



COMTRUST EQUITY 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

AUDITORS

Nihal Hettiarachchi & Company

“RNH House”, 622B, Kotte Road

Kotte

BANKERS

Hatton National Bank PLC

HNB Towers, 479, T B Jayah Mawatha,

Colombo 10.

FUND MANAGER REPORT

Equity Fund

Dear Investor,

We take pleasure in presenting the Annual Report of the Comtrust Equity Fund for the year ended 31st March 2023.

During the year ended 31st March 2023 (FY23), the All-Share Price Index (ASPI) increased by 4.5%⁴ compared to an increase of 25.0%⁴ in the corresponding year. The All Share Total Return Index (ASTRI) witnessed an incline of 4.5%⁴ whilst the liquid S&P SL20 index experienced a decline of -11.5%⁴ for the year ended 31 March 2023. Comtrust Equity Fund outperformed all three benchmark indices recording a gain of 15.1% for the financial year ended 31 March 2023.

Economic Review

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%¹ in 2022 compared to the growth of 3.7%¹ recorded in the preceding year. All three sectors of the economy registered declines during the year ended 31st December 2022, Agriculture by -4.6%¹; Industry by -16.0%¹ and Services by -2.0%¹. The GDP estimates for 1Q2023 reflects a further decline of -11.5%¹ 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

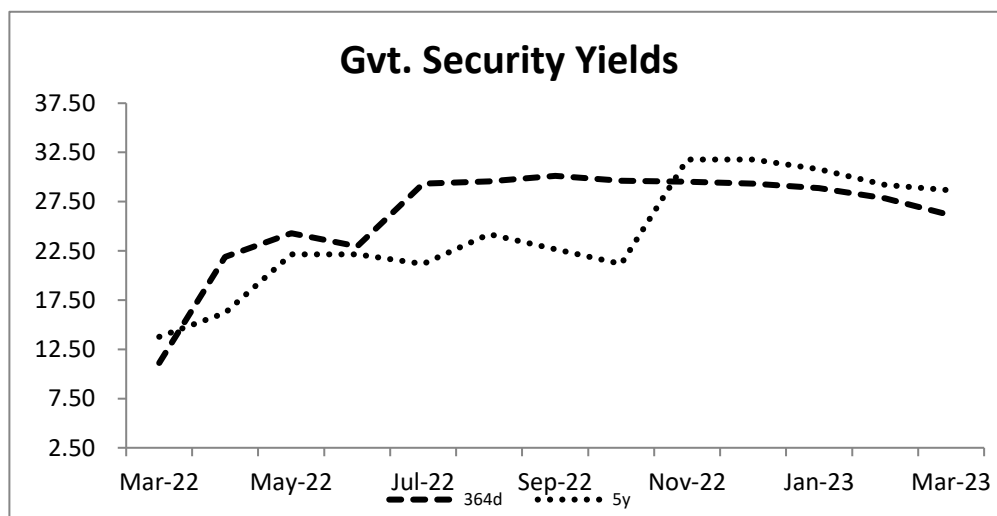
As per the World Economic Outlook (WEO) of the International Monetary Fund (IMF), global growth is projected to slow from an estimated 3.5%³ for the year ended 2022 to 3.0%³ in 2023 and 2024 with emerging and developing markets in Asia projected to drive global growth.

Interest Rate Environment

	Mar-22	Apr-22	Jul-22	Mar-23	Jun-23	Jul-23	Aug-23
SDFR (%)	6.5	13.5	14.5	15.5	13.0	11.0	11.0
SLFR (%)	7.5	14.5	15.5	16.5	14.0	12.0	12.0
SRR (%)	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
Pvt. Sector Credit Growth (%)	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\$¹ for several months. Although the introduction of a daily trading band reduced volatility, LKR ended 2022 at Rs.362.4/US\$¹. 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 2023¹. Meanwhile, the gross official reserves improved to an estimated US\$3.7bn¹ 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%² and 73.7%², 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%² in June 2023; CCPI, 2021=100)

Fiscal Accounts

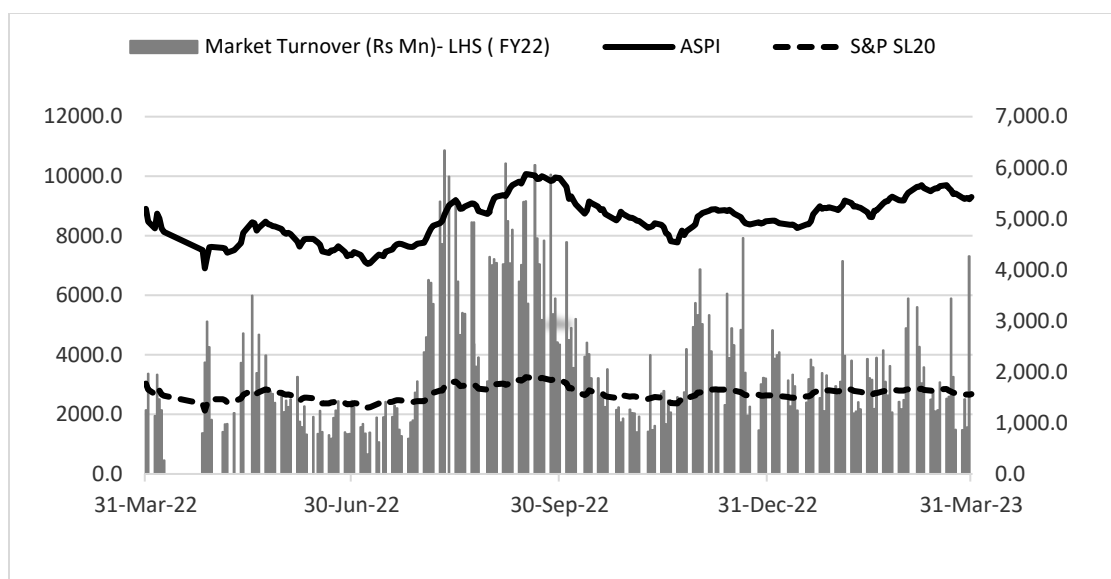
Government revenue reached the Rs.2trn mark in 2022 growing 37.5%¹ from a low base in 2021 aided by the introduction of new tax measures such as the one-off surcharge tax, social security contribution levy and upward revisions to value added tax rates. Despite the increase in government revenue, it accounted for only 8.3%¹ 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.1,122bn¹ leading to a primary surplus of Rs.47.4bn¹ for the period.

Market Review

The equity market faced a tough year in 2022 with the ASPI of the Colombo Stock Exchange recording a decline of -30.6%⁴ in the year ended 31 December 2022 in the midst of severe shortages of essentials, weak foreign exchange buffers, deterioration of fiscal position and political instability. The more liquid S&P SL20 Index witnessed a larger decline of -37.7%⁴ YoY. Despite relatively strong corporate earnings in 1H2022, investors continued to exit the equity market owing to heightened inflationary pressures and an upward shift in market interest rates following the steep policy rate hike in April 2022. Resultantly, the average daily turnover of the market fell -39.1%⁴ YoY to Rs.2,970mn⁴ whilst the market capitalization of the index reduced to Rs.3,847bn⁴ (22.9% of nominal GDP) as of 31 December 2022. However, despite the lackluster performance of the market, local investor accounts increased to 682,547⁴ as of 31 December 2023 (+2.7% YoY) indicating the positive effects of the exchanges' initiatives to digitalize client onboarding.

Market Indicators	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23
ASPI (% YoY)	-17.7	55.8	25.0	4.5
ASTRI (% YoY)	-17.4	56.0	25.2	4.5
S&P SL20 (% YoY)	-28.9	46.4	6.4	-11.5
Market Capitalization (Rs bn)	2,128.3	3,111.3	3,826.5	3,903.5
Average Daily Turnover (Rs mn)	806.0	3,053.9	4,798.5	2,143.5
Market PER (X)	8.4	15.0	8.8	5.0
Net Foreign Flow (Rs bn)	-11.0	-63.6	-36.6	33.0

Source: CSE Data



Source: CSE Data

Comtrust Equity Performance

Comtrust Equity Fund outperformed all three equity market benchmarks during the financial year under review. The fund increased allocation to fixed income securities in the 1H of the financial year in order to benefit from higher short term interest rates whilst limiting drawdowns on the equity exposure stemming from weaker macro fundamentals and pressure on near term earnings.

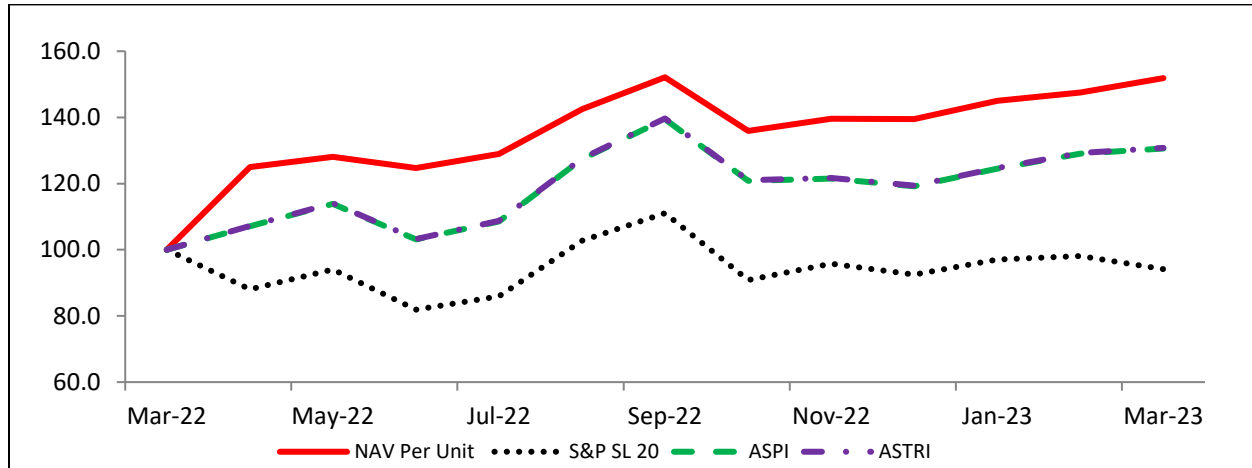
However, following the signing of the IMF staff level agreement in September 2022, the fund gradually increased allocation to equity, constructing a diversified portfolio of companies which were either undervalued by the market or backed by strong fundamental qualities such as sustainable medium-term earnings growth, steady free cash flow generation and strong financial position

The funds equity portfolio had a higher tilt towards Capital Goods Sector given their diverse/essential nature and the significant role that the sector plays during periods of economic recovery. Materials Sector was favored amid the introduction of import restrictions and the pricing power/market leadership positions held by our portfolio companies.

Top 5 Sectors	Weight (%)
Capital Goods	20.1%
Materials	11.2%
Banks	7.9%
Consumer Services	6.0%
Food & Staples Retailing	4.7%

Top 5 Stock Positions	Weight (%)
Sampath Bank	7.9%
John Keells Holdings	7.6%
Aitken Spence Hotel Holdings	6.0%
Chevron Lubricants Lanka	5.0%
Cargills (Ceylon)	4.7%

Source: CSE Data & CEF Valuation Sheet



Expectations, Outlook, and Strategy

A faster than expected cooling of headline inflation, the progress made thus far on the domestic debt optimization/external debt restructuring efforts and the passing of the Central Bank Act have set the stage for continued easing of policy interest rates in the economy over the near to medium term. Amidst moderating interest rates and relatively lower tax implications from equity investments, we expect domestic fund flows to the equity market to pick up, driving market liquidity and valuations higher. Meanwhile, a successful completion of the first review of the IMF extended fund facility program in September 2023 and continued progress in implementing structural reforms including the restructuring of state-owned enterprises and, land and labor reforms are believed to attract foreign fund flows to the Sri Lankan financial markets.

Moreover, timely translation of monetary policy easing to lower lending rates and continued moderation of inflation are expected to bode well for a gradual improvement in economic activity in the second half of FY24E. This favorable macro-economic landscape is anticipated to drive volume growth and reduce cost pressures (through lower operating costs and finance costs) improving top and bottom lines of our portfolio companies

Moving forward, although we are cognizant of possible downside risks caused by an anticipated incline in global crude oil prices and the possibility of unfavorable weather affecting the agriculture sector in the 2H

of 2023E, we expect the fund's increased tilt towards equities to benefit unitholders in near-term as interest rates subside and asset valuation re-rate upwards. The fund's investment strategy of holding a well-diversified portfolio of companies backed by fundamental qualities such as stable earnings, strong free cash flow generation and reasonable valuations is geared towards generating the best risk adjusted return to its unitholders over the medium term.

Sources

¹ The Central Bank of Sri Lanka (www.cbsl.gov.lk)

² The Department of Census and Statistics (www.census.gov.lk)

³ International Monetary Fund (www.imf.org)

⁴ Colombo Stock Exchange (www.cse.lk)

DECLARATION BY TRUSTEE AND MANAGING COMPANY

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 Equity 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.



Signature of Hatton National Bank Trustee

Hatton National Bank

Trustee



Signature of CT CLSA Asset Management (Pvt) Ltd. Manager

CT CLSA Asset Management (Pvt) Ltd.

Management Company



ANNUAL REPORT
2022-23

CT CLSA

CT CLSA Asset Management (Private) Limited

COMTRUST EQUITY FUND

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

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF COMTRUST EQUITY FUND

Report on the Audit of the Financial Statements


Opinion


We have audited the financial statements of Comtrust Equity 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
Dinuka Hettiaratchi ACCA, FCPA, ACCA, FCPA (C.A. & ICAI, FCPA, ACCA)

Special Representative ACA, FCPA, ACCA
Responsible Supervisor ACCA, FCPA, ACCA



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.

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.

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

- 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.
- 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,
September 08, 2023.


NIHAL HETTIARACHCHI & CO.,
Chartered Accountants



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

	NOTES	2023 Rs.	2022 Rs.
INVESTMENT INCOME			
Profit from investments	(05)	24,655,345	102,457,055
OTHER INCOME			
Net unrealized gain / (loss) on financial assets - at fair value through profit or loss		11,186,349	(39,364,918)
Total investment income		<u>37,841,694</u>	<u>63,092,137</u>
OPERATING EXPENDITURE			
Management fee		3,847,500	3,729,202
Trustee fee		627,887	575,363
Custodian charge		273,740	258,492
Audit fee		154,000	140,000
Bank charges		141,837	19,686
Receivable balances written off		-	138,705
Advertising		28,298	-
Printing & stationary		14,420	-
Other expenses		20,000	-
Total operating expenditure		<u>5,107,682</u>	<u>4,861,448</u>
Net operating profit		<u>32,734,012</u>	<u>58,230,689</u>
Profit before tax		<u>32,734,012</u>	<u>58,230,689</u>
Adjustment for prior year over / (under) provision for tax	(06)	-	-
Profit after tax		<u>32,734,012</u>	<u>58,230,689</u>
Other comprehensive income		-	-
Total comprehensive income		<u>32,734,012</u>	<u>58,230,689</u>
Increase in net assets attributable to unit holders		<u>32,734,012</u>	<u>58,230,689</u>



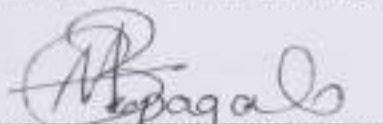
The significant accounting policies and notes from pages 6 to 28 form an integral part of these financial statements.



STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH

	NOTES	2023 Rs.	2022 Rs.
ASSETS			
Current assets			
Cash and cash equivalents	(07)	5,533,981	3,058,545
Financial assets - at amortised cost	(08)	55,339,363	116,204,559
Financial assets - at fair value through profit or loss	(09)	179,524,480	88,716,467
Other receivables	(10)	8,521,322	6,223,693
Income tax receivable	(12)	-	-
Total assets		248,918,946	214,203,264
EQUITY AND LIABILITIES			
Unit Holders' fund and liabilities			
Liabilities			
Accrued expenses and other payables	(11)	6,978,584	1,560,730
Total liabilities		6,978,584	1,560,730
Unit Holders Funds			
Net assets attributable to unit holders	(13)	241,940,362	212,642,534
Total unitholders' Funds and Liabilities		248,918,946	214,203,264

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

September 8, 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	54,958,048	126,484,797	181,442,845
Net decrease due to creation and redemption of units	(27,031,000)	-	(27,031,000)
Increase in net assets attributable to unit	-	58,230,689	58,230,689
Dividend distribution to Unit Holders	-	-	-
Balance as at 31 March 2022	<u>27,927,048</u>	<u>184,715,486</u>	<u>212,642,534</u>
Balance as at 01st April 2022	27,927,048	184,715,486	212,642,534
Net decrease due to creation and redemption of units	(3,436,184)	-	(3,436,184)
Increase in net assets attributable to unit	-	32,734,012	32,734,012
Dividend distribution to Unit Holders	-	-	-
Balance as at 31 March 2023	<u>24,490,864</u>	<u>217,449,498</u>	<u>241,940,362</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.
Cash flows from operating activities		
Interest received	23,875,834	3,137,483
Dividends received	5,191,781	5,958,529
Operating expenses paid	(5,295,111)	(4,436,565)
(Increase) / Decrease in financial investments - at fair value through profit of loss	(86,025,761)	120,124,071
Decrease in other receivables	1,694,198	2,087,038
Increase in other payables	5,605,283	286,178
Net investments in fixed deposits	70,958,049	(70,958,049)
Net investments in commercial papers	45,246,510	(29,940,901)
Net investments in treasury bill	(50,739,068)	-
Net investments in bonds	(4,600,095)	-
Net cash generated from operating activities	5,911,620	26,257,784
Cash flows from financing activities		
Amounts received on unit creations	288,054	6,135,991
Amounts paid on unit redemptions	(3,724,238)	(33,166,991)
Net cash flow used in financing activities	(3,436,184)	(27,031,000)
Net increase in cash and cash equivalents	2,475,436	(773,216)
Cash and cash equivalents at the beginning of the year	3,058,545	3,831,761
Cash and cash equivalents at the end of the year (Note 7)	5,533,981	3,058,545



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 Equity Fund (the Fund) is an open-ended unit trust licensed by the Securities and Exchange Commission of Sri Lanka and established under the trust deed signed on 28 February 1992 executed between CT C L S A Asset Management (Private) Limited as the Fund Manager and Hong Kong and Shanghai Banking Corporation Limited (HSBC) as the Trustee up to 31 March 2009. The trust invests mainly in fixed income securities and listed securities in Colombo stock Exchange and is domiciled in Sri Lanka.

With effect from 1 April 2009, HSBC ceased to be the Trustee to the Fund and a new trust deed was signed with Deutsche Bank as the new trustee of CT C L S A Asset Management (Private) Limited to administer the fund. The principal place of operations of the Trustee during the year was located at Deutsche Bank AG – Colombo Branch, 86, Galle Road, Colombo 03.

With effect from 31 January 2019 Deutsche Bank A.G. ceased to be trustee to the fund as a new trust deed was signed with Hatton National Bank PLC as the trustee of CT C L S A Asset Management (Private) Limited on 4 January 2019. The principal place of operations is located at 479, T.B. Jaya Mawatha, Colombo 10.

1.1. Principal activities

The investment objective of the Fund is to achieve long term capital appreciation whilst providing unit holders with regular dividends by investing in a portfolio of equities and fixed income securities.

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 08th September 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 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 7

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(02) BASIS OF PREPARATION (CONTINUED)

2.3. Statement of cash flows

The statement of cash flows has 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 Lankan 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 classification in order to provide a better presentation. The details of such re-classifications have been disclosed notes in 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.

Estimates 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 recognized in the financial statement are described in the relevant Note as follows.

- Recognition and measurement of financial instruments (Note 4.1.1)
- Identification, measurement and assessment of impairment (Note 4.1.2)

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 going concern basis.

Notes to the financial statements continued on page 8.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(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.

4.1. Financial instruments – initial recognition and subsequent measurement

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

4.1.1. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized 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 cost that are directly attributable to the acquisition of the financial asset. Transaction cost of financial asset 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 flow 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.

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.

Purchases 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 asset.

Notes to the financial statements continued on page 9.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1. Financial instruments – initial recognition and subsequent measurement (Continued)

4.1.1 Financial assets (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (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. Gains and losses are 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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the unit units had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (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 unit trust's statement of financial position) when:

- the rights to receive cash flows from the asset 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 nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the financial statements continued on page 10.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Financial instruments — initial recognition and subsequent measurement (Continued)

4.1.2. 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 exposure 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 instruments. 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.

4.2. Dividend Payable

Dividend payable is recognized at the time the dividend recommended and declared by the board of directors.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3. 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 these obligations.

4.4. 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 obligations 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.

4.5. Interest

Interest income and expenses are recognized in profit or loss using the effective interest method. This 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 estimate 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.

4.6. Expenses

All expenses, including management fees and trustee fee, is recognized in profit or loss on accrual basis.

4.7. Income tax expenses

According to the provision 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 2019 to 31 March 2020 will not be considered as a part of assessable income of the unit trust for the Y/A 2019/2020.

Notes to the financial statements continued on page 12.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8. 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.

4.9. Distributions

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

4.10. Increase/decrease in net assets attributable to unit holders

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

4.11. Applications 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.

4.12. Offsetting income and expenses

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

4.13. Offsetting assets and liabilities

Assets and liabilities are offset and the net amount reported in the statement 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 realize the asset and settle the liability simultaneously.

4.14. 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 issue. 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 Equity Fund has changed its name to CT CLSA Equity Fund after the reporting period.

Notes to the financial statements continued on page 13.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023 Rs.	2022 Rs.
(05) PROFIT FROM INVESTMENTS		
Dividend income	5,746,391	6,182,595
Interest income on financial assets - at amortised cost (Note 5.1)	27,313,051	3,990,712
Net realized gain on sale of financial assets -at fair value through profit or loss (Note 5.2)	(8,404,097)	92,283,748
	<u>24,655,345</u>	<u>102,457,055</u>
(5.1) Interest income on financial assets - at amortised cost		
Interest on repurchase agreements	-	359,227
Interest on commercial papers	2,229,305	629,232
Interest income on corporate savings	2,531,636	1,294,592
Interest on fixed deposits	4,149,361	1,707,661
Interest income on treasury bills primary	16,793,288	-
Interest income on government bonds	1,580,113	-
Fixed deposits placement fee income	29,348	-
	<u>27,313,051</u>	<u>3,990,712</u>
(5.2) Net realized gain on sale of financial assets -at fair value through profit or loss		
Proceeds on sale of equity shares	2,361,476	104,745,263
Average cost of equity shares sold	(10,786,573)	(12,461,515)
T/bill primary realised gain	21,000	-
	<u>(8,404,097)</u>	<u>92,283,748</u>
(06) INCOME TAX EXPENSE		
(6.1) Current tax expense		
Adjustment for prior year over / (under) provision for tax	-	-
	<u>-</u>	<u>-</u>

Comtrust Equity 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. -



Notes to the financial statements continued on page 14.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(07) CASH AND CASH EQUIVALENTS

Favourable balances

Current accounts

Cash at Bank - HNB

Corporate Savings Account

Cash and cash equivalents for the purpose of statement of cash flows

(Note 7.1)

2023 Rs.	2022 Rs.
25,000	25,000
5,508,981	3,033,545
5,533,981	3,058,545

(7.1) Investments in Corporate Savings

Name of Institution	Yield	Investment Date	Maturity Date	Cost Rs.	31.03.2023 Amortised Cost Rs.
Hatton National Bank Ltd.	6.50%	31-Mar-23	1-Apr-23	5,498,981	5,498,981
DFCC Bank	6.00%	31-Mar-23	1-Apr-23	10,000	10,000
				5,508,981	5,508,981

(08) FINANCIAL ASSETS - AT AMORTISED COST

Commercial papers

Fixed deposits

Investments in treasury bills primary

Investment on treasury bonds

(Note 8.1)

(Note 8.2)

(Note 8.3)

(Note 8.4)

2023 Rs.	2022 Rs.
-	45,246,510
-	70,958,049
50,739,068	-
4,600,095	-
55,339,163	116,204,559



Notes to the financial statements continued on page 15.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

(8.1) Investments in commercial papers

Name of Institution	Yield	Investment	Maturity	Cost	31.03.2022 Amortised Cost
		Date	Date	Rs.	Rs.
Lanka Orix Leasing Company PLC	11.00%	8-Mar-22	8-Sep-22	30,000,000	30,235,726
Alliance Finance Company PLC	13.12%	30-Mar-22	1-Aug-22	15,000,000	15,010,784
				<u>45,000,000</u>	<u>45,246,510</u>

(8.2) Investments in fixed deposits

Name of Institution	Yield	Investment	Maturity	Cost	31.03.2022 Amortised Cost
		Date	Date	Rs.	Rs.
National Savings Bank	9.30%	17-Feb-22	17-May-22	20,000,000	20,224,663
Vallibel Finance PLC	8.11%	8-Mar-22	8-Apr-22	15,093,321	15,173,807
Richard Pieris Finance Ltd	8.11%	9-Mar-22	9-Apr-22	20,000,000	20,102,208
Vallibel Finance PLC	8.11%	16-Mar-22	16-Apr-22	15,402,614	15,457,371
				<u>70,495,935</u>	<u>70,958,049</u>

(8.3) Investments in treasury bill

Name of Institution	Yield	Investment	Maturity	Cost	31.03.2023 Amortised Cost
		Date	Date	Rs.	Rs.
Capital Alliance PLC	30.50%	20-Jan-23	21-Apr-23	3,558,779	4,645,760
Wealth Trust Securities Ltd	29.78%	27-Jan-23	28-Apr-23	4,414,348	4,653,545
Wealth Trust Securities Ltd	30.08%	3-Feb-23	5-May-23	13,295,567	13,950,900
Wealth Trust Securities Ltd	29.98%	10-Feb-23	12-May-23	4,460,355	4,651,380
First Capital Treasuries	33.10%	9-Jan-23	7-Apr-23	3,946,303	4,259,158
Wealth Trust Securities Ltd	30.90%	13-Jan-23	14-Apr-23	13,016,673	13,924,350
Wealth Trust Securities Ltd	29.74%	3-Mar-23	2-Jun-23	4,547,798	4,653,975
				<u>47,239,823</u>	<u>50,739,068</u>

(8.4) Investments in treasury bonds

Name of Institution	Yield	Investment	Maturity	Cost	31.03.2023 Amortised Cost
		Date	Date	Rs.	Rs.
Government of Sri Lanka	20.47%	1-Jul-22	15-Jan-28	5,015,290	4,600,095
				<u>5,015,290</u>	<u>4,600,095</u>

Notes to the financial statements continued on page 16.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(09) FINANCIAL ASSETS - AT FAIR VALUE THROUGH PROFIT OR LOSS

		2023 Rs.	2022 Rs.
Investment in Equity Shares	(Note 9.1)	179,524,480	68,716,467

(9.1) Investments in equity shares

Company	No. of shares	Cost as at 31.03.2023 Rs.	Market value as at 31.03.2023 Rs.	No. of shares	Cost as at 31.03.2022 Rs.	Market value as at 31.03.2022 Rs.
Banks						
Commercial Bank of Ceylon PLC	-	-	-	160,440	12,056,559	10,059,588
Sampath Bank PLC	372,367	17,162,837	19,549,268	164,468	8,854,635	7,532,634
	<u>372,367</u>	<u>17,162,837</u>	<u>19,549,268</u>	<u>324,908</u>	<u>20,911,194</u>	<u>17,592,222</u>
Diversified Financials						
People's Leasing & Finance PLC	1,409,015	11,087,886	11,131,219	360,352	3,300,762	2,918,851
LOLC Holdings PLC	-	-	-	12,905	8,987,093	7,710,738
Capital Alliance PLC	140,000	3,923,134	4,564,000	-	-	-
	<u>1,549,015</u>	<u>15,011,020</u>	<u>15,695,219</u>	<u>373,257</u>	<u>12,287,855</u>	<u>10,629,589</u>
Materials						
Tokyo Cement Co. (Lanka) PLC - Non Voting	166,002	7,099,479	8,300,100	-	-	-
Ceylon Glass Company PLC	365,725	7,380,924	7,021,920	-	-	-
Caltex Lubricant Lanka PLC	135,000	14,044,856	12,386,000	-	-	-
	<u>666,727</u>	<u>28,525,259</u>	<u>27,688,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
C/F	<u>2,588,109</u>	<u>60,699,116</u>	<u>62,932,506</u>	<u>698,165</u>	<u>33,199,049</u>	<u>28,221,811</u>

Notes to the financial statements continued on page 17.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(09) FINANCIAL ASSETS - AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Company	No. of shares	Cost as at 31.03.2023 Rs.	Market value as at 31.03.2023 Rs.	No. of shares	Cost as at 31.03.2022 Rs.	Market value as at 31.03.2022 Rs.
B/F	2,588,109	60,699,116	62,932,506	698,165	33,199,049	28,221,811
Transportation						
Expolanka Holdings PLC	-	-	-	20,000	5,005,440	4,155,000
	-	-	-	20,000	5,005,440	4,155,000
Food & Staples Retailing						
Cargills (Ceylon) PLC	50,465	12,362,524	11,758,345	37,000	9,271,693	6,752,500
	50,465	12,362,524	11,758,345	37,000	9,271,693	6,752,500
Consumer Durables & Apparel						
Hayleys Fabric PLC	63,922	1,617,095	1,610,834	349,900	13,835,630	10,182,090
Hela Apparel Holdings PLC	-	-	-	784,800	11,771,658	10,123,920
Textured Jersey	180	5,906	5,760	-	-	-
	64,102	1,623,001	1,616,594	1,134,700	25,607,288	20,306,010
Retailing						
Royal Ceramics Lanka PLC	-	-	-	141,044	8,705,450	5,740,491
John Keells Holdings PLC	134,715	18,635,156	18,860,100	75,000	10,795,122	10,875,000
Aitken Spence PLC	247,496	13,246,012	14,825,010	-	-	-
Access Engineering PLC	-	-	-	272,477	7,020,572	4,087,155
Hemas Holdings PLC	180,000	12,192,141	11,700,000	115,000	6,552,576	5,313,000
	562,211	44,073,308	45,585,110	603,521	35,073,720	26,015,646
Food Beverage & Tobacco						
Watawala Plantations PLC	-	-	-	35,000	4,065,024	3,265,500
Distilleries Company of Sri Lanka PLC	328,978	6,496,404	6,447,969	-	-	-
Nestle Lanka PLC	2,750	2,803,552	2,939,750	-	-	-
	331,728	9,299,956	9,387,719	35,000	4,065,024	3,265,500
C/F	3,596,615	128,057,905	131,080,274	2,528,386	110,222,214	88,716,467

Notes to the financial statements continued on page 18

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(09) FINANCIAL ASSETS - AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Company	No. of shares	Cost as at 31.03.2023 Rs.	Market value as at 31.03.2023 Rs.	No. of shares	Cost as at 31.03.2022 Rs.	Market value as at 31.03.2022 Rs.
B/F	3,596,615	128,057,905	131,080,274	2,528,386	110,222,214	88,716,467
Insurance						
Union Assurance PLC	50,000	1,718,969	1,650,000	-	-	-
	50,000	1,718,969	1,650,000	-	-	-
Utilities						
Windforce	589,080	9,791,517	9,719,820	-	-	-
	589,080	9,791,517	9,719,820	-	-	-
Capital Goods						
ACL Cables PLC	75,000	6,182,219	6,172,500	-	-	-
Hayles Limited	135,000	9,543,777	9,720,000	-	-	-
Lanka Walltile PLC	74,195	3,893,949	3,568,780	-	-	-
	284,195	19,619,946	19,461,280	-	-	-
Health Care Equipment & Services						
Asiri Hospital PLC	29,014	695,553	722,448	-	-	-
	29,014	695,553	722,448	-	-	-
Household & Personal Product						
BPPL Holding PLC	348,292	8,065,965	7,348,982	-	-	-
	348,292	8,065,965	7,348,982	-	-	-
Telecommunication service						
Dialog Telecom PLC	686,301	6,998,204	7,137,530	-	-	-
Sri Lanka Telecom PLC	25,576	2,143,180	2,404,144	-	-	-
	711,877	9,141,384	9,541,674	-	-	-
Market value of equity investments	5,609,073	177,091,239	179,524,479	2,528,386	110,222,214	88,716,467



Notes to the financial statements continued on page 19.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(10) OTHER RECEIVABLES

	2023 Rs.	2022 Rs.
Dividend receivable	1,949,137	1,394,527
Interest income - corporate savings	60,448	451,778
CDS receivables	2,683,190	4,377,388
Treasury bonds interest receivable	1,092,667	-
Treasury bills interest receivable	2,718,615	-
Fixed deposit placement fee receivable	17,265	-
	<u>8,521,322</u>	<u>6,223,693</u>

(11) ACCRUED EXPENSES AND OTHER PAYABLES

Management fee payable	1,007,842	1,103,823
Trustee fees payable	169,016	170,304
Audit fees payable	126,214	222,269
Custodian fee payable	69,633	63,738
Trade creditors equity	5,601,283	596
Unit redemption payable	4,596	-
	<u>6,978,584</u>	<u>1,560,730</u>

(12) INCOME TAX RECEIVABLE / (PAYABLE)

Balance at the beginning of the year	-	-
Add: - Income tax provision for the year	-	-
- Over / (under) adjustment in prior year tax expense	-	-
- Withholding tax recoverable	-	-
Less: - Payments made during the year	-	-
Tax Credits	-	-
- Withholding tax receivable	-	-
- Notional tax payment	-	-
Balance at the end of the year	-	-

(13) NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	31.03.2023 Units	31.03.2022 Units	31.03.2023 Rs.	31.03.2022 Rs.
Opening capital balance	9,273,678	10,335,603	212,642,534	181,442,845
Applications	11,380	256,408	288,054	6,135,991
Redemptions	(153,469)	(1,318,333)	(3,724,238)	(33,166,991)
Increase / (decrease) in net assets attributable to unit holders	-	-	32,734,012	58,230,689
Distributions to unit holders	-	-	-	-
Closing balance	<u>9,131,589</u>	<u>9,273,678</u>	<u>241,940,362</u>	<u>212,642,534</u>

Notes to the financial statements continued on page 20.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(13) NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)

	31.03.2023 Rs.	31.03.2022 Rs.
Net assets per unit		
Net assets	241,940,362	212,642,534
Total no. of units	9,131,589	9,273,678
Net assets per unit (Rs.)	26.49	22.93

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.

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.

(14) DISTRIBUTIONS TO UNIT HOLDERS

The distributions for the year were as follows:
Distributions

2023 Rs.	2022 Rs.
-	-
-	-

(15) RELATED PARTY DISCLOSURE

a) Responsible entity

The responsible entity of Comtrust Equity Fund is CT CLSA Asset Management (Private) Limited.

b) Key management personnel**Directors**

- Mrs. Cecilia Muttukumaru
- Mr. Zakir Mohamedally
- Mr. Joseph Page
- Mr. Patrick Martin Lawlor

Other key management personnel

- Ms. Hansini Aravinda
- Mr. Kushan Vinayagasundaram

Financial analyst
Fund manager



Notes to the financial statements continued on page 21.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(15) RELATED PARTY DISCLOSURE (CONTINUED)

c) Key Management Personnel unitholdings

Unitholder	No of Units Held		Fair Value of investment	Interest	Dividend Paid / Payable
	31-Mar-22	31-Mar-23	(Rs)	Held %	(Rs)
Nil	Nil	Nil	Nil	Nil	Nil

d) Key management personnel compensation

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

e) Other transactions within the Fund

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

f) Related Party Unitholding

The Management Company and other related parties have not invested in the Comtrust Equity Fund.

g) Transactions with and amounts due to related parties

The fees were charged by the management company and trustee for services provided during the 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	3,847,500	3,729,202	1,007,842	1,103,823
Trustee fees	627,887	575,363	169,016	170,304
Custodian fee	273,740	258,492	69,633	63,738
	<u>4,749,127</u>	<u>4,563,057</u>	<u>1,246,491</u>	<u>1,337,865</u>

h) The following amounts were invested in instruments offered by related parties as at the end of the financial year.

Company	Yield	Investment Date	Maturity Date	Cost	Amortized value
31-Mar-23				(Rs.)	(Rs.)
Nil	Nil	Nil	Nil	Nil	Nil

Notes to the financial statements continued on page 22.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(16) 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	Total
Assets				
Cash and cash equivalents	-	-	5,533,981	5,533,981
Other receivables	-	8,521,322	-	8,521,322
Financial assets - at amortized cost	-	-	55,339,163	55,339,163
Financial assets - at fair value through profit or loss	179,524,480	-	-	179,524,480
Total	<u>179,524,480</u>	<u>8,521,322</u>	<u>60,873,144</u>	<u>248,918,946</u>

Liabilities				
Accruals and other payables	-	6,978,584	-	6,978,584
Total	<u>-</u>	<u>6,978,584</u>	<u>-</u>	<u>6,978,584</u>

As at 31 March 2022	Measured at Fair Value	Carried at Cost	Amortized Cost	Cost
Assets				
Cash and cash equivalents	-	-	3,058,545	3,058,545
Other receivables	-	6,223,693	-	6,223,693
Financial assets - at amortized cost	-	-	116,204,559	116,204,559
Financial assets - at fair value through profit or loss	88,716,467	-	-	88,716,467
Total	<u>88,716,467</u>	<u>6,223,693</u>	<u>119,263,104</u>	<u>214,203,264</u>
Liabilities				
Accruals and other payables	-	1,560,730	-	1,560,730
Total	<u>-</u>	<u>1,560,730</u>	<u>-</u>	<u>1,560,730</u>

(16.1) Determining of fair value and hierarchy of fair value

The following tables show an analysis of financial instruments at fair value and by level of fair value hierarchy.

As at 31 March 2023	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total fair value Rs.
Financial assets measured at fair value				
Financial assets recognised through profit or loss - measured at fair value				
- Investment in listed shares	179,524,480	-	-	179,524,480
	<u>179,524,480</u>	<u>-</u>	<u>-</u>	<u>179,524,480</u>

Notes to the financial statements continued on page 23.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(16) ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS (CONTINUED)

(16.1) Determining of fair value and hierarchy of fair value (Continued)

As at 31 March 2022	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value				
Financial assets recognised through profit or loss - measured at fair value				
- Investment in listed shares	88,716,467	-	-	88,716,467
	<u>88,716,467</u>	<u>-</u>	<u>-</u>	<u>88,716,467</u>

Level 1 - Financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 - Financial instruments are measured at fair value on a regular basis. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined using relevant information generated by the market transactions involving comparable securities.

Level 3 - Financial instruments that are not supported by observable market prices information. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the responsible entity. The responsible entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include, investment-grade corporate bonds and certain non-US sovereign obligations, certain listed equities, certain unlisted unit trusts, and over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. The fund has not held any such investment in its portfolio.

Notes to the financial statements continued on page 24.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(17) FINANCIAL RISK MANAGEMENT

Overview

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

- Capital Risk
- 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.

(17.1) Risk management framework

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Fund's overall risk management program focuses on ensuring compliance with the Fund's Explanatory Memorandum and seeks to maximize the returns derived for the level of risk to which the Fund is exposed. 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.

The Fund is exposed to credit risk, market risk (principally price risk), and liquidity risk. The Fund Manager, who is responsible for identifying and controlling each of these risks, agrees on policies for managing them. The Manager also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept. This information is prepared and reported to relevant parties within the Manager on a regular basis as deemed appropriate, including the Fund Manager, other key management, and ultimately the Trustees of the Fund.

17.1 (a) Capital risk

The Fund considers its net assets attributable to unit holders as capital. net assets attributable to unit holders are classified as 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.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the management company. Under the terms of the Trust Deed, the responsible entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unit holders.

17.1 (b) Market risk

Market risk represents the risk that the value of the Fund'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 is not exposed to currency risk as all its investments are in securities denominated in Sri Lankan Rupees. Therefore, price risk and interest rate risk will be the principal sources of market risk for the Fund.

Notes to the financial statements continued on page 25

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(17) FINANCIAL RISK MANAGEMENT (CONTINUED)

17.1 (b) Market risk (Continued)

This risk is managed by ensuring that all investments activities are undertaken in accordance with established mandate limits and investments strategies. As such, unit holders can manage this risk through their choices of investment portfolios to participate in.

(i) Interest rate risk

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarizes the Fund's exposure to interest rate risk. It includes the Fund's assets and liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates

31st March 2023	Floating interest rate Rs.	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
Financial assets				
Cash and cash equivalents	-	-	5,533,981	5,533,981
Other receivables	-	-	8,521,322	8,521,322
Financial assets held at fair value through profit and loss	-	-	179,524,480	179,524,480
Investments carried at amortized cost	-	55,339,163	-	55,339,163
Total exposure	-	55,339,163	193,579,783	248,918,946
31st March 2022	Floating interest rate Rs.	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
Financial assets				
Cash and cash equivalents	-	-	3,058,545	3,058,545
Other receivables	-	-	6,223,693	6,223,693
Financial assets held at fair value through profit and loss	-	-	88,716,467	88,716,467
Investments carried at amortized cost	-	116,204,559	-	116,204,559
Total exposure	-	116,204,559	97,998,705	214,203,264

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)

(17) FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Price risk

Price risk is the risk that the fair value of the Fund's investment in trading securities will fluctuate as a result of changes in the price of the Fund's investments in trading securities listed in the Colombo Stock Exchange. Price risk exposure arises from the Fund's investment portfolio.

The table below shows the impact on the statement of profit or loss and other comprehensive income and statement of financial position due to a reasonably possible change in the price of the Fund's investment in trading securities listed in the Colombo Stock Exchange with all other variables held constant. This risk is managed by ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

Change in price of the Funds' investments in equity portfolio	31/03/2023	31/03/2022
	Increases / (decreases) on Net assets	Increases / (decreases) on Net assets
+10%	1,795,245	8,871,647
-10%	(1,795,245)	(8,871,647)

The above figures are calculated across the entire investment portfolio on an annual basis and do not reflect the changes in individual securities separately.

17.1 (c) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of redeemable units. It therefore primarily holds investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on stock exchange.

Due to the nature of a unit trust, it is unlikely that a significant number of unit holders would exit at the same time. However to control liquidity risk, the Fund invests in financial instruments, such as overnight Repo investments, which under normal market conditions are readily convertible to cash. In addition, the Fund invests within established limits to ensure there is no concentration of risk.

Payables have no contractual maturities but are typically settled within 30 days. Due to the short term nature of these financial instruments, carrying value approximates fair value. The effect of discounting is not significant as there is little difference between undiscounted and discounted cash flows.

	31.03.2023 Rs.	31.03.2022 Rs.
Investments less than one year	235,797,529	207,979,571

Notes to the financial statements continued on page 27.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(17) FINANCIAL RISK MANAGEMENT (CONTINUED)

17.1 (d) Credit Risk

Credit risk is the risk that the counterparty to the financial statement will fail to discharge an obligation and cause the Fund to incur a financial loss.

The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in debt securities, fixed deposits, cash and cash equivalents, amounts due from brokers and other receivables.

The Fund invests in debt securities which have an investment grade categorization as rated by a reputed rating agency. An analysis of debt by rating is set out in the table below.

Analysis of concentration risk

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

As at 31 March 2023	Government Rs.	Corporate Rs.	Total Rs.
Assets			
Cash and cash equivalents	-	5,533,981	5,533,981
Other receivables	-	8,521,322	8,521,322
Financial assets - at amortized cost	4,600,095	50,739,068	55,339,163
Financial assets - at fair value through profit or loss	-	179,524,480	179,524,480
Total financial assets	4,600,095	244,318,851	248,918,946
As at 31 March 2022	Government Rs.	Corporate Rs.	Total Rs.
Assets			
Cash and cash equivalents	-	3,058,545	3,058,545
Other receivables	-	6,362,398	6,362,398
Financial assets - at amortized cost	-	116,204,559	116,204,559
Financial assets - at fair value through profit or loss	-	88,716,467	88,716,467
Total financial assets	-	214,341,969	214,341,969

Notes to the financial statements continued on page 28

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(17) FINANCIAL RISK MANAGEMENT (CONTINUED)

17.1 (e) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the fund'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 Internal Audit. The results of internal audit reviews are discussed with the management of the business unit with summaries submitted to the Invest Committee.

(18) 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.

(19) EVENTS OCCURRING AFTER THE REPORTING PERIOD

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 Equity Fund has changed its name to CT CLSA Equity 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	241,051,066
Adjustment for opening balance of Audit Fee Payable	(168,869)
Adjustment for during the year of Audit Fee	(115,877)
Adjustment for previous year journal entries	1,174,042
Audited net asset value published as at 31st March 2023 (Note 12)	<u>241,940,362</u>
Net assets	241,051,066
Total no. of units	9,131,589
Net assets per unit (Rs.)	<u>26.40</u>

