

CEYBANK UNIT TRUST FUND

ANNUAL REPORT 2023/2024

Managed By



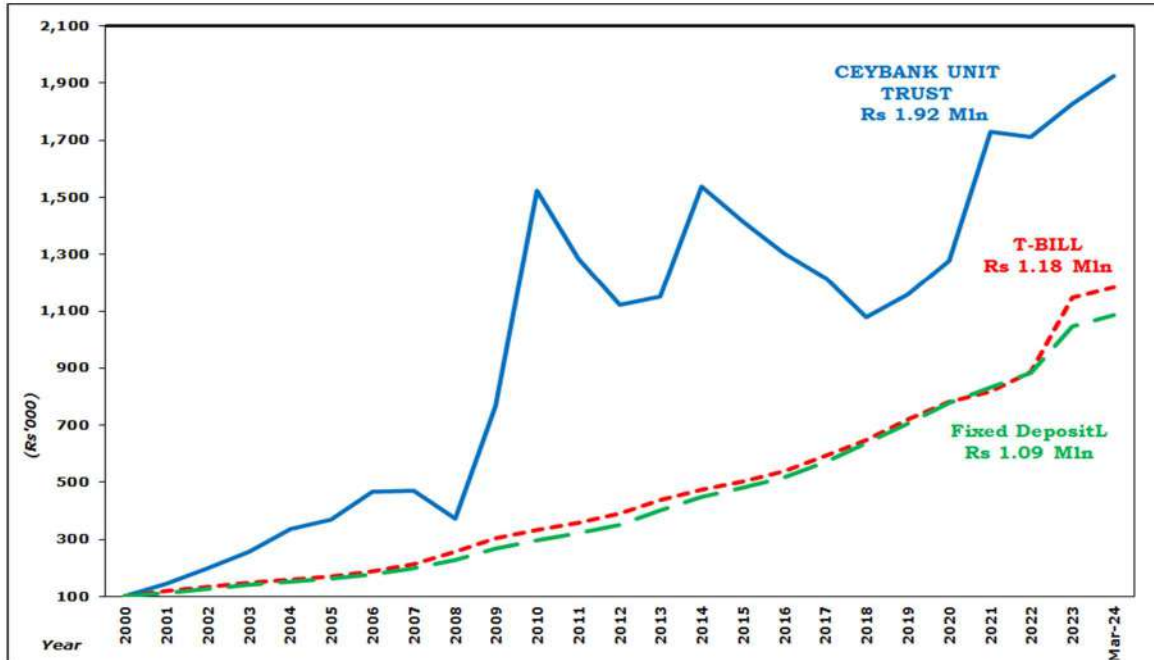
“The SEC in granting approval does not extend to either endorsing or ratifying the accuracy of the specific details set out therein, and that the management company remains at all times responsible for the specific details set out in the Annual Report.”

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CEYBANK UNIT TRUST FUND ANNUAL REPORT-2023/2024 PERFORMANCE HIGHLIGHTS

The Growth in Value of Rs. 100,000/- invested in the Ceybank Unit Trust Fund (adjusted for dividends) Vs Treasury Bills & Fixed Deposits (For the period 29-12-2000 to 31-03-2024)

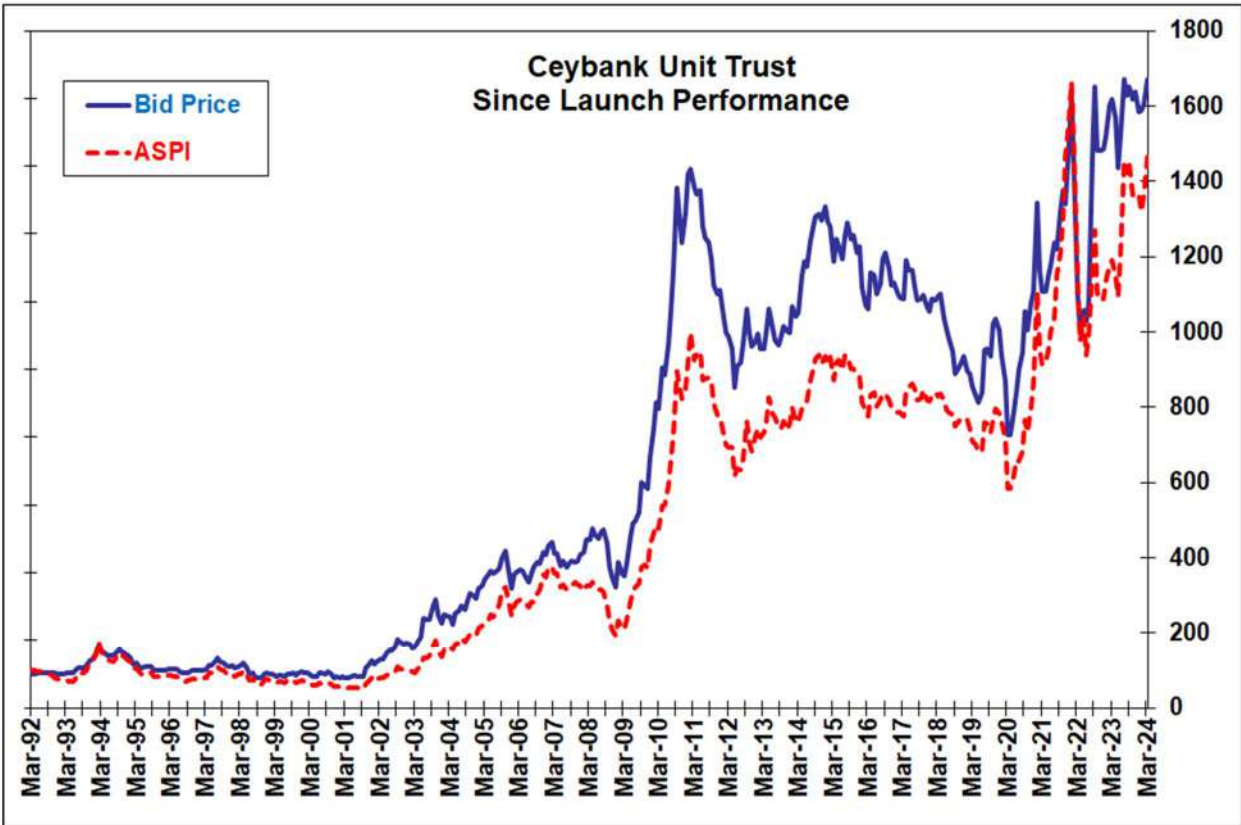


* Treasury Bill - 1 Year WAR
Fixed Deposit - AWFDR

Y/E Dec	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Mar-24
CUT Value (Rs'000)	100	146	198	258	335	369	468	469	372	768	1,524	1,284	1,123	1,149	1,538	1,415	1,302	1,215	1,077	1,158	1,276	1,728	1,712	1,826	1,924

**CEYBANK UNIT TRUST FUND
ANNUAL REPORT-2023/2024
PERFORMANCE HIGHLIGHTS**

**CEYBANK UNIT TRUST
Annual Report and Accounts 2023/2024
PERFORMANCE HIGHLIGHTS**



Performance is based on Time Weighted Monthly Returns

**CEYBANK UNIT TRUST FUND
ANNUAL REPORT-2023/2024
CORPORATE INFORMATION**

FUND MANAGERS & REGISTRAR

Ceybank Asset Management Ltd
Reg. No PV 3326
No 85, York Street, Colombo -1
Tel : 011- 760 2000-2, Fax : 011- 2327203
E.mail : info@ceybank.com
Web: www.ceybank.com

TRUSTEE

National Savings Bank
Savings House, 255, Galle Road
Colombo 03

**DIRECTORS OF THE
MANAGEMENT COMPANY**

Mr. A.C.M. Fernando
Chairman

Mr. I. Ferdinands
CEO/Executive Director

Mr. G.A. Jayashantha
(Nominee - Bank of Ceylon)

Mr. R. M. N. Jeewantha
(Nominee - Bank of Ceylon)

Ms.V. Govindan
(Nominee - Unit Trust of India)

Ms. S.Kulasinghe
(Nominee - Sri Lanka Insurance)

Mr. A.D. Perera
(Nominee - Sri Lanka Insurance)

AUDITORS

Kreston Sri Lanka
Chartered Accountants

TAX CONSULTANTS

Ernst & Young
Chartered Accountants

BANKERS & CUSTODIAN

Bank of Ceylon

LAWYERS

F. J. & G. De Saram
Attorneys –at-Law

Nithya Partners
Attorneys –at-Law

CEYBANK UNIT TRUST FUND

Annual Report & Accounts 2023/2024

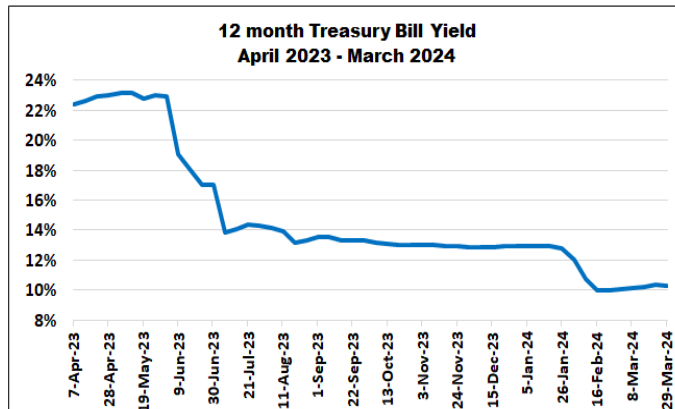
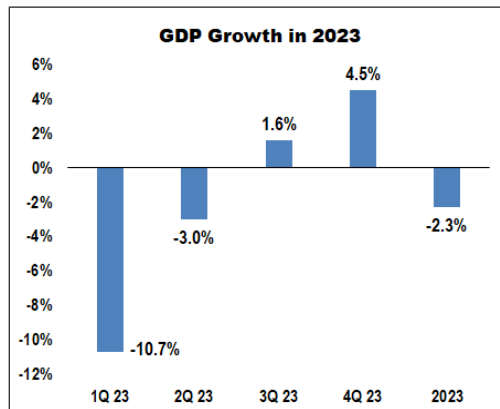
REPORT OF THE MANAGER

We have great pleasure in presenting the Annual Report and Audited Accounts of Ceybank Unit Trust Fund for the year ended 31st March 2024.

In the midst of improvement in macro-economic indicators led by the approval of IMF-EFF and the completion of Domestic Debt Restructuring process were factored by the Colombo Bourse which witnessed a positive momentum in ASPI during the period. Both ASPI and S&P SL20 grew by 23.04% and 23.66% respectively. The ASPI closing at 11,444.38 and S&P SL20 at 3,317.62 as at 31st March 2024. During the period, the Net Asset Value per unit of your Fund appreciated by 3.25%. The net asset value per unit amounted to Rs 34.91 as at 31st March 2024.

Economy

The Sri Lankan Economy recorded a contraction of 2.3%YoY in 2023 against -7.3%YoY in 2022 (2015=100). This reflects a slowdown in economic downturns on YoY amidst the regaining fundamentals in the economy. Sector wise, both Industry and Services sectors slumped by 9.2%YoY and 0.2%YoY respectively while the Agriculture sector accounted a growth of 2.6%YoY in 2023. The decelerated trend was witnessed in year on year Inflation measured by the CCPI (2021=100) which recorded at 0.9% in March 2024 from 35.30%YoY in April 2023.



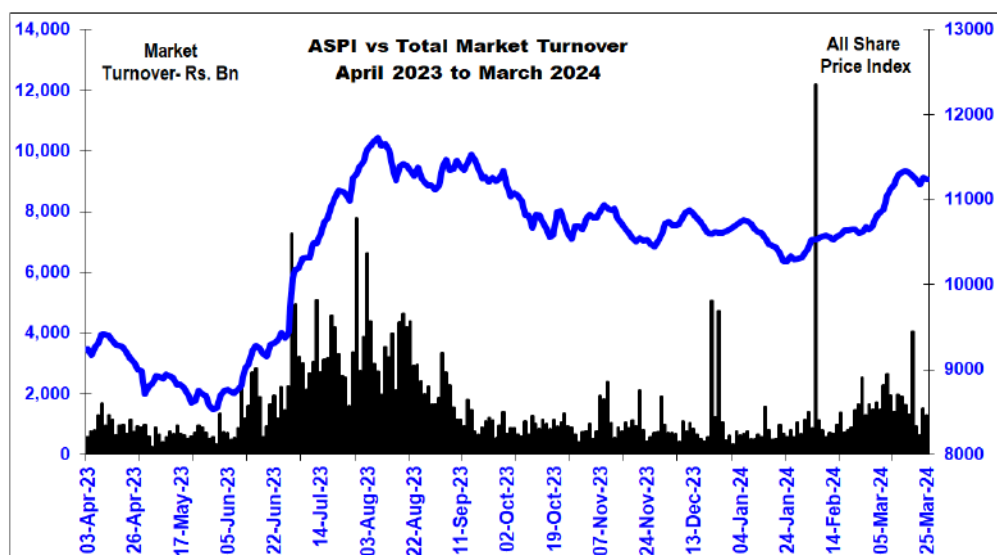
Interest rates displayed a declining trend during the period. The benchmark 12month Treasury bill rate which was at 22.37% p.a. in April 2023 recorded a drop of 1,199 basis points to 10.38% p.a. by the end of March 2024. Yields on long term Treasury bonds also followed in tandem.

Overnight call money rates traded between 8.55% and 16.50% p.a. The exchange rate which was at 327.50 (Rs/US\$) at the beginning of April 2023, depreciated by 8.04% against USD during the year and was recorded at 301.18 (Rs/USD) as at 31st March 2024.

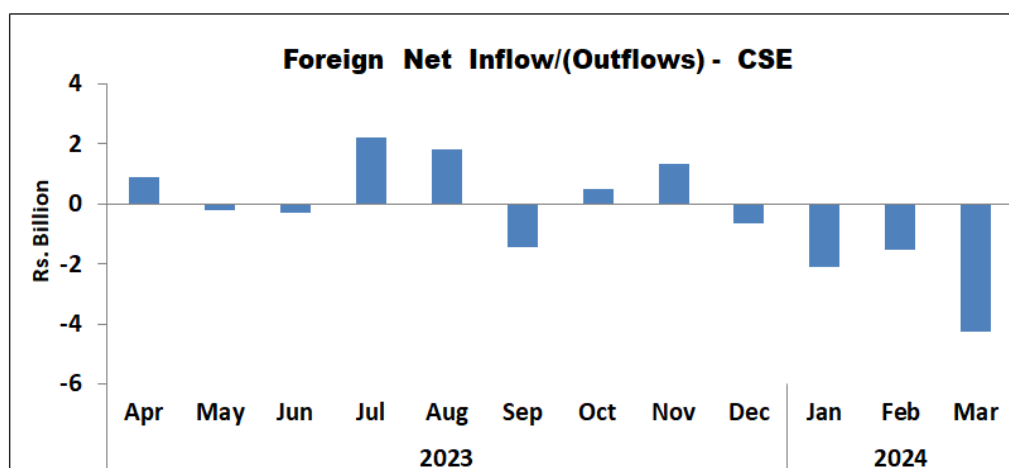
Central Bank key policy rates were gradually reduced five times during the financial year 2023/24. Effectively both Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) were reduced by 700bps each while the Statutory Reserve Requirement (SRR) for Commercial Banks lowered by 2% during the period. As of end March 2024, the SDFR, SLFR and SRR were at 8.50%, 9.50% and 2% respectively.

Capital Market Performance

Despite the uncertainties in foreign debt restructuring, global recession fears and tightening monetary policy across the globe, the Colombo Bourse witnessed a bullish investor sentiment during the financial year 2023/24 in the midst of completion of Domestic Debt Optimization (DDO) process coupled with the regaining macro-fundamentals in the economy led by the approval of IMF-EFF. With the announcement of DDO in June 2023, the investor sentiment on Banking sector changed overnight based on the minimal impact on the banking sector and primary dealer counters from the DDO. Thus, market factored this notably and heavy weightage was given to the counters in Banks and Diversified Financial sectors during the period, supported by the fact that the equity securities are tax free investments in the market.



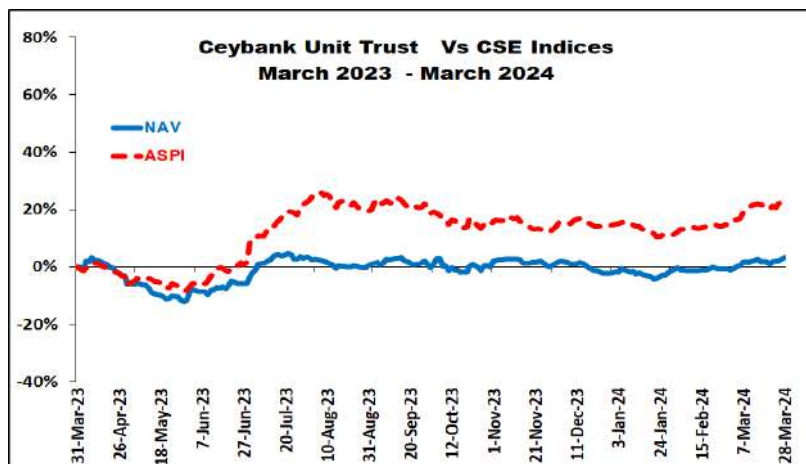
During the period, the foreign investors emerged as net sellers in the Colombo Stock Exchange by recording a net foreign outflow of Rs 3.72 billion due to strategic foreign outflows notably recorded in 1Q2024 despite the attractive valuations in selected equities and the recovery in macro fundamentals in the Sri Lankan economy. The average daily turnover during the period was Rs 1,600 million.



Fund Performance

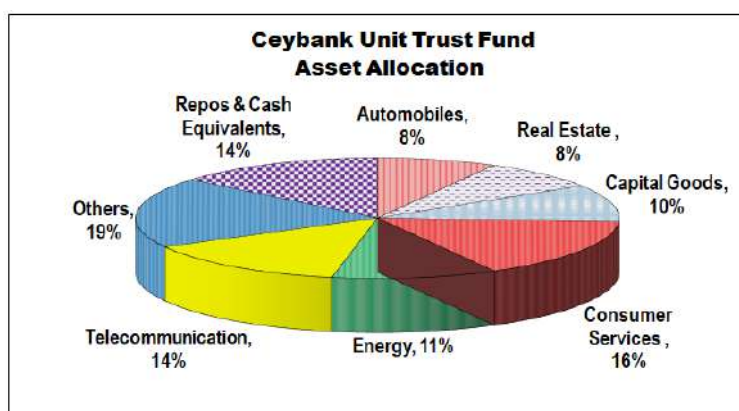
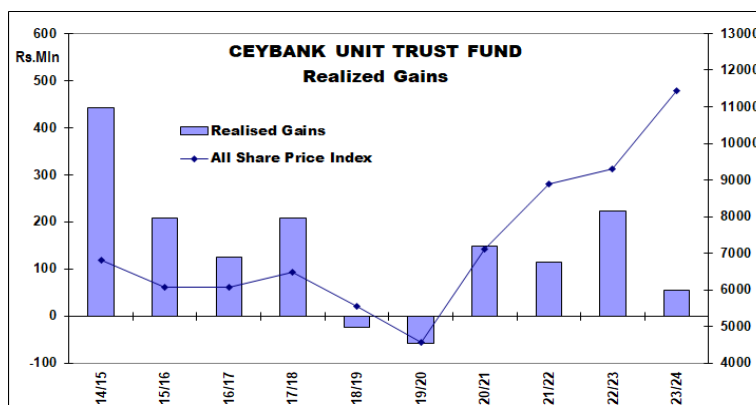
During the period, the Net Asset Value (NAV) per unit of your Fund appreciated by 3.25%, against the ASPI gain of 23.04%. The lower exposure of 4% to Banking counters and no allocation to the primary dealer counters caused the Fund to underperform against the ASPI as those counters heavily influenced the ASPI growth during the period. The total net assets stood at Rs. 5,513 million as at 31st March 2024.

Interest income of the Fund increased from Rs 115.93 million to Rs 146.68 million growing by 27% during the period. Dividend income declined by 36% to Rs 81.43 million from Rs 127.54 million in the previous year.



By taking the opportunities in the volatile market, the Fund realized capital gains of Rs 54.26 million during the financial year from the sale of equity. The operating expenses increased from Rs 101.77 million to Rs 119.72 million during the period.

The Net Asset Value of the portfolio expanded to Rs 5,513 million as at 31st March 2024 from Rs 5,374 million in March 2023.



Your Fund investments are diversified widely across fundamentally strong stocks, with a medium to long term outlook, in Consumer services, Telecommunication, Energy, Capital Goods, Real Estate and Automobiles & Components, etc. as depicted in the chart.

Future Outlook

At present, in line with the implementation of structural reforms in the IMF Agreement, the signs of recovery in macro fundamentals can be witnessed in the economy including the gradual decline in elevated market interest rates, expansion in credit disbursements, deceleration of inflation, pick up in tourism earnings & workers' remittances, appreciation of rupee against USD with forex inflows and rebuilding of reserves by the Central Bank of Sri Lanka.

Amdst the improvement in economic indicators and fiscal discipline, a moderate GDP growth between 1.9% to 3% in Sri Lankan economy can be expected in 2024E against -2.3% in 2023 despite the completion of foreign debt restructuring program on International Sovereign Bonds (ISBs), policy uncertainties owing to Elections and enacting of tough reforms as per IMF agreement such as additional revenue measures underpinning the Budget 2025. Further tax administration reforms, limiting tax exemptions, submission of the new Public Financial Management bill to the Parliament, reforms to further liberalize trade, improve the investment climate and SOE efficiency, reduce gender gaps in the labor market and mitigate climate vulnerabilities. Thus, we would expect that the Sri Lankan authorities will be vigilant and proactive in implementing measures and reforms to achieve the targets before the deadline in order to align with the IMF agreement as well as to build the permanent structural reforms to achieve a sustainable, strong and resilient economy in Sri Lanka.

Currently, the Sri Lankan Government is in the discussion process to conclude the restructuring of ISBs and expecting to complete it during the month of July 2024 followed by an upgrade in country rating along with FDIs to Sri Lanka. This would result in allocation of new foreign funds to CSE by encouraging positive sentiment on equity trading on the back of attractive multiples of some trading counters coupled with the switching of some fixed income securities (FIS) to equity securities due to low yield on FIS. However, the election uncertainty may increase the risk premium on the revising of country rating and the investment in equities at CSE.

The Managers will continue to monitor the changing environment to address any change required in the asset allocation in order to meet the Fund objective. We expect selected sectors and companies in the equity market to perform positively in line with the regaining fundamentals and implementing reforms in the economy along with the upgraded country rating. We will continue to search for value in specific sectors and counters and make changes to the Fund portfolio based on the volatile market environment.

Management

We would like to thank our valued unit holders for the confidence placed in us. We are confident of providing a consistent return to the unit holders who remain in the Fund in the medium to long term. We also place on record our appreciation for the support and co-operation received from the Securities and Exchange Commission of Sri Lanka, Colombo Stock Exchange, the Trustee National Savings Bank and Custodian Bank of Ceylon.

Our sincere appreciation is also due to the stakeholders, the Chairman and Board of Directors for their guidance. Our achievements would not have been possible without the skills and commitment of the Management Team. We thank them for their contribution and dedication throughout the year and look forward to their support in the future.

Kanchana Karannagoda

Fund Manager

July 2024

Our Ref: 3751/A1545/ST/NA/NA

FINANCIAL STATEMENTS OF

CEYBANK UNIT TRUST FUND

FOR THE YEAR ENDED

31ST MARCH 2024



Kreston MNS & Co
Chartered Accountants
Level 1 & 2, Advantage Building
74A, Dharmapala Mawatha
Colombo 07

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INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF CEYBANK UNIT TRUST FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **CEYBANK UNIT TRUST FUND** (the Fund) which comprise the Statement of Financial Position as at 31st March 2024, and the Statement of Comprehensive Income, Statement of Movement in unit holders' Fund and Statement of Cash Flows for the year then ended 31st March 2024, and notes to the Financial Statements, including material accounting policy information exhibited on pages 3 to 29.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Fund as at 31st March 2024, and of its financial performance and its cash flows for the year then ended 31st March 2024 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 Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) 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.

Other Matter

The Financial Statements of the Fund for the year ended 31st March 2023, were audited by another auditor who expressed an unmodified opinion on those Statements on 6th July 2023.

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

Management and the Trustee of the fund are responsible for the preparation and fair presentation of Financial Statements in accordance with Sri Lanka Accounting Standards and for such internal control as management and trustee 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, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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



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Correspondent firm within Grant Thornton International Ltd. (Grant Thornton International)

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Partners

S Rajanathan FCA, FCMA (UK) | N K Atukorala FCA, ACMA | Ms. H D S C A Tillekeratne FCA, ACCA (UK), ACMA | K I Skandadasan B.Sc. (Madras), FCA, ACMA | R L R Balasingham FCA, ACCA (UK), ACMA | N K G V Bandara B.Sc.(Acc) Sp, FCA, ACCA (UK), ACMA | Ms.S. Sawumiya BBA (Acc) Sp. FCA, ACCA (UK) | P. Dharshan ACA, ACCA (UK), | M.F.M. Mujahid BBA (Col), MBA (PIM-SJP), FCA, CISA, ACCA (UK)

Branches

Anuradhapura, Badulla, Batticaloa, Hatton, Jaffna, Kandy, Negombo, Nuwara Eliya, Trincomalee

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 Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the Audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The Financial Statements are prepared and presented in accordance with and comply with the requirements of the Unit Trust Deed and Collective Investment Scheme Code of 2022 set by the Securities and Exchange Commission of Sri Lanka.

Kreston MNS & CO
CHARTERED ACCOUNTANTS
COLOMBO
12TH JULY 2024
 ST/bn

ST-Ceybank Unit Trust Fund (2024)-C9



STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lanka Rupees thousands)

	Note	31.03.2024	31.03.2023
ASSETS			
Cash and cash equivalents	3	2,996	2,450
Other receivables	4	-	13,687
Financial assets-fair value through profit or loss	5	5,441,032	5,353,498
Financial assets measured at amortised cost	6	101,258	47,026
Tax receivable	7	-	-
TOTAL ASSETS		5,545,286	5,416,661
UNIT HOLDERS' FUNDS & LIABILITIES			
LIABILITIES			
Payables	8	32,139	41,715
Amount payable on unit redemption		8	57
Total Liabilities (Excluding net assets attributable to Unit Holders)		32,147	41,772
UNIT HOLDERS' FUNDS			
Net assets attributable to unitholders	9	5,513,139	5,374,889
Total Unit Holders' Funds & Liabilities		5,545,286	5,416,661

The accounting policies and notes from 7 to 29 form an integral part of these financial statements.

The fund management company and trustee are responsible for the preparation and presentation of these financial statements in accordance with the Sri Lanka Accounting Standards.

The Financial Statements comply with the requirements of the trust deed and were approved by the fund management company on 27th June 2024 and the trustee on 11th July 2024.


 Director
 Ceybank Asset Management Ltd.

Fund Management Company


 Director
 Ceybank Asset Management Ltd.

Fund Management Company


 Trustee
 National Savings Bank



STATEMENT OF COMPREHENSIVE INCOME

(all amounts in Sri Lanka Rupees thousands)

FOR THE YEAR ENDED	Note	31.03.2024	31.03.2023
Investment income			
Dividend income		81,433	127,540
Interest income	10	146,679	115,932
Net realized gain on financial assets held at fair value through profit or loss	11	54,267	222,777
Net change in unrealized gain/ (loss) on financial assets held at fair value through profit or loss	12	(2,191)	1,446,144
Other income		11,655	110
Total investment income		<u>291,843</u>	<u>1,912,503</u>
Expenses			
Management fee		(87,829)	(76,192)
Trustee and custodian fee		(17,832)	(15,469)
Audit fee		(303)	(330)
Transaction cost		(2,657)	(6,942)
Other expenses		(11,105)	(2,837)
Total expenses		<u>(119,726)</u>	<u>(101,770)</u>
Net operating profit before taxation		172,117	1,810,733
Income tax expense		-	-
Profit for the Year		<u>172,117</u>	<u>1,810,733</u>
Other comprehensive income		-	-
Increase in net assets attributable to unitholders		<u><u>172,117</u></u>	<u><u>1,810,733</u></u>

The accounting policies and notes from 7 to 29 form an integral part of these financial statements.



STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

(all amounts in Sri Lanka Rupees thousands)

FOR THE YEAR ENDED	31.03.2024	31.03.2023
Unitholders' Funds as at 1 April	5,374,889	3,899,023
Profit for the year	172,117	1,810,733
Creation of Units	2,087	746
Redemption of Units	(35,954)	(335,613)
Unitholders' Funds as at 31 March	<u>5,513,139</u>	<u>5,374,889</u>

The accounting policies and notes from 7 to 29 form an integral part of these financial statements.



STATEMENT OF CASH FLOWS

(all amounts in Sri Lanka Rupees thousands)

FOR THE YEAR ENDED	Note	31.03.2024	31.03.2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		88,141	125,607
Net interest received	10	156,412	101,211
Management fees and trustee fees paid		(101,279)	(93,680)
Operating expenses paid		(4,282)	(4,385)
VAT paid		(7,153)	(2,837)
Investment in equity shares		(158,317)	(86,037)
Proceeds from sale of equity shares		106,241	525,888
Net investments in repurchase agreements		(54,000)	113,621
Net investments in commercial paper		-	85,346
Net investments in treasury bills		8,030	(433,083)
Miscellaneous receipts		669	110
Net cash used in Operating Activities		<u>34,462</u>	<u>331,763</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of units	9	2,087	746
Payments on redemptions of units		(36,003)	(335,217)
Net cash generated from Financing Activities		<u>(33,916)</u>	<u>(334,472)</u>
Net increase/ (decrease) in Cash and Cash Equivalents during the year		546	(2,708)
Cash and cash equivalents at the beginning of the year	3	<u>2,450</u>	<u>5,158</u>
Cash and cash equivalents at the end of the year	3	<u><u>2,996</u></u>	<u><u>2,450</u></u>

The accounting policies and notes from 7 to 29 form an integral part of these financial statements.



**CEYBANK UNIT TRUST FUND****NOTES TO FINANCIAL STATEMENTS**

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

NOTE 1 - GENERAL INFORMATION**NOTE 1.1 - GENERAL**

Ceybank Unit Trust Fund is an income and growth fund, which was launched in March 1992 by Ceybank Asset Management Ltd, with the objective of providing capital growth in terms of appreciation of the unit price whilst striving to provide a regular stream of dividends to the investors possibly on an annual basis. The fund would be invested in a mix of equity and fixed income securities with a view to balancing the risk assumed by the unitholders by investing primarily in listed equity. The registered office of the Management Company is located at 85, York Street, Colombo 1. The Trustee of the fund is National Savings Bank, No.255, Galle Road, Colombo 03.

NOTE 1.2 - DATE OF AUTHORIZATION FOR ISSUE

The financial statements of the fund for the year ended 31 March 2024 were authorized for issue by the fund management Company 27th June 2024 and Trustee on 11th July 2024.

NOTE 2 - PREPARATION OF FINANCIAL STATEMENTS**NOTE 2.1 - BASIS OF PREPARATION**

The financial statements are prepared and presented in accordance with and comply with the relevant Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. The statement of financial position is presented on a liquidity basis and assets and liabilities are presented in decreasing order of liquidity and are not distinguished between the current and non-current. The financial statements have been prepared on the historical cost basis unless otherwise indicated. The financial statements are presented in Sri Lankan rupees (Rs.).

NOTE 2.1.1 - STATEMENT OF COMPLIANCE

The financial statements which comprise the statement of financial position as at 31 March 2024, statement of profit or loss and other comprehensive income, statement of movements in unit holders' funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards.

NOTE 2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

In the selection and application of the company's accounting policies, which are described below, the fund management company is required to make judgements and assumptions and use assumptions in measuring items reported in the financial statements. These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates were revised if the revision affects only that period or in the period of the revision and future periods as well, if the revision affects both the current and future periods.

Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value.

Fair value of the financial instruments are determined by observable market prices or rates where available.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

NOTE 2.3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

NOTE 2.3.1 - FINANCIAL ASSETS

(i) Recognition and initial measurement

All financial assets are initially recognized on the date the fund becomes a party to the contractual provisions of the instrument. This includes purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(ii) Classification

On initial recognition, a financial asset is classified as measured at: Amortised Cost, FVTPL or FVTOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- The fund's financial assets classified under amortised cost include treasury securities.

A financial asset is measured at FVTOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost in or at fair value through other comprehensive income. However, the Fund has made an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

NOTE 2.3.1 - FINANCIAL ASSETS (CONTD.)

(iii) Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at FVTOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, and impairment are recognised in profit or loss. The changes in fair value of FVOCI debt instruments are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

NOTE 2.3.2 - FINANCIAL LIABILITIES – CLASSIFICATION, SUBSEQUENT MEASUREMENT AND GAINS AND LOSSES

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost include accrued expenses and other payables.

NOTE 2.3.3 - DERECOGNITION

Financial Assets

The fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The fund enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial Liabilities

The fund derecognises a financial liability when its contractual obligations is discharged or cancelled, or expires. The fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

NOTE 2.3.4 - OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTE 2.3.5 - IMPAIRMENT

The fund recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The fund measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the fund is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data: –

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the company on terms that it would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

As of the statement of financial position date the fund has not observed any of the above thus no impairment provision has been recognized in the financial statements.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

NOTE 2.3.6 - RECOGNITION OF INCOME

Income is recognized to the extent that it is probable that the economic benefits will flow to the fund and the revenue can be reliably measured. The following specific criteria must also be met before income is recognised.

(i) Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

(ii) Dividend income

Income is recognized when the right to receive the dividend is established, normally being the ex-dividend date.

(iii) Unrealised gains / (losses) on financial assets held at fair value through profit or loss

Unrealised gains / (losses) on financial assets held at fair value through profit or loss includes all gains and losses arise from changes in fair value of financial assets held at fair value through profit or loss" as at the reporting date.

(iv) Realised gains / (losses) on financial assets held at fair value through profit or loss

Realised gains / (losses) on financial assets held at fair value through profit or loss includes results of buying and selling of quoted equity securities.

NOTE 2.3.7 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise of cash at bank. The cash flow statement has been prepared using the direct method.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

NOTE 2.3.8 - INCOME TAX

The fund is not liable to pay income tax as at the reporting date in accordance with Inland Revenue Act No. 24 of 2017 as amended by the Inland Revenue (Amendment) Act No. 10 of 2021. The fund's income generated through investment business are treated as "pass through vehicles" under the provisions of Inland Revenue Act No. 24 of 2017 as amended by the Inland Revenue (Amendment) Act No. 10 of 2021.

NOTE 2.3.9 - EXPENSES

The management, trustee and custodian fees of the fund is as follows,

Management fee	-	1.65% p.a. of net asset value of the fund
Trustee fee	-	0.25% p.a. of net asset value of the fund
Custodian fee	-	0.085% p.a. of net asset value of the fund



NOTES TO FINANCIAL STATEMENTS (CONTD.)

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

NOTE 2.3.10 - UNITHOLDERS' FUNDS

Unitholders' funds have been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unit holders as at the reporting date.

NOTE 2.3.11 – FINANCIAL RISK MANAGEMENT**NOTE 2.3.11.1 - FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES**

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 is exposed to credit risk, market risk, and liquidity risk.

Financial instruments of the fund comprise investments in treasury bills under repurchase agreements for the purpose of generating a return on the investment made by unit holders, in addition to cash at bank and other financial instruments such as receivables and payables, which arise directly from its operations.

The fund manager is responsible for identifying and controlling the risk that arise from these financial instruments. The fund manager agrees on policies for managing each of the risks identified below.

The risks are measured using a method that reflects the expected impact on the statement of profit or loss and other comprehensive income and statement of financial position of the fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

The fund 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, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the fund manager on a regular basis as deemed appropriate, including the fund manager, other key management, investment committee, and ultimately the trustee of the fund.

Concentration of risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

NOTE 2.3.11.1 - FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (CONTD.)

a) **Credit risk**

Credit risk is the risk that the counterparty to the financial instruments will fail to discharge an obligation and cause the fund to incur a financial loss of interest and/or principal.

The fund's exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the carrying amount of financial assets as at the reporting date. It is the fund's policy to enter into contracts with reputable counterparties.

The fund is also subject to credit risk on its bank balances. The credit risk exposure on these instruments is not deemed to be significant.

The funds' maximum exposure to credit risk can be analysed as follows;

2024 Counterparty	Credit rating	Rating agency
Bank of Ceylon	C	Fitch Rating
Acuity Securities Ltd	N/A	N/A
Wealth Trust Securities Ltd	N/A	N/A

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. However, the fund's exposure to price risk and currency risk are deemed negligible as all its investments are short term fixed income securities denominated in Sri Lankan Rupees. While market risk cannot be eliminated the fund manager will attempt to reduce this risk by diversifying the fund's investment portfolio in line with investment objectives of the fund.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

NOTE 2.3.11.1 - FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (CONTD.)

c) Interest rate risk

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

The fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis. Since the fund had not held financial instruments with variable interest rates as at 31 March 2024 and 31 March 2023, it was not exposed to interest rate risk. Hence a sensitivity analysis has not been presented. The table below summarises the fund's exposure to interest rate risks.

	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
31 March 2024				
Financial assets				
Cash and cash equivalents	-	-	2,996	2,996
Financial assets – FVTPL	-	652,310	4,788,722	5,441,032
Financial assets - Amortised cost	-	101,258	-	101,258
Total exposure	-	753,568	4,791,718	5,545,286

	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
31 March 2023				
Financial assets				
Cash and cash equivalents	-	-	2,450	2,450
Financial assets – FVTPL	-	670,898	4,682,600	5,353,498
Financial assets - Amortised cost	-	47,026	-	47,026
Other receivable	-	-	13,687	13,687
Total exposure	-	717,924	4,698,737	5,416,661



NOTES TO FINANCIAL STATEMENTS (CONTD.)

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

NOTE 2.3.11.1 - FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (CONTD.)

d) Liquidity risk

Liquidity risk is the risk that the fund will encounter difficulty in raising funds to meet its obligation to pay unitholders. Exposure to liquidity risk arises because of the possibility that the fund could be required to pay its liabilities or redeem its units earlier than expected. Units are redeemable at the unitholder's options based on the fund's net asset value per unit at the time of redemption.

The fund manages its obligation when required to do so and its overall liquidity risk by:

- Investing primarily in financial instruments, which under normal market conditions are readily convertible to cash.
- Investing within established limits to ensure there is no concentration of risk.
- Maintaining sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

Other financial liabilities have no contractual maturities. Due to the short-term nature of these financial instruments, carrying value approximates fair value.

The table below summarises the fund's non derivative financial liabilities with contractual maturities into relevant maturity groupings based on the remaining period at the end of the reporting period.

31 March 2024	Less than 30 days	31 - 180 Days	181 – 365 Days	Total
Payables	-	32,131	8	32,139
Amount payable on unit redemption	8	-	-	8
Total	8	32,131	8	32,147
31 March 2023				
Payables	-	30,718	10,997	41,715
Amount payable on unit redemption	57	-	-	57
Total	57	30,718	10,997	41,772



NOTES TO FINANCIAL STATEMENTS (CONTD.)

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

NOTE 2.3.11.1 - FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES (CONTD.)

e) Capital risk management

Unitholders' funds have been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities.

Disclosures relevant to unitholders' funds are as follows;

The movement in the unitholders' funds as at 31 March 2024.

I. In terms of value

	2023/2024
Unitholders' funds as at 01 April 2023	5,374,889
Creations during the year	2,087
Redemptions during the year	(35,954)
Increase in net assets attributable to unitholders during the year	172,117
Unitholders' funds as at 31 March 2024	<u>5,513,139</u>

II. In terms of number of units

Opening number of units as at 01 April 2023	158,950,597
Closing number of units as at 31 March 2024	157,936,154



NOTE 2.3.11.2 - FAIR VALUE ESTIMATION

The carrying amounts of the fund's assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value including any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are added to the value of the asset or liability. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognized in profit or loss.

a) Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The fund values its investments in accordance with the accounting policies set out in note 2.3.1 For the majority of its investments, the fund relies on information provided by independent pricing services for the valuation of its investments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

NOTE 2.3.11.2 - FAIR VALUE ESTIMATION (CONTD.)

b) Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the fund for similar financial instruments.

NOTE 2.3.11.3 - FAIR VALUE HIERARCHY

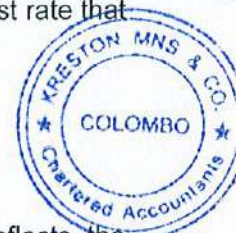
a) Classification of financial assets and financial liabilities

The fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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 judgement 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.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

(In the notes all amounts are shown in Sri Lanka Rupees thousands unless otherwise stated)

NOTE 2.3.11.3 - FAIR VALUE HIERARCHY (CONTD.)

a) Classification of financial assets and financial liabilities(Contd.)

The tables below set out the trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 March 2024.

31 March 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Equity Shares	4,788,722	-	-	4,788,722
Treasury Bills	-	652,310	-	652,310
Total	4,788,722	652,310	-	5,441,032

31 March 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Equity Shares	4,682,600	-	-	4,682,600
Treasury Bills	-	670,898	-	670,898
Total	4,682,600	670,898	-	5,353,498

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. 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. Level 3 instruments include corporate debt securities and certain unlisted investments. As observable prices are not available for these securities, the responsible entity has used valuation techniques to derive fair value.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

31.03.2024

31.03.2023

(all amounts in Sri Lanka Rupees thousands)

NOTE 3 - CASH & CASH EQUIVALENTS

Bank of Ceylon-A/C 70224474	2,974	2,431
Bank of Ceylon- A/C 70224489	22	19
	<u>2,996</u>	<u>2,450</u>

NOTE 4 - OTHER RECEIVABLE

Dividend receivables	-	6,708
Receivables on equity shares sales	-	6,979
	<u>-</u>	<u>13,687</u>

NOTE 5 - FINANCIAL ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS

Investment in equity shares (note 5 (a))	4,788,722	4,682,600
Treasury bills (Primary)	652,310	623,515
Treasury bills (Secondary)	-	47,383
	<u>5,441,032</u>	<u>5,353,498</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(all amounts in Sri Lanka Rupees thousands)

NOTE 5(a) - INVESTMENT IN EQUITY SHARES

As at 31 March 2024	No. of shares	Market value	Percentage net assets of total
Company			
Banks			
Pan Asia Banking Corporation PLC	64	1,372	0.02%
Commercial Bank of Ceylon PLC	920	89,840	1.63%
Union Bank Of Colombo PLC	25	237	0.00%
Seylan Bank PLC	296	11,260	0.20%
Sampath Bank PLC	244	19,511	0.35%
Nations Trust Bank PLC	39	4,228	0.08%
Cargills Bank PLC	2,000	15,800	0.29%
Sanasa Development Bank PLC	1,539	50,025	0.91%
	<u>5,128</u>	<u>192,273</u>	<u>3.49%</u>
Food Beverages and Tobacco			
Kelani Valley Plantations PLC	1,040	76,924	1.40%
Distilleries Company of Sri Lanka PLC	556	14,955	0.27%
Kahawatte Plantations PLC	3,109	51,291	0.93%
	<u>4,704</u>	<u>143,170</u>	<u>2.60%</u>
Capital Goods			
Royal Ceramics Lanka PLC	706	21,971	0.40%
Hayleys PLC	538	44,179	0.80%
John Keells Holdings PLC	746	144,653	2.62%
Central Industries PLC	98	10,886	0.20%
Lanka Walltiles PLC	423	21,553	0.39%
Hemas Holdings PLC	633	50,897	0.92%
Vallibel One PLC	5,472	276,323	5.01%
Softlogic Holdings PLC	49	439	0.01%
Access Engineering PLC	702	15,867	0.29%
	<u>9,367</u>	<u>586,768</u>	<u>10.64%</u>
Diversified Holdings			
Merchant Bank of Sri Lanka PLC	11,799	60,175	1.09%
Peoples Leasing & Finance PLC	4	45	0.00%
	<u>11,803</u>	<u>60,220</u>	<u>1.09%</u>
Transportation			
Expo Lanka Holdings PLC	373	56,187	1.02%
Chriss World PLC	775	8,137	0.15%
	<u>1,148</u>	<u>64,324</u>	<u>1.17%</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(all amounts in Sri Lanka Rupees thousands)

NOTE 5(a) - INVESTMENT IN EQUITY SHARES (CONTD.)

As at 31 March 2024	No. of shares	Market value	Percentage net assets of total
Company			
Consumer Durables and Apparel			
Tee jay Lanka PLC	187	7,045	0.13%
Hela Apparel Holdings PLC	2,945	17,966	0.33%
	<u>3,133</u>	<u>25,011</u>	<u>0.45%</u>
Automobiles and Components			
Kelani Tyres PLC	6,124	428,672	7.78%
	<u>6,124</u>	<u>428,672</u>	<u>7.78%</u>
Commercial & Professional Services			
Exterminators PLC	334	2,503	0.05%
	<u>334</u>	<u>2,503</u>	<u>0.05%</u>
Consumer Services			
Aitken Spence Hotel Holdings PLC	196	12,966	0.24%
Trans Asia Hotels PLC	5,306	226,030	4.10%
The Kingsbury PLC	10,779	116,418	2.11%
Hayleys Leisure PLC	37	734	0.01%
Asian Hotels & Properties PLC	8,979	547,718	9.93%
	<u>25,297</u>	<u>903,866</u>	<u>16.39%</u>
Energy			
Lanka IOC PLC	5,161	602,586	10.93%
Laugfs Gas PLC	123	4,230	0.08%
Laugfs Gas PLC - Non Voting	12	302	0.01%
	<u>5,296</u>	<u>607,118</u>	<u>11.01%</u>
Health Care Equipment & Services			
The Lanka Hospitals Corporation PLC	3,014	349,679	6.34%
	<u>3,014</u>	<u>349,679</u>	<u>6.34%</u>
Insurance			
LOLC General Insurance PLC	1,783	10,875	0.20%
	<u>1,783</u>	<u>10,875</u>	<u>0.20%</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(all amounts in Sri Lanka Rupees thousands)

NOTE 5(a) - INVESTMENT IN EQUITY SHARES (CONTD.)

As at 31 March 2024	No. of shares	Market value	Percentage net assets of total
Company			
Materials			
Tokyo Cement Company (Lanka) PLC- Non Voting	157	6,876	0.12%
CIC Holdings PLC	471	33,194	0.60%
Tokyo Cement Company (Lanka) PLC	72	3,688	0.07%
Alumex PLC	344	3,306	0.06%
Jat Holdings PLC	1,000	17,300	0.31%
Ex-Pack Corrugated Cartons PLC	5,530	79,079	1.43%
	<u>7,573</u>	<u>143,443</u>	<u>2.60%</u>
Real Estate			
C T Land Development PLC	2	39	0.00%
Equity Two PLC	2,198	90,346	1.64%
Colombo Land & Development Company PLC	18,896	334,454	6.07%
Prime Lands Residencies PLC	1,000	8,400	0.15%
	<u>22,096</u>	<u>433,239</u>	<u>7.86%</u>
Retailing			
Kapruka Holdings PLC	958	6,709	0.12%
	<u>958</u>	<u>6,709</u>	<u>0.12%</u>
Software & Services			
Hsenid Business Solutions PLC	3,009	33,099	0.60%
	<u>3,009</u>	<u>33,099</u>	<u>0.60%</u>
Telecommunication Services			
Sri Lanka Telecom PLC	8,679	781,096	14.17%
Dialog Axiata PLC	724	8,468	0.15%
	<u>9,403</u>	<u>789,564</u>	<u>14.32%</u>
Utilities			
Lvl Energy Fund PLC	1,117	5,025	0.09%
Laugfs Power PLC	123	1,103	0.02%
Laugfs Power PLC - Non Voting	12	101	0.00%
Windforce PLC	100	1,960	0.04%
	<u>1,351</u>	<u>8,189</u>	<u>0.15%</u>
	<u>121,522</u>	<u>4,788,722</u>	<u>86.86%</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(all amounts in Sri Lanka Rupees thousands)

NOTE 5(a) - INVESTMENT IN EQUITY SHARES (CONTD.)

As at 31 March 2023	No. of shares	Market value	Percentage net assets of total
Company			
Banks			
Pan Asia Banking Corporation PLC	126	1,579	0.03%
Commercial Bank of Ceylon PLC	920	58,483	1.09%
Union Bank Of Colombo PLC	25	227	0.00%
Seylan Bank PLC	296	6,667	0.12%
Sampath Bank PLC	244	12,804	0.24%
Nations Trust Bank PLC	39	2,466	0.05%
Sanasa Development Bank PLC	1,539	38,635	0.72%
	3,189	120,861	2.25%
Food Beverages and Tobacco			
Kelani Valley Plantations PLC	1,040	73,285	1.36%
Kahawatte Plantations PLC	3,109	62,484	1.16%
	4,149	135,769	2.52%
Capital Goods			
Royal Ceramics Lanka PLC	534	14,739	0.27%
Hayleys PLC	538	38,744	0.72%
John Keells Holdings PLC	356	49,789	0.93%
Central Industries PLC	88	7,888	0.14%
Lanka Walltiles PLC	423	20,368	0.38%
Hemas Holdings PLC	506	32,880	0.61%
Vallibel One PLC	5,472	200,266	3.73%
Softlogic Holdings PLC	49	775	0.01%
Access Engineering PLC	702	9,970	0.19%
	8,668	375,419	6.98%
Diversified Holdings			
Merchant Bank of Sri Lanka PLC	11,799	40,116	0.75%
Peoples Leasing & Finance PLC	4	161	0.01%
	11,803	40,277	0.76%
Transportation			
Expo Lanka Holdings PLC	373	51,520	0.96%
Chriss World PLC	775	8,215	0.15%
	1,148	59,735	1.11%



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(all amounts in Sri Lanka Rupees thousands)

NOTE 5(a) - INVESTMENT IN EQUITY SHARES (CONTD.)

As at 31 March 2023	No. of shares	Market value	Percentage net assets of total
Consumer Durables and Apparel			
Tee jay Lanka PLC	187	5,996	0.11%
Hela Apparel Holdings PLC	2,945	23,562	0.44%
	<u>3,132</u>	<u>29,558</u>	<u>0.55%</u>
Automobiles and Components			
Kelani Tyres PLC	6,124	363,759	6.77%
	<u>6,124</u>	<u>363,759</u>	<u>6.77%</u>
Commercial & Professional Services			
Exterminators PLC	334	2,770	0.05%
	<u>334</u>	<u>2,770</u>	<u>0.05%</u>
Consumer Services			
Aitken Spence Hotel Holdings PLC	196	11,731	0.22%
Trans Asia Hotels PLC	5,306	239,826	4.46%
The Kingsbury PLC	10,779	106,717	1.99%
Hayleys Leisure PLC	37	880	0.02%
Asian Hotels & Properties PLC	8,979	395,075	7.35%
	<u>25,297</u>	<u>754,229</u>	<u>14.04%</u>
Energy			
Lanka IOC PLC	5,161	885,169	16.47%
Laugfs Gas PLC	123	3,494	0.07%
Laugfs Gas PLC - Non Voting	12	226	0.00%
	<u>5,296</u>	<u>888,889</u>	<u>16.54%</u>
Health Care Equipment and Services			
The Lanka Hospitals Corporation PLC	3,014	340,636	6.34%
	<u>3,014</u>	<u>340,636</u>	<u>6.34%</u>
Insurance			
LOLC General Insurance PLC	1,783	12,836	0.24%
	<u>1,783</u>	<u>12,836</u>	<u>0.24%</u>
Materials			
Tokyo Cement Co. (Lanka) PLC - Non Voting	142	6,479	0.12%
Tokyo Cement Co. (Lanka) PLC	65	3,255	0.06%
Alumex PLC	344	2,824	0.05%
JAT Holdings PLC	1,000	16,000	0.30%
Pack Corrugated Cartons PLC	5,530	80,736	1.50%
	<u>7,081</u>	<u>109,294</u>	<u>2.03%</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(all amounts in Sri Lanka Rupees thousands)

NOTE 5(a) - INVESTMENT IN EQUITY SHARES (CONTD.)

As at 31 March 2023	No. of shares	Market value	Percentage net assets of total
Real Estate			
C T Land Development PLC	2	45	0.00%
Equity Two PLC	2,202	83,657	1.56%
Colombo Land & Development Company PLC	18,896	379,804	7.07%
Prime Lands Residencies PLC	1,000	8,000	0.15%
	<u>22,100</u>	<u>471,506</u>	<u>8.78%</u>
Retailing			
Kapruka Holdings PLC	958	7,955	0.15%
	<u>958</u>	<u>7,955</u>	<u>0.15%</u>
Software & Services			
HSENIID Business Solutions PLC	3,009	44,533	0.83%
	<u>3,009</u>	<u>44,533</u>	<u>0.83%</u>
Telecommunication Services			
Sri Lanka Telecom PLC	9,647	906,801	16.87%
Dialog Axiata PLC	724	7,527	0.14%
	<u>10,371</u>	<u>914,328</u>	<u>17.01%</u>
Utilities			
LVL Energy Fund PLC	1,117	7,482	0.14%
Laughs Power PLC	123	1,030	0.02%
Laughs Power PLC - Non Voting	12	84	0.00%
Windforce PLC	100	1,650	0.03%
	<u>1,352</u>	<u>10,246</u>	<u>0.19%</u>
Total	<u>118,808</u>	<u>4,682,600</u>	<u>87.14%</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

31.03.2024

31.03.2023

(all amounts in Sri Lanka Rupees thousands)

NOTE 6 - FINANCIAL ASSETS MEASURED AT AMORTISED COST

Repurchase agreements (Note 6(a))	101,258	47,026
	<u>101,258</u>	<u>47,026</u>

NOTE 6(a) - REPURCHASE AGREEMENTS

31.03.2024	Yield	Investment date	Maturity date	Cost	Carrying value
Acuity Securities Limited	9.75%	22.03.2024	01.04.2024	95,000	95,254
Bank of Ceylon	6.00%	28.03.2024	01.04.2024	6,000	6,004
				<u>101,000</u>	<u>101,258</u>

31.03.2023	Yield	Investment date	Maturity date	Cost	Carrying value
National Saving Bank	20.50%	31.03.2023	04.06.2023	47,000	47,026
				<u>47,000</u>	<u>47,026</u>
				31.03.2024	31.03.2023

NOTE 7 - TAX RECEIVABLE

Tax receivable	20,786	20,786
Impairment allowance for tax receivables	(20,786)	(20,786)
	<u>-</u>	<u>-</u>

NOTE 8 - PAYABLES

Management fee, trust fee and custodian fee	31,828	27,447
Other payables	-	10,989
Audit fee payable	303	330
Unclaimed redemptions	8	8
Payable on equity share purchases	-	2,941
	<u>32,139</u>	<u>41,715</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(all amounts in Sri Lanka Rupees thousands)

NOTE 9 - NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	31.03.2024		31.03.2023	
	Units	Value	Units	Value
Opening capital balance	158,950,596	5,374,889	168,921,764	3,899,023
Applications	61,980	2,087	29,009	746
Redemptions	(1,076,422)	(35,954)	(10,000,177)	(335,613)
Increase in net assets attributable to unitholders	-	172,117	-	1,810,733
Closing balance	157,936,154	5,513,139	158,950,596	5,374,889
Net assets attributable to unitholders	157,936,154	5,513,139	158,950,596	5,374,889
	<u>157,936,154</u>	<u>5,513,139</u>	<u>158,950,596</u>	<u>5,374,889</u>

As stipulated within the trust-deed, each unit represents a right to an individual share in the trust and does not extend to a right to the underlying assets of the trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the trust.

The creation price was at Rs. 36.91 per unit (31 March 2023 - Rs. 35.75) and the redemption price was at Rs.34.66 per unit (31 March 2023 - Rs. 33.57) as at 31 March 2024.

NOTE 9(a) - RECONCILIATION BETWEEN NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE

	31.03.2024	31.03.2023
Published net asset value	5,513,442	5,374,643
Being recording of audit fee adjustment entry for the year	(303)	(330)
Adjustment to divided income	-	576
Net asset value as per financial statements	<u>5,513,139</u>	<u>5,374,889</u>

NOTE 10 - INTEREST INCOME

Interest on repurchase agreements	11,902	17,178
Interest income on bank (call) deposits	-	1,548
Interest on commercial papers	-	1,108
Interest income on treasury bills (secondary)	2,891	3,842
Interest income on treasury bills (primary)	131,886	92,256
	<u>146,679</u>	<u>115,932</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

31.03.2024

31.03.2023

(all amounts in Sri Lanka Rupees thousands)

NOTE 11 - NET REALIZED GAIN ON FINANCIAL ASSET AT FVPL

Proceeds on sale of investments	99,264	525,888
Average cost of investments sold	(44,997)	(303,171)
Net realized gain on Disposal of Shares	54,267	222,717
Net realized gain on Treasury Bill	-	60
	54,267	222,777

NOTE 12 - NET CHANGE IN UNREALIZED GAIN / (LOSS) ON FINANCIAL ASSETS

Cost of Investment in equity shares	4,008,720	3,897,900
Market value of investment in equity shares	4,788,722	4,682,025
Net change in unrealized gain/ (loss) on investment in equity shares	780,002	784,125
Net change in unrealized gain/ (loss) on investment in equity shares - B/F	(784,298)	659,321
Net change in unrealized gain/ (loss) on investment in equity shares	(4,296)	1,443,446
Net change in unrealized gain/ (loss) on investment in treasury bills Secondary	-	274
Net change in unrealized gain/ (loss) on investment in treasury bills Primary	2,105	2,423
	(2,191)	1,446,143

NOTE 13 - RELATED PARTY TRANSACTIONS

The following have been identified as related parties to Ceybank Unit Trust Fund in accordance with LKAS 24 - Related party disclosures.

a) Management entity

The management entity of Ceybank Unit Trust is Ceybank Asset Management Limited.

b) Key management personnel

i) Directors

Key management personnel includes persons who are directors of Ceybank Asset Management Limited at

- Mr. A.C.M. Fernando (Chairman)
- Mr. I.C.C. Ferdinands - (CEO/Executive Director)
- Mr. G.A. Jayashantha
- Mr. R.M.N. Jeewantha
- Mr. A.D. Perera
- Ms. Vasantha Govindan
- Ms. W. Sriyani Kulasignhe

ii) Other key management personnel

Other persons with responsibility for planning, directing and controlling the activities of the fund, directly or

- Mr. Ian Ferdinands - CEO / Executive Director
- Mr. Ravindra Hettiarachchi - General Manager
- Ms. Kavindya Asoka - Assistant Fund Manager
- Ms. Kanchana Karannagoda - Fund Manager

c) Key management personnel unit holdings

The key management personnel of Ceybank Asset Management Ltd held units in the fund as follows:

	No of units held opening	No of units held closing	Fair value of investment Rs.'000	Distribution by the fund Rs.'000
31 March 2024	-	0.4	14	-
31 March 2023	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(all amounts in Sri Lanka Rupees thousands)

NOTE 13 - RELATED PARTY TRANSACTIONS (CONTD.)

d) Key management personnel compensation

Key management personnel are paid by Ceybank Asset Management Limited. Payments made from the fund to Ceybank Asset Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

e) Other transactions within the Trust

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

f) Related party unit holding

The management company of Ceybank Unit Trust held units in the fund as follows:

31 March 2024	No of units held opening	No of units held closing	Fair value of investment Rs.'000	Transaction value during the year Rs.'000	Distribution paid by the fund Rs.'000
Ceybank Asset Management Ltd.	6,007,535	6,007,535	208,221	-	-
31 March 2023	No of units held opening	No of units held closing	Fair value of investment Rs.'000	Transaction value during the year Rs.'000	Distribution paid by the fund Rs.'000
Ceybank Asset Management Ltd.	6,007,535	6,007,535	201,673	-	-

g) Transactions with and amounts due to related parties

The fees 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	
	2024	2023	31.03.2024	31.03.2023
Management fee	87,829	76,192	26,457	21,413
Trustee fee	13,307	11,544	4,009	3,559
Custodian fee	4,525	3,925	1,363	2,475
	<u>105,661</u>	<u>91,661</u>	<u>31,828</u>	<u>27,447</u>



NOTE 14 - COMMITMENTS AND CONTINGENCIES

There were no significant commitments and/or contingent liabilities existing as at the reporting date which require adjustments to or disclosures in the financial statements.

NOTE 15 - EVENTS OCCURRING AFTER THE REPORTING PERIOD

No significant events have occurred after the reporting period which require adjustments to or disclosures in the financial statements.

**CEYBANK ASSET MANAGEMENT LTD
MANAGEMENT TEAM**

CEO / EXECUTIVE DIRECTOR

Ian Ferdinands
Chartered Marketer
Certified e Marketer
MBA (Finance)

General Manager

Ravindra Hettiarachchi
Chartered Finalist (ICASL)
B.Sc (Mgt) Sp. Hons
MBA

Fund Manager

Kanchana Karannagoda
B.Sc. B. Admin. Sp. (Finance) Hons
CIMA, CGMA

Risk & Compliance Officer

Eranga Manthrirathna
B.B.A Sp. (Finance)
CIMA, CGMA

Marketing Manager

Kumudu Kekirideniya
Dip.in Marketing (UK),
MICM (UK)

Accountant

Abirami Navaratnam
Chartered Accountancy (Strategic Level)
B.Sc. Applied Accounting.
MBA

IT Manager

Sameera Fernanndo

Registrar

Pamudi Kariyawasam

**CEYBANK UNIT TRUST FUND
ANNUAL REPORT-2023/2024**

DECLARATION BY TRUSTEE AND THE MANAGING COMPANY

**DECLARATION BY
TRUSTEES AND MANAGING COMPANY**

Declaration by Trustees and Management Company as per SEC circular No 02/2009 on Guidelines for Trustees and Management Companies of Unit Trust Funds.

National Savings Bank the Trustee and Ceybank Asset Management Ltd the Managers of Ceybank Unit Trust Funds hereby declare that;

1. The requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been



Ceybank Unit Trust Funds

A handwritten signature in blue ink.

Risk & Compliance Officer
Ceybank Asset Management Ltd

A handwritten signature in blue ink.

General Manger
Ceybank Asset Management Ltd



complied with during the year.

2. The transactions were and will be carried out at 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.



Managers of the Ceybank Unit Trust Funds

No 85, York Street, Colombo -1

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