 were authorized for issue by the fund Management Company and the Trustee on 29<sup>th</sup> August, 2023.

### (02) BASIS OF PREPARATION

#### 2.1 Statement of compliance

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and adopted as directed by the Securities and Exchange Commission of Sri Lanka.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unit holders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

#### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements.

Notes to the financial statements continued on page 3



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (02) BASIS OF PREPARATION (CONTINUED)

## 2.3 Statements of cash flows

The statements of cash flows have been prepared using the "Direct Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard LKAS 7 - "Statement of Cash Flows". Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

## 2.4 Functional and presentation currency

The financial statements are presented in Sri Lanka Rupees, which is the unit trust's functional currency.

## 2.5 Comparative Information

The comparative information is re-classified wherever necessary to conform with the current year's classification in order to provide a better presentation. The details of such re-classifications have been provided in the notes to the financial statements.

## 2.6 Use of estimates and judgments

The preparation of financial statements in conformity with the Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the relevant Notes as follows.

- Recognition and measurement of financial instruments (Note 4(i))
- Identification, measurement and assessment of impairment (Note 4(ii))



Notes to the financial statements continued on page 8.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (02) BASIS OF PREPARATION (CONTINUED)

## 2.7 Going concern

The management has made an assessment of the unit trust's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the unit trust's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

## (03) MATERIALITY AND AGGREGATION

Each material class of similar item is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

## (04) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently throughout the period of financial statements, unless otherwise indicated.

## a) Financial Instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to financial assets of one entity and a financial liability or equity instrument of another entity.

## i. Financial Assets

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial assets contractual cash flow characteristics and the unit trust business model for managing them. At initial recognition, the Fund measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of profit or loss.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## a) Financial instruments – initial recognition and subsequent measurement (Continued)

## i. Financial Assets (Continued)

*Initial recognition and measurement*

The unit trust's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that the unit trust commits to purchase or sell the assets.

*Subsequent measurement*

For purpose of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and loss (debt instrument)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de recognition (equity instruments)
- Financial assets at fair value through profit or loss

*Financial assets at amortized cost (debt instruments)*

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gain and losses recognized in profit or loss when the asset is derecognized, modified or impaired.

The unit trust's financial assets at amortized cost includes fixed deposits, commercial papers and repurchase agreements.

*Derecognition*

Financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the assets have expired or
- The unit trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the unit trust has transferred substantially all the risks and rewards of the asset, or (b) the unit trust has neither transferred or retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## a) Financial instruments - initial recognition and subsequent measurement (Continued)

## ii. Impairment

The unit trust recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from:

ECLs are recognized 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 Unit trust uses the ratings from either Fitch rating Lanka Limited or ICRA Lanka Limited as applicable to determine the significant deterioration in credit risk and to estimate the ECLs.

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

For debt instruments at Amortized cost, the Unit trust applies the low credit risk simplification. At every reporting date, the unit trust evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the unit trust reassesses the external credit rating of the debt instrument. In addition, the unit trust considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

It is the unit trust's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The group uses the ratings from the Fitch rating Lanka Limited or ICRA Lanka both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## b) Dividend Payable

Dividend Payable is recognized at the time the dividend is recommended and declared by the Board of Directors.

## c) Provision

A provision is recognized if, as a result of a past event, the unit trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

## d) Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligation where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the statement of financial position but are disclosed unless they are remote.

## e) Interest

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability, (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Unit trust estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Interest income and expenses presented in the statement of comprehensive income include interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis and fair value changes in qualifying derivatives.

Fair value changes on all other financial assets and liabilities carried at fair value through profit or loss, are presented in net trading income in the statement of comprehensive income.

## f) Expenses

All expenses, including management fees and trustee fees, are recognized in profit or loss on accruals basis.

## g) Income tax expenses

According to the provisions of the Inland Revenue Act No. 24 of 2017 (with effect from 01 April 2018), if the unit trust conducts an eligible investment business, it will be treated as "pass-through vehicle" and the tax on income earned by the unit trust will be payable by the unit holders. Therefore, the adjusted profit calculated for the period from 01 April 2020 to 31 March 2021 will not be considered as a part of assessable income of the unit trust for the Y/A 2020/2021.



Notes to the financial statements continued on page 12.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## h) Offsetting

Current tax assets and liabilities and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax law of the relevant jurisdiction.

## i) Distributions

In accordance with the trust deed, the Fund distributes income adjusted for amounts determined by Comtrust Asset Management (Private) limited, to unit holders by cash or reinvestment. The distributions are recognized in the statement of changes in unit holder's funds.

## j) Increase/Decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders.

## k) Application and redemptions

Applications received for units in the Fund are recorded at creation price. Redemptions from the fund are recorded at redemption price of units redeemed.

## l) Offsetting income and expenses

Income and expenses are not offset unless required or permitted by the Sri Lanka Accounting Standards.

## m) Offsetting assets and liabilities

Assets and liabilities are offset and the net amount reported in the statements of financial position only where there is:

- A current enforceable legal right to offset the asset and liability; and
- An intention to settle on a net basis, or to realise the asset and settle the liability simultaneously

## n) Events occurring after the reporting period

Events occurring after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date the financial statements are authorized for issues.

All material and important events that occurred after the reporting date have been considered and appropriate disclosures are made in the financial statements.

"in compliance with CIS Code 2022, Comtrust Money Market Fund has changed its name to CT CLSA High Yield Fund after the reporting period."



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (05) PROFIT FROM INVESTMENTS

	2023 Rs.	2022 Rs.
Interest Income on T.Bills primary	194,363,149	2,334,513
Interest on repurchase agreements	3,317,305	6,687,008
Interest on commercial papers	12,901,954	17,264,964
Interest income on corporate savings	30,121,046	9,420,440
Interest income on asset backed securities	2,631,189	43,134
Interest on fixed deposits	92,147,585	82,303,948
Bank deposits placement fee income	2,804,442	-
	<u>338,286,670</u>	<u>118,054,007</u>

## (06) INCOME TAX EXPENSE

## (6.1) Current tax expense

Adjustment for prior year over / (under) provision for tax

	-	-
	<u>-</u>	<u>-</u>

Comtrust Money Market Fund is a unit trust licensed by the Securities and Exchange Commission of Sri Lanka. Unit Trust is defined as "Pass through vehicle" and is not taxed as an entity from the year of assessment 2018/19 onwards in accordance with the Inland Revenue Act, No. 24 of 2017 and the amendments thereto. The fund has calculated its income tax expense at the rate of 10% up to 31 March 2018 in accordance with the previous Inland Revenue Act No. 10 of 2006 amendment thereon.

## (07) CASH AND CASH EQUIVALENTS

	2023 Rs.	2022 Rs.
Favourable balances		
Current accounts		
Cash at Bank - HNB	25,000	25,000
Corporate Savings Account (Note 7.1)	120,891,273	87,498,957
Cash and cash equivalents for the purpose of statement of cash flows	<u>120,916,273</u>	<u>87,523,957</u>

## (7.1) Investments in Corporate Savings

						31.03.2023
Name of Institu	Yield	Investment Date	Maturity Date	Cost Rs.	Amortised Cost Rs.	
Hatton National Bank	6.50%	3/31/2023	4/1/2023	33,576,142	33,848,943	
Cargills Bank Limited	8.00%	3/31/2023	4/1/2023	87,305,131	89,243,902	
DFCC Bank	6.00%	3/31/2023	4/1/2023	10,000	15,315	
				<u>120,891,273</u>	<u>123,108,160</u>	

Notes to the financial statements continued on page 14



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(08) FINANCIAL ASSETS - AT AMORTISED COST		2023 Rs.	2022 Rs.
T. Bills Primary	(Note 8.1)	1,160,996,545	70,427,511
Repurchase agreements	(Note 8.2)	40,069,041	-
Commercial papers	(Note 8.3)	-	328,079,892
Asset Backed Securities	(Note 8.4)	-	60,043,134
Fixed deposits	(Note 8.5)	366,412,935	1,711,341,976
		<u>1,567,478,521</u>	<u>2,169,892,513</u>

## (8.1) Investment in T.Bills Primary

Name of Institution	Yield	Investment Date	Maturity Date	31.03.2023 Cost	31.03.2023 Amortised Cost
				Rs.	Rs.
Wealth Trust Securities Ltd	23.98%	5/27/2022	5/26/2023	40,329,100	48,538,754
Wealth Trust Securities Ltd	24.24%	5/27/2022	5/26/2023	40,244,700	48,525,999
Wealth Trust Securities Ltd	29.25%	8/5/2022	8/4/2023	24,758,208	29,513,111
Wealth Trust Securities Ltd	29.87%	9/30/2022	9/29/2023	38,500,050	44,281,626
Wealth Trust Securities Ltd	29.94%	9/30/2022	9/29/2023	38,479,300	44,271,301
Wealth Trust Securities Ltd	29.60%	10/5/2022	9/29/2023	38,701,650	44,303,607
Wealth Trust Securities Ltd	30.58%	10/11/2022	4/7/2023	43,495,700	49,780,781
Wealth Trust Securities Ltd	29.90%	10/11/2022	10/6/2023	38,588,750	44,040,789
Wealth Trust Securities Ltd	29.84%	10/11/2022	10/6/2023	19,303,225	22,025,022
Wealth Trust Securities Ltd	32.53%	10/21/2022	4/14/2023	21,618,925	24,748,834
Wealth Trust Securities Ltd	32.55%	11/11/2022	4/28/2023	21,734,775	24,475,237
Wealth Trust Securities Ltd	32.48%	11/18/2022	5/19/2023	21,507,225	24,078,827
Wealth Trust Securities Ltd	32.45%	11/18/2022	5/19/2023	21,510,000	24,079,559
Wealth Trust Securities Ltd	29.28%	12/16/2022	12/15/2023	34,808,175	37,776,126
Wealth Trust Securities Ltd	29.25%	12/30/2022	12/29/2023	38,684,700	41,544,605
Wealth Trust Securities Ltd	29.30%	12/30/2022	12/29/2023	38,669,750	41,533,436
Wealth Trust Securities Ltd	29.44%	1/9/2023	1/5/2024	38,699,700	41,266,561
Wealth Trust Securities Ltd	32.49%	1/9/2023	7/7/2023	43,112,750	46,267,803
Wealth Trust Securities Ltd	32.54%	1/9/2023	7/7/2023	43,103,450	46,262,763
Wealth Trust Securities Ltd	32.44%	1/9/2023	7/7/2023	43,122,050	46,272,843
Wealth Trust Securities Ltd	29.12%	1/17/2023	1/12/2024	38,819,900	41,118,031
Wealth Trust Securities Ltd	27.93%	1/27/2023	1/26/2024	39,083,850	41,003,173
Wealth Trust Securities Ltd	28.83%	2/3/2023	8/4/2023	43,700,550	45,673,450
Wealth Trust Securities Ltd	27.98%	2/6/2023	2/2/2024	39,139,150	40,763,769
Wealth Trust Securities Ltd	28.78%	2/10/2023	8/11/2023	26,226,060	27,262,856
Wealth Trust Securities Ltd	27.72%	2/10/2023	2/9/2024	23,488,890	24,383,273
Wealth Trust Securities Ltd	28.78%	2/17/2023	8/18/2023	21,855,050	22,598,086
Wealth Trust Securities Ltd	27.70%	3/3/2023	3/1/2024	23,492,550	24,011,000
Wealth Trust Securities Ltd	24.35%	3/31/2023	3/29/2024	40,209,100	40,235,998
Wealth Trust Securities Ltd	24.45%	3/31/2023	3/29/2024	40,176,800	40,203,786
Wealth Trust Securities Ltd	24.60%	3/31/2023	3/29/2024	40,128,400	40,155,539
				<u>1,065,292,483</u>	<u>1,160,996,545</u>

Notes to the financial statements continued on page 15.





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (08) FINANCIAL ASSETS - AT AMORTISED COST (CONTINUED)

## (8.1) Investment in T.Bills-Primary

Name of Institution	Yield	Investment Date	Maturity Date	Cost Rs.	31.03.2022 Amortised Cost Rs.
Wealth Trust Securities Ltd	8.92%	18-Jan-22	15-Apr-22	48,959,600	49,833,039
Wealth Trust Securities Ltd	10.30%	11-Mar-22	10-Jun-22	20,472,816	20,594,472
				<u>69,432,416</u>	<u>70,427,511</u>

## (8.2) Investment in repurchase agreements

Name of Institution	Yield	Investment Date	Maturity Date	Cost Rs.	31.03.2023 Amortised Cost Rs.
Capital Alliance	21.00%	29-Mar-23	6-Apr-23	40,000,000	40,069,041
				<u>40,000,000</u>	<u>40,069,041</u>

## (8.3) Investments in commercial papers

Name of Institution	Yield	Investment Date	Maturity Date	Cost Rs.	31.03.2022 Amortised Cost Rs.
Lanka Orix Leasing Company PLC	8.4%	1-Jun-21	1-Jun-22	50,000,000	53,498,082
Lanka Orix Leasing Company PLC	7.95%	13-Jul-21	13-Jul-22	20,689,288	21,869,938
Lanka Orix Leasing Company PLC	9.9%	5-Oct-21	5-Oct-22	60,000,000	62,896,767
Lanka Orix Leasing Company PLC	9.8%	5-Oct-21	5-Oct-22	60,000,000	62,896,767
Lanka Orix Leasing Company PLC	8.7%	3-Feb-22	3-May-22	25,749,863	26,099,708
Lanka Orix Leasing Company PLC	12.45%	8-Mar-22	8-Sep-22	50,000,000	50,409,315
Lanka Orix Leasing Company PLC	12.45%	9-Mar-22	8-Sep-22	50,000,000	50,409,315
				<u>316,439,151</u>	<u>328,079,892</u>

## (8.4) Investments in Asset Back Securities

Name of Institution	Yield	Investment Date	Maturity Date	Cost Rs.	31.03.2022 Amortised Cost Rs.
Alliance Finance Company PLC	13.12%	30-Mar-22	1-Aug-22	60,000,000	60,043,134
				<u>60,000,000</u>	<u>60,043,134</u>



Notes to the financial statements continued on page 16

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (08) FINANCIAL ASSETS - AT AMORTISED COST (CONTINUED)

## (8.5) Investments in fixed deposits (continued)

Name of Institution	Yield	Investment Date	Maturity Date	Cost Rs.	31.03.2023 Amortised Cost Rs.
Mercantile Investment & Finance PLC	21.50%	14-Jun-22	14-Jun-23	26,047,500	30,289,086
HNB Finance Limited	23.88%	6-Jun-22	6-Jun-23	50,000,000	59,291,937
HNB Finance Limited	23.88%	6-Jun-22	6-Jun-23	50,000,000	59,291,937
HNB Finance Limited	23.88%	6-Jun-22	6-Jun-23	50,000,000	59,291,937
DFCC Bank	27%	25-Nov-22	25-Nov-23	50,000,000	54,462,397
Alliance Finance	29.75%	2-Dec-22	2-Dec-23	20,000,000	21,858,356
Alliance Finance	28%	7-Mar-23	7-Mar-24	20,000,000	20,363,388
Alliance Finance	28%	8-Mar-23	8-Mar-24	40,000,000	40,697,705
Siyapatha Finance PLC	26%	27-Jan-23	27-Jan-24	20,000,000	20,866,192
				<u>326,047,500</u>	<u>366,412,935</u>

Name of Institution	Yield	Investment Date	Maturity Date	Cost Rs.	31.03.2022 Amortised Cost Rs.
Vallible Finance PLC	8.11%	9-Mar-22	9-Apr-22	30,000,000	30,153,312
People's Bank	9.00%	10-Feb-22	10-May-22	50,000,000	50,632,023
People's Bank	9.00%	10-Feb-22	10-May-22	50,000,000	50,632,023
National Savings Bank	9.30%	17-Feb-22	17-May-22	60,000,000	60,673,989
National Savings Bank	9.30%	18-Feb-22	18-May-22	60,000,000	60,658,315
National Savings Bank	9.30%	23-Feb-22	23-May-22	50,000,000	50,483,287
National Savings Bank	9.30%	23-Feb-22	23-May-22	40,000,000	40,386,629
Commercial Leasing & Finance PLC	7.21%	12-Jul-21	12-Jul-22	23,042,660	24,239,760
Commercial Leasing & Finance PLC	7.21%	6-Sep-21	6-Sep-22	40,000,000	41,635,584
Commercial Leasing & Finance PLC	7.21%	6-Sep-21	6-Sep-22	40,000,000	41,635,584
Commercial Leasing & Finance PLC	7.21%	27-Sep-21	27-Sep-22	21,715,348	22,513,199
Singer Finance PLC	7.21%	2-Jun-21	2-Jun-22	50,000,000	52,951,138
People's Leasing & Finance PLC	7.21%	15-Jul-21	15-Jul-22	21,124,691	22,209,632
People's Leasing & Finance PLC	7.21%	26-Jul-21	26-Jul-22	15,000,000	15,737,789
People's Leasing & Finance PLC	7.21%	29-Jul-21	29-Jul-22	50,000,000	52,429,671
People's Leasing & Finance PLC	7.20%	6-Aug-21	6-Aug-22	25,000,000	26,173,699
People's Leasing & Finance PLC	7.20%	6-Aug-21	6-Aug-22	25,000,000	26,173,699
C/F				<u>650,882,699</u>	<u>669,319,333</u>



Notes to the financial statements continued on page 17.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (08) FINANCIAL ASSETS - AT AMORTISED COST (CONTINUED)

## (8.5) Investments in fixed deposits (continued)

Name of Institution	Yield	Investment Date	Maturity Date	Cost	31.03.2022 Amortised Cost
				Rs.	Rs.
B/F				650,882,699	669,319,333
Alliance Finance Company PLC	7.11%	4-Jun-21	4-Jun-22	50,000,000	52,931,659
Alliance Finance Company PLC	7.11%	4-Jun-21	4-Jun-22	50,000,000	52,931,659
Alliance Finance Company PLC	7.11%	4-Jun-21	4-Jun-22	40,000,000	42,345,326
Alliance Finance Company PLC	8.16%	5-Oct-21	5-Oct-22	50,000,000	51,989,698
Alliance Finance Company PLC	8.16%	5-Oct-21	5-Oct-22	50,000,000	51,989,698
Alliance Finance Company PLC	8.16%	5-Oct-21	5-Oct-22	30,000,000	31,193,819
Cargills Bank Limited	9.32%	25-Feb-22	25-Feb-22	50,000,000	50,446,849
Mercantile Investment & Finance PLC	7.11%	7-Jun-21	7-Jun-22	40,000,000	42,321,950
Mercantile Investment & Finance PLC	7.11%	18-Jun-21	18-Jun-22	40,000,000	42,236,241
Mercantile Investment & Finance PLC	8.38%	14-Dec-21	14-Jun-22	25,000,000	25,621,593
Mercantile Investment & Finance PLC	8.38%	14-Dec-21	14-Jun-22	25,000,000	25,621,593
Mercantile Investment & Finance PLC	8.36%	5-Jan-22	5-Apr-22	50,000,000	50,998,555
Mercantile Investment & Finance PLC	8.36%	5-Jan-22	5-Apr-22	50,000,000	50,998,555
Mercantile Investment & Finance PLC	8.36%	5-Jan-22	5-Apr-22	50,000,000	50,998,555
Mercantile Investment & Finance PLC	8.36%	5-Feb-22	5-May-22	41,142,000	41,673,379
Richard Peiris Finance Ltd	7.11%	29-Jun-21	29-Jun-22	50,000,000	52,688,165
Richard Peiris Finance Ltd	7.11%	30-Jun-21	30-Jun-22	30,000,000	31,607,056
Richard Peiris Finance Ltd	7.21%	16-Jul-21	16-Jul-22	50,000,000	52,558,068
Richard Peiris Finance Ltd	8.16%	11-Oct-21	11-Oct-22	50,000,000	51,922,630
Richard Peiris Finance Ltd	8.16%	11-Oct-21	11-Oct-22	50,000,000	51,922,630
Richard Peiris Finance Ltd	8.16%	11-Oct-21	11-Oct-22	25,000,000	25,961,315
Richard Peiris Finance Ltd	8.16%	5-Jan-22	5-Apr-22	50,000,000	50,961,315
Richard Peiris Finance Ltd	8.11%	21-Mar-22	21-Apr-22	15,093,321	15,130,210
DFCC Bank	6.00%	31-May-21	31-May-22	21,438,687	22,513,559
DFCC Bank	6.00%	3-Jun-21	3-Jun-22	21,397,902	22,458,566
				<u>1,654,954,609</u>	<u>1,711,341,976</u>



Notes to the financial statements continued on page 18.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (09) OTHER RECEIVABLES

	2023 Rs.	2022 Rs.
Other Receivables	2,216,887	7,087,455
	<u>2,216,887</u>	<u>7,087,455</u>

## (10) ACCRUED EXPENSES AND OTHER PAYABLES

Payable on unit redemption	6,090,817	100,037
Management fee payable	2,172,026	2,758,583
Trustee fees payable	1,020,852	1,191,708
Audit fees payable	427,185	307,858
Custodian fee payable	69,534	63,913
	<u>9,780,414</u>	<u>4,422,079</u>

## (11) INCOME TAX RECEIVABLE / (PAYABLE)

Balance at the beginning of the year	-	-
Income tax provision for the year	-	6,678,196
Over / (under) adjustment in prior year tax expense	-	-
Payment	-	(13,592,600)
Deductions	-	-
Tax Credits	-	-
- WHT	-	6,914,404
Balance at the end of the year	-	-

## (12) NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

Movements in the number of units and net assets attributable to unit holders during the year were as

	31.03.2023 Units	31.03.2022 Units	31.03.2023 Rs.	31.03.2022 Rs.
Opening capital balance	177,349,521	63,550,578	2,260,081,846	760,726,996
Applications	195,775,478	207,019,783	2,695,724,611	2,549,262,598
Redemptions	(263,848,876)	(93,220,840)	(3,465,951,012)	(1,155,508,615)
Increase / (decrease) in net assets attributable to unit holders	-	-	324,651,977	105,600,867
Distributions to unit holders	8,766,641	-	(133,676,155)	-
Closing balance	<u>118,042,764</u>	<u>177,349,521</u>	<u>1,680,831,267</u>	<u>2,260,081,846</u>

	31.03.2023 Rs.	31.03.2022 Rs.
Net assets per unit		
Net assets	1,680,831,267	2,260,081,853
Total no. of units	<u>118,042,764</u>	<u>177,349,521</u>
Net assets per unit (Rs.)	<u>14.24</u>	<u>12.74</u>

As stipulated in the Trust deed, each unit enables the right of an individual to share in the Fund and does not extend his rights 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.

Figures in brackets indicate deductions.

Notes to the financial statements continued on page 19

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (12) NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)

## 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 equity. 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.

2023 Rs.	2022 Rs.
-------------	-------------

## (13) DISTRIBUTIONS TO UNIT HOLDERS

The distributions for the year were as follows:  
Distributions

(133,676,155)	-
(133,676,155)	-

## (14) RELATED PARTY DISCLOSURE

## (a) Responsible entity

The responsible entity of Comtrust Money Market Fund is C T C L S A Asset Management (Private) Limited.

## (b) Key management personnel

## Directors

- Ms. Cecilia Page
- Mr. Zakir Mohamedally
- Mr. Joseph Page
- Mr. Patrick Martin Lawlor

## Other key management personnel

- Mr. Kuhan Vinayagasundaram Fund Manager
- Ms. Hansini Aravinda Financial Analyst

## (c) Key management personnel compensation

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

## (d) Other transactions within the Fund

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





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (14) RELATED PARTY DISCLOSURE (CONTINUED)

## (e) Related Party Unitholding

The Management Company or any related parties have invested in the Comtrust Money Market Fund:

Unit holders name	No. of Units held opening	No. of units held closing	Fair value of investment Rs.	% of Holdings	Distribution paid of payable by the fund Rs.
Comtrust Asset Management (Pvt) Ltd	2,418,739	11,467	165,844	0.01%	-
Securities (Pvt) Ltd	10,052,664	11,610,316	165,321,612	9.84%	-
CT CLSA Capital (Pvt) Ltd	6,593,439	1,161,865	16,544,028	0.98%	-
Holdings (Pvt) Ltd	4,252,818	1,900,140	27,056,473	1.61%	-
Kuhan Vinayagasundaram	-	74	1,054	0.00%	-

## (f) Transactions with and amounts due to related parties

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

	Charge for the year		Balance outstanding	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Management fees	8,875,530	4,953,170	2,172,026	1,103,823
Trustee fees	4,036,703	3,583,017	1,020,852	1,191,708
Custodian fee	273,859	259,201	427,185	63,913
	<u>13,186,092</u>	<u>8,795,388</u>	<u>3,620,063</u>	<u>2,359,444</u>

## (15) COMMITMENTS AND CONTINGENCIES

There were no material commitments or contingent liabilities outstanding at the end of the reporting date.

## (16) EVENTS OCCURRING AFTER THE REPORTING DATE

There were material events occurring after the reporting date 31st March, 2023 that require adjustment to or disclosure in the financial statements.

"In compliance with CIS Code 2022, Comtrust Money Market Fund has changed its name to CT CLSA High Yield Fund after the reporting period."

Notes to the financial statements continued on page 21

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (17) ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS

## Summary of Financial Assets And Liabilities

As at 31 March 2023	Measured at Fair Value	Carried at Cost	Amortized Cost	Cost
<b>Assets</b>				
Cash and cash equivalents	-	120,916,273	-	120,916,273
Financial assets - at amortized cost	-	-	1,567,478,521	1,567,478,521
Other receivable - (Corporate Savings)	-	-	2,216,887	2,216,887
<b>Total</b>	-	120,916,273	1,569,695,408	1,690,611,681
<b>Liabilities</b>				
Accruals and other payables	-	9,780,414	-	9,780,414
<b>Total</b>	-	9,780,414	-	9,780,414

As at 31 March 2022	Measured at Fair Value	Carried at Cost	Amortized Cost	Cost
<b>Assets</b>				
Cash and cash equivalents	-	87,523,957	-	87,523,957
Financial assets - at amortized cost	-	-	2,169,892,513	2,169,892,513
Other receivable - (Corporate Savings)	-	-	7,087,455	7,087,455
<b>Total</b>	-	87,523,957	2,176,979,968	2,264,503,925
<b>Liabilities</b>				
Accruals and other payables	-	4,422,079	-	4,422,079
<b>Total</b>	-	4,422,079	-	4,422,079



Notes to the financial statements continued on page 22

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****(18) FINANCIAL RISK MANAGEMENT****Overview**

The unit trust has exposure to the following risks via financial instruments:

- Market Risk
- Liquidity Risk
- Credit Risk
- Operational Risk

This note presents information about the unit trust's exposure to each of the above risks and the objectives, policies and processes for measuring and managing risk.

**(18.1) Risk management framework**

The Board of Directors has the overall responsibility for the establishment and oversight of the unit trust's risk management framework. The Managing Company has established an Investment Committee (IC) which is tasked with reviewing wide-ranging risk categories that includes market, liquidity, credit and operational risk. The committee members have been assigned the responsibility to manage these risks prudently.

**(18.1) (a) Market risk**

Market risk represents the risk that the value of the Trust's investments portfolios will fluctuate as a result of changes in market prices. In general, market risk occurs on account of price risk, currency risk, and interest rate risk. However, the Fund's exposure to price risk and currency risk is deemed negligible as all its investments are short-term fixed income securities denominated in Sri Lankan Rupees. Therefore, interest rate will be the principal source of market risk for the fund.

Management of market risk includes the following elements:

- Overall authority for managing market risk is vested with the Board of Directors.
- The operational authority for managing market risk is vested with the Investment Committee (IC).
- Interest rate risk is managed within the approved limits by the Investment Committee.



Notes to the financial statements continued on page 23.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (18) FINANCIAL RISK MANAGEMENT (CONTINUED)

## (18.1) (a) Market risk (Continued)

## (i) Interest rate risk

The table below summarises the Fund's exposure to interest rate risks. It includes the Fund's assets at fair values, categorised by the earlier of contractual repricing or maturity dates.

2023	Floating interest rate Rs.	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
<b>Financial assets</b>				
Cash and cash equivalents	-	120,916,273	-	120,916,273
Loans and receivables	-	1,567,478,521	-	1,567,478,521
Total exposure	-	1,688,394,794	-	1,688,394,794
<b>31st March 2022</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	87,523,957	-	87,523,957
Loans and receivables	-	2,169,892,513	-	2,169,892,513
Total exposure	-	2,257,416,470	-	2,257,416,470

## Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

	Increase/ (decrease) on basis points	Effect on the profit for the year 2022/23	Effect on the profit for the year 2021/22
LKR	25%	81,162,994	26,400,217
LKR	25%	(81,162,994)	(26,400,217)

Since the Fund had not held financial instruments with variable interest rates as at 31st March 2023 and 31 March 2022, it was not exposed to cash flow interest rate risks.

Financial instruments with fixed rates exposed the Fund to fair value interest rate risks. However, due to the short term nature of the instruments, it was reasonably expected that fluctuations in the interest rates will not materially impact the Net Asset Value of the fund.





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (18) FINANCIAL RISK MANAGEMENT (CONTINUED)

## (18.1) (b) Liquidity Risk

\* Liquidity risk is the risk that the unit trust will not have adequate financial resources to meet Unit Trusts' obligations as when they fall

Management of liquidity risk includes the following elements:

Taking steps to ensure, as far as possible, that it will always have adequate financial resources to meet its liabilities when due, under

Maturity analysis of the financial assets and financial liabilities

As at 31 March 2023

Assets	Carrying amount Rs.	Upto 3 months Rs.	3 months to 1 year Rs.	1 year to 5 year Rs.	Total
Cash at bank	120,916,273	120,916,273	-	-	120,916,273
Financial assets at amortised cost	1,567,478,521	492,461,929	1,075,016,592	-	1,567,478,521
Other receivables - (Corporate Savings)	2,216,887	2,216,887	-	-	2,216,887
Total financial assets	1,690,611,681	615,595,089	1,075,016,592	-	1,690,611,681

## Liabilities

Accruals and other payables

Total Liabilities

9,780,414	9,780,414	-	-	-	9,780,414
9,780,414	9,780,414	-	-	-	9,780,414

As at 31 March 2022

Assets	Carrying amount Rs.	Upto 3 months Rs.	3 months to 1 year Rs.	1 year to 5 year Rs.	Total
Cash at bank	87,523,957	87,523,957	-	-	87,523,957
Financial assets at amortised cost	2,169,892,513	410,427,510	1,759,465,003	-	2,169,892,513
Other receivables - (Corporate Savings)	7,087,454	7,087,454	-	-	7,087,454
Total financial assets	2,264,503,924	505,038,921	1,759,465,003	-	2,264,503,924

## Liabilities

Accruals and other payables

Total Liabilities

4,422,079	4,422,079	-	-	-	4,422,079
4,422,079	4,422,079	-	-	-	4,422,079

Notes to the financial statements continued on page 25

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (18) FINANCIAL RISK MANAGEMENT (CONTINUED)

## (18.1) (c) Credit Risk

Credit risk is the risk of financial loss to the unit trust if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the unit trust's investment in reverse repo agreements.

Management of credit risk includes the following components:

- Formulating credit policies in consultation with business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements
- Establishing the authorisation structure for the approval and renewal of credit facilities.
- Limiting concentration of exposures to counterparties.
- Reviewing compliance through regular audits by internal audit.

## Credit quality by class of financial assets

As at 31 March 2023	12 Month Expected Credit Losses	Life Time Expected Credit Losses Not Credit Impaired	Life Time Expected Credit Losses Credit Impaired	Total
	Rs.	Rs.	Rs.	Rs.
<b>Assets</b>				
Cash at bank	120,916,273	-	-	120,916,273
Financial assets at amortised cost	1,567,478,521	-	-	1,567,478,521
Other receivables - (Corporate Savings)	-	-	-	-
Total financial assets	<u>1,688,394,794</u>	<u>-</u>	<u>-</u>	<u>1,688,394,794</u>

As at 31 March 2022	12 Month Expected Credit Losses	Life Time Expected Credit Losses Not Credit Impaired	Life Time Expected Credit Losses Credit Impaired	Total
	Rs.	Rs.	Rs.	Rs.
<b>Assets</b>				
Cash at bank	87,523,957	-	-	87,523,957
Financial assets at amortised cost	2,169,892,513	-	-	2,169,892,513
Other receivables - (Corporate Savings)	-	-	-	-
Total financial assets	<u>2,257,416,470</u>	<u>-</u>	<u>-</u>	<u>2,257,416,470</u>

## (1) Debt securities

It is the trust's policy to enter into financial instruments with reputable counter-parties. As such, the Fund invests in debt securities which have an investment grade categorisation as rated by Fitch and ICRA.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (18) FINANCIAL RISK MANAGEMENT (CONTINUED)

Repurchase agreements			31.03.2023	31.03.2022
Rating			Rs.	Rs.
Risk free-REPO Government Securities			40,069,041	-
			<u>40,069,041</u>	<u>-</u>
Commercial papers			Rating Agency	
Rating				
A	Lanka Orix Leasing Company PLC	ICRA	-	328,079,892
			<u>-</u>	<u>328,079,892</u>
Fixed deposits				
Rating				
BBB+	Vallible Finance PLC	LRA	-	30,153,312
AA+	People's Bank	Fitch	-	101,264,045
AAA	National Savings Bank Commercial	Fitch	-	212,202,219
A	Leasing & Finance PLC Lanka	ICRA	-	130,024,126
A	Orix Leasing Company PLC Dialog	ICRA	-	-
AA	Finance PLC	Fitch	-	-
BBB-	SDB BANK	ICRA	-	-
BBB+	HNB Finance Ltd	Fitch	177,875,811	-
A+	Singer Finance PLC	Fitch	-	52,951,138
A+	People's Leasing & Finance PLC	Fitch	-	142,724,491
BBB-	Alliance Finance Company PLC	LRA	82,919,449	283,381,859
AA-	Cargills Bank Limited	Fitch	-	50,446,849
BBB-	Mercantile Investment & Finance	Fitch	30,289,086	330,470,423
AA-	Richard Pearis Finance Ltd	Fitch	-	332,751,589
A-	DFCC Bank	Fitch	54,462,397	44,972,125
BBB+	Siyapatha Finance PLC	Fitch	20,866,192	-
			<u>366,412,935</u>	<u>1,711,341,976</u>
Corporate Savings			Rating Agency	
Rating			31.03.2023	31.03.2022
			Rs.	Rs.
A	HNB	Fitch	33,848,843	87,523,957
A-	DFCC	Fitch	10,000	-
A+	Cargills Bank Ltd	Fitch	87,305,131	-
			<u>121,164,074</u>	<u>87,523,957</u>
Total				

In accordance with the Fund's policy, the investment manager monitors the Fund's credit position on a daily basis.



Notes to the financial statements continued on page 27.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****(18) FINANCIAL RISK MANAGEMENT (CONTINUED)****18.1 (d) Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The unit trust's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the business reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Unit Trust's standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of the transaction.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Development of business contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with unit trust's internal controls and procedures is supported by a programme of periodic reviews undertaken by Investment Committee. The results of reviews are discussed with the management of the business unit with summaries submitted to the Fund administrator of the fund manager.

**Analysis of concentration risk**

The following table shows the risk concentration by sector for the components of the statement of financial position.



Notes to the financial statements continued on page 28.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (18) FINANCIAL RISK MANAGEMENT (CONTINUED)

## 18.1 (d) Operational Risk (Continued)

As at 31 March 2023	Cash at Bank	Financial assets - at amortised cost	Total Financial Assets
<b>Sector wise breakdown</b>			
Government	-	1,160,996,545	1,160,996,545
Corporate	120,916,273	406,481,976	527,398,249
<b>Total</b>	<b>120,916,273</b>	<b>1,567,478,521</b>	<b>1,688,394,794</b>

As at 31 March 2022	Cash at Bank	Financial assets - at amortised cost	Total Financial Assets
<b>Sector wise breakdown</b>			
Government	-	70,427,510	70,427,510
Corporate	74,224,674	2,099,465,003	2,173,689,677
<b>Total</b>	<b>74,224,674</b>	<b>2,169,892,513</b>	<b>2,244,117,187</b>

## (19) COMMITMENTS AND CONTINGENT LIABILITIES

There were no material contingent liabilities and commitments at the end of the reporting date, that require disclosure in the financial statements.

## (20) EVENTS OCCURRING AFTER THE REPORTING PERIOD

Except for the following disclosures, there were significant events after the reporting date which require adjustments to or disclosures in the financial statements.

"In compliance with CIS Code 2022, Comtrust Money Market Fund has changed its name to CT CLSA High Yield Fund after the reporting period."



**DETAIL NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH****NET ASSET VALUE RECONCILIATION**

	Rs.
Net asset value published as at 31st March, 2023	1,680,829,767
Adjustment for Audit Fee Payable	2,448
Capital Adj. Account - Units Redemption	(948)
Audited net asset value published as at 31st March 2023 (Note 10)	<u>1,680,831,267</u>

