

# CT CLSA INCOME FUND



## INTERIM REPORT

FOR THE SIX MONTHS ENDED 30TH JUNE 2024

## **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](http://www.ctclsal.lk)

### **AUDITORS**

Deloitte Associates

No 11, Castle Lane,

Colombo – 04.

### **BANKERS**

Deutsche Bank AG

Filiale Colombo, Level 21,

One Galle Face Tower,

Colombo 10.

## **Fund Managers Review**

### **Economic Review**

The Sri Lankan economy experienced a favourable economic condition in 1Q2024 compared to the same period in 2023. Accordingly, the economy grew by 5.3%<sup>1</sup> YoY in 1Q2024 supported by all sectors of the economy. Agricultural, Industrial and Service sector expanded by 1.1%<sup>1</sup>, 11.8%<sup>1</sup>, 2.6%<sup>1</sup> respectively in 1Q2024. This growth was driven by lower levels of inflation, and interest rates and increased liquidity in the foreign currency markets. According to the World Bank prediction, Sri Lankan economy is expected to see a moderate growth of 2.2%<sup>2</sup> in 2024.

### **Interest Rate Environment**

The Central bank continued to maintain the easing monetary policy stance during the 1H of 2024. Accordingly, the Central Bank cut their policy rates by 50Bps<sup>3</sup> in March 2024 and decided to maintain the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) at 8.5%<sup>3</sup> and 9.00%<sup>3</sup> respectively. In line with the eased monetary policy the market interest rates have adjusted downwards. However, the adjustments of lending rates remain weaker than deposit rates creating further space for market lending rates to adjust downwards. Moreover, the yield on government securities have declined considerably in response to the policy measures taken thus far. Credit extends to the private sector by licensed commercial banks recorded a marginal expansion during the period under consideration. A further reduction in market lending rates would facilitate the growth of private sector credit.

### **Inflation**

Headline inflation measured by the Colombo Consumer Price Index (CCPI, 2021 = 100) closed at 1.7%<sup>3</sup> in June 2024. It was supported by the downward revisions to the electricity tariff and fuel and LP gas prices along with relatively weak demand conditions. Food Inflation increased at 1.4%<sup>3</sup> YoY while non-food inflation increased at 1.8%<sup>3</sup> Year on Year in June 2024. Due to the

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<sup>1</sup> The Department of Census and Statistics ([www.statistics.gov.lk](http://www.statistics.gov.lk))

<sup>2</sup> World Bank – Press release 02.04.2024

<sup>3</sup> The Central Bank of Sri Lanka

combined impact of lower electricity tariffs and domestic fuel prices and the statistical base, inflation is expected to be below the target level for the upcoming months. However, over the medium-term inflation is expected to gradually align with the Central Bank target level of 5%.<sup>3</sup>

### **External Sector**

External sector performance in the first half of 2024 remained positive, with higher inflows from workers' remittances and earnings from tourism, despite a slightly higher trade deficit. The gross official reserve elevated at US dollar 5.6 Bn<sup>3</sup> supported by considerable net purchases by the central bank from the domestic foreign exchange market at the end of June 2024 including the swap with the Peoples Bank of China. During the period the Sri Lankan Rupee appreciated by 6.0%<sup>3</sup> against the US Dollar.

## **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**

For the period ended 30th June 2024, the CTCLSA Income Fund provided an annualized return of 18.29%<sup>7</sup> 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 0.66<sup>7</sup> years while 100% of the fund invested in A- and above rated instruments.

### **Exhibit 03: Fund Return vs. Benchmark Return<sup>7</sup>**

Period	GAIF	NDBIB-CRISIL 364 Day T-Bill Index	GAIF-Annualized
2024 YTD	9.10%	7.33%	18.29%
Since Inception	57.83%	44.35%	19.78%

*\*Performances are based on month end prices as of 30<sup>th</sup> June 2024. Performance data included in this document represents past performance and is no guarantee of the future results.*

The Central Bank continued it easing monetary policy during the period under consideration. Accordingly, the Central Bank cut its policy rates by 50Bps<sup>3</sup> in March 2024. Given the lower interest rate environment, the fund invested in shorter duration government securities with the anticipation of benefiting from interest rate increase due to the uncertainty surrounding the upcoming elections while holding longer term fixed deposits at higher rates. Furthermore, the fund took exposures to corporate debt instrument to enhance the yield amidst declining interest.

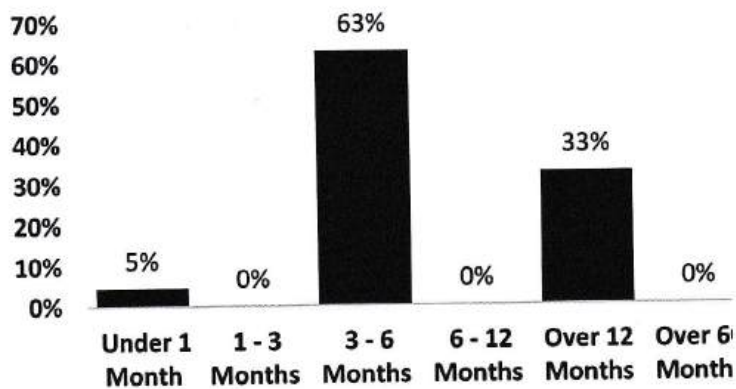
<sup>7</sup> Fact Sheet – CTCLSA Income Fund – June 2024



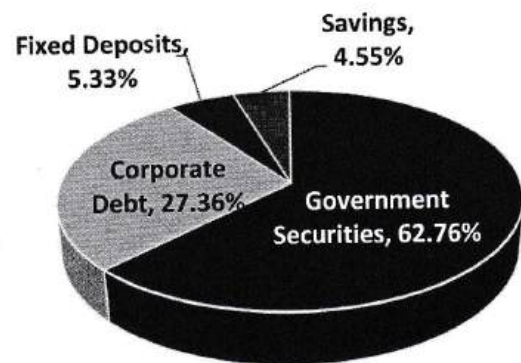
Consequently, the CTCLSA Income Fund has generated an annualized return of 18.29%<sup>7</sup> at the end of June 2024.

### Key Facts of the Fund

#### FUND CREDIT QUALITY - % OF NAV

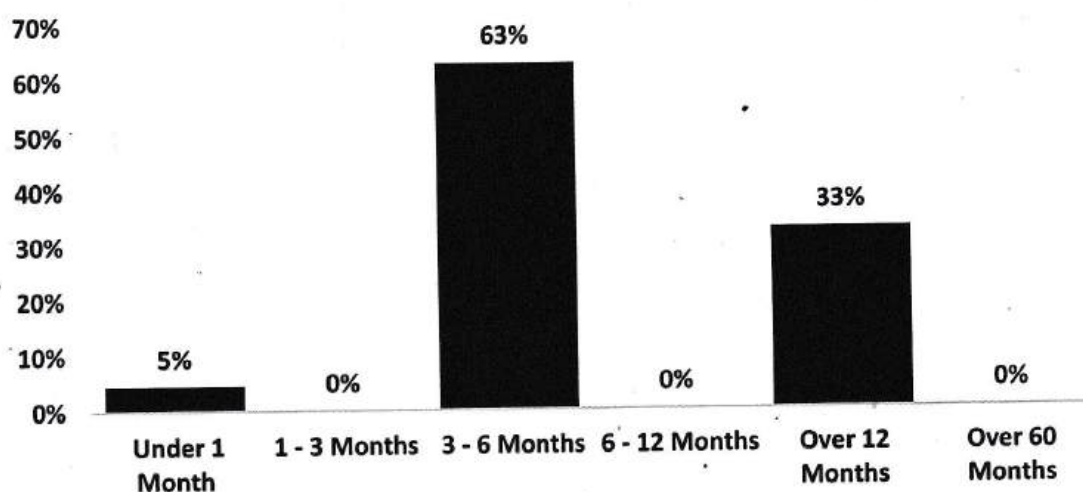


#### ASSET ALLOCATION



As at 30st June 2024, the total net asset value of the fund was Rs. 122.26<sup>7</sup>million with 62 -unit holders in the fund. The subscription and redemption price for the fund on 30th June 2024 was Rs. 15.7829<sup>7</sup>

#### MATURITY PROFILE - % OF NAV



**STATEMENT OF FINANCIAL POSITION**

As at	Notes	30-Jun-24 Rs.	30-Jun-23 Rs.	31/12/2023 (Audited) Rs.
<b>ASSETS</b>				
Cash and Cash Equivalents	2	5,580,266	706,560	8,074,612
Financial Assets at Fair Value Through Profit or Loss		33,532,594	43,355,066	996,078,988
Subscription Receivable		1,000	241,535	198,343
Financial Instruments at Amortised Cost	3	83,466,139	54,428,323	123,819,002
Other Receivables		300	-	91,743
<b>Total Assets</b>		<b>122,580,299</b>	<b>98,731,484</b>	<b>1,128,262,688</b>
<b>UNIT HOLDERS' FUNDS &amp; LIABILITIES</b>				
<b>LIABILITIES</b>				
Accrued Expenses	4	316,660	285,265	924,661
<b>Total Liabilities ( Excluding net assets attributable to Unit Holders)</b>		<b>316,660</b>	<b>285,265</b>	<b>924,661</b>
<b>UNIT HOLDERS' FUNDS (Net Assets Attributable to Unit Holders)</b>		<b>122,263,639</b>	<b>98,446,219</b>	<b>1,127,338,027</b>
<b>Total Unit Holders' Funds and Liabilities</b>		<b>122,580,299</b>	<b>98,698,378</b>	<b>1,128,262,688</b>

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 2024 along with related statements of comprehensive income and unitholders funds' have been drawn up from unaudited accounts.

  
Director  
Management Company

  
Director  
Management Company

  
Trustee  
Deutsche Bank AG  
Authorised Signatories  
Trustee

September 12, 2024  
Colombo

**CT CLSA Income Fund****STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended	Notes	30-Jun-24 Rs.	30-Jun-23 Rs.	31-Dec-23 Rs.
<b>INCOME</b>				
Interest Income	1	30,966,453	8,473,494	79,639,672
Unrealised gain on financial assets at fair value through profit or loss		844,762	-	203,510
Realised gain on financial assets at fair value through profit or loss		24,922,841	1,187,713	40,422,704
		<b>56,734,055</b>	<b>9,661,207</b>	<b>120,265,886</b>
<b>EXPENSES</b>				
Management Fees		(750,503)	(124,320)	(1,592,580)
Trustee and Custodian Fees		(540,967)	(178,599)	(1,151,525)
Audit Fees		(366,475)	(119,859)	(304,688)
Bank Charges		(32,174)	(31,672)	(55,421)
Other Expenses		(52,331)	(131,703)	(159,960)
Interest Expense		-	-	(197)
		<b>(1,742,450)</b>	<b>(586,152)</b>	<b>(3,264,371)</b>
<b>PROFIT BEFORE TAX</b>		<b>54,991,605</b>	<b>9,075,055</b>	<b>117,001,515</b>
Income Tax Expense		-	-	-
<b>NET PROFIT AFTER TAX FOR THE PERIOD</b>		<b>54,991,605</b>	<b>9,075,055</b>	<b>117,001,515</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>54,991,605</b>	<b>9,075,055</b>	<b>117,001,515</b>

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



**STATEMENT OF CASH FLOWS**

	30-Jun-24 Rs.	30-Jun-23 Rs.	31-Dec-23 Rs.
<b>Cash flows from operating activities</b>			
Interest received	56,734,055	8,473,494	79,751,449
Management fees and trustee fees paid	(1,687,768)	(440,000)	(2,348,901)
Other expenses paid	(662,682)	(282,701)	(468,618)
<b>Net cash flow generated from operating activities</b>	<b>54,383,605</b>	<b>7,750,793</b>	<b>76,933,930</b>
<b>Cash flows from investing activities</b>			
Net proceeds from investing in Amortized Cost Financial Assets	40,352,863	23,904,445	(1,037,119,600)
Net Proceeds from investing in Treasury Bills	962,835,179	(42,167,354)	36,033,081
<b>Net cash generated from investing activities</b>	<b>1,003,188,043</b>	<b>(18,262,908)</b>	<b>(1,001,086,519)</b>
<b>Cash flows from financing activities</b>			
Proceeds on creation of units	117,365,000	132,345,309	1,103,211,209
Payments on redemption of units	(1,177,430,993)	(173,944,074)	(223,768,328)
<b>Net cash used in financing activities</b>	<b>(1,060,065,993)</b>	<b>(41,598,766)</b>	<b>879,442,881</b>
Net increase in cash and cash equivalents	(2,494,346)	(52,110,881)	(44,709,718)
Cash and cash equivalents at the beginning of the year	8,074,612	52,784,330	52,784,330
<b>Cash and cash equivalents at the end of the period</b>	<b>5,580,266</b>	<b>673,449</b>	<b>8,074,612</b>

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

For the six months ended	30-Jun-24	30-Jun-23	31/12/2023 (Audited)
	Rs.	Rs.	Rs.
<b>UNIT HOLDERS' FUNDS AS AT 31 DECEMBER</b>	<b>1,127,338,027</b>	<b>130,695,288</b>	<b>130,695,288</b>
Total Comprehensive Income for the Period	54,991,605	9,075,055	117,001,515
Received on Creation of Units	117,365,000	132,586,844	1,103,409,552
Paid on Redemption of Units	(1,177,430,993)	(173,944,074)	(223,768,328)
Net Increase due to Unit Holders' Transactions	(1,060,065,993)	(41,357,231)	879,641,224
<b>UNIT HOLDERS' FUNDS AS AT 30 JUNE</b>	<b>122,263,639</b>	<b>98,413,112</b>	<b>1,127,338,027</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended	30-Jun-24 Rs.	30-Jun-23 Rs.
<b>1 INTEREST INCOME</b>		
Interest income on		
Commercial Papers	666,731	7,271,648
Treasury Bill Reverse Repurchase Agreements	1,415,240	-
Treasury Bills	259,483	-
Treasury Bond	16,410,800	-
Treasury Bill Reverse Repurchase Agreement	10,583,454	-
Asset backed security	1,274,336	-
Savings Interest	356,409	487,843
Fixed Deposits	-	714,003
	<b>30,966,453</b>	<b>8,473,494</b>

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

As at	30-Jun-24 Rs.	30-Jun-23 Rs.	31/12/2023 (Audited) Rs.
<b>2 CASH AND CASH EQUIVALENTS</b>			
Cash at Bank	5,580,266	706,560	8,074,612
	<b>5,580,266</b>	<b>706,560</b>	<b>8,074,612</b>

	30-Jun-24		30-Jun-23		31-Dec-23	
	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
<b>3 FINANCIAL ASSETS-HELD FOR TRADING</b>						
	Rs.		Rs.		Rs.	
Government Debt Securities	33,532,594	27%	43,355,066	44%	996,078,988.00	88%
	<b>33,532,594</b>	<b>27%</b>	<b>43,355,066</b>	<b>44%</b>	<b>996,078,988</b>	<b>88%</b>

	30-Jun-24		30-Jun-23		31-Dec-23	
	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
<b>3 FINANCIAL ASSETS AT AMORTISED COST</b>						
Treasury Bill Reverse Repurchase Agreement	76,934,589	63%	49,237,562	50%	101,540,686	9%
Fixed Deposits	6,531,550	5%	5,190,761	5%	22,278,316	2%
	<b>83,466,139</b>	<b>68%</b>	<b>54,428,323</b>	<b>55%</b>	<b>123,819,002</b>	<b>11%</b>

<b>3.1 Treasury Bill Reverse Repurchase Agreement</b>						
Capital Alliance PLC	-	0%	-	0%	50,654,247	4.5%
Capital Alliance PLC	-	0%	-	0%	10,109,727	0.9%
First Capital Treasuries PLC	76,934,589	63%	49,237,562	50%	40,776,712	3.6%
	<b>76,934,589</b>	<b>63%</b>	<b>49,237,562</b>	<b>50%</b>	<b>101,540,686</b>	<b>9.0%</b>

<b>3.2 Fixed Deposits</b>						
People's Bank	6,531,550	5%	5,190,761	5%	5,864,819	1%
LOLC	-	0%	-	0%	16,413,497	1%
	<b>6,531,550</b>	<b>5%</b>	<b>5,190,761</b>	<b>5%</b>	<b>22,278,316</b>	<b>2%</b>

	30-Jun-24 Rs.	30-Jun-23 Rs.	31/12/2023 (Audited) Rs.
<b>4 ACCRUED EXPENSES</b>			
Management fee payable	36,510	21,506	283,623
Trustee Fee and Custodian Fee Payable	36,111	30,133	185,297
Audit Fee	181,068	136,123	312,821
Bank Charges	330	-	-
Provision for tax consultancy fee	-	-	142,770
Other Payables	62,641	97,503	150
Interest Received in Advance	-	-	-
	<b>316,660</b>	<b>285,265</b>	<b>924,661</b>

**5 UNITS IN ISSUE AND UNIT PRICE**

Units in Issue and deemed to be in issue as at 30th June 2024 is 7,746,601.58 (30th June 2023 : 7,680,688.99 and the creation and redemption Unit price as at this date is Rs. 15.7829 (30th June 2023: 12.8174).

**6 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.

**6.1 Management Company and Trustee**

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

The Trustee is Deutsche Bank AG.



## NOTES TO THE FINANCIAL STATEMENTS

## 6.2 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 Muttukumaru  
Mr. Joseph Page  
Mr. Zakir Mohameddaly  
Mr. Patrick Martin Lawlor  
Ms. Bimane Meepagala  
Ms. Coralie Pietersz

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

## 6.3 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.

## 6.4 Other transactions within the Fund

Apart from those details disclosed in note 6.5, key management personnel have not entered in to any other transactions involving the Fund during the period.

As at 30th June 2024	Relationship	No of Units	Value of units held	Total interest held	Distribution paid or payable by the Fund
CT CLSA Asset Management	Managing Company	610,152	7,817,916.21	8%	-
Key Management Personnel		141	1,807.03	0%	-

## 6.5 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	
	2024	2023	2024	2023
Management Fees - CT CLSA Asset Management (Pri	750,503	124,320	36,510	21,506
Trustee & Custodian Fees - Deutsche Bank AG	540,967	178,599	36,111	30,133
Bank Balance Held at Deutsche Bank			963,936	568,878

As at	30-Jun-24 Rs.	30-Jun-23 Rs.	31/12/2023 (Audited) Rs.
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## 7 RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE

Net Asset Value as per Financial Statements	122,263,639	98,413,112	1,127,338,027
Audit Fee Adjustment	-	-	-
Interest Income overprovision adjustment	-	-	-
Published Net Asset Value	122,263,639	98,413,112	1,127,338,027
Number of units outstanding	7,746,602	7,680,689	77,924,408
Net Asset Value per Unit	15.7829	12.8131	14.4671