



MUTUAL FUND

INTERIM REPORT 2018

ASSETLINE

Assetline Capital (Pvt) Limited

**ASSETLINE MUTUAL FUNDS
INTERIM REPORT FOR THE SIX MONTHS PERIOD ENDED
SEPTEMBER 30, 2018**

Table of Contents

1. Corporate Information	1
2. Fund Manager's Report	2
3. Fund Report of Assetline Income Fund	
Fund Performance – Assetline Income Fund	8
Financial Statements	10
4. Fund Report of Assetline Gilt Edged Fund	
Fund Performance – Assetline Gilt Edged Fund	15
Financial Statements	17
5. Fund Report of Assetline Income Plus Growth Fund	
Fund Performance – Assetline Income Plus Growth Fund	22
Financial Statements	24

Corporate Information

Assetline Mutual Funds: *Assetline Income Fund*
Assetline Gilt Edged Fund
Assetline Income Plus Growth Fund

MANAGEMENT COMPANY & REGISTRAR

Assetline Capital (Private) Limited

Registered Office:	Principal Place of Business:
No. 75	No. 120, 120A
Hyde Park Corner	Pannipitiya Road
Colombo 02	Battaramulla
Sri Lanka	Sri Lanka

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Ms. R.M.A.S. Parakrama (Chairperson)

Mr. K.G. Vairavanathan

Mr. A.Y.D. De Silva

TRUSTEE & CUSTODIAN

Deutsche Bank AG
No. 86
Galle Road
Colombo 03
Sri Lanka

AUDITORS & TAX CONSULTANTS

B.R. De Silva & Company
No. 22/4
Vijaya Kumaranatunga Mawatha
Colombo 05
Sri Lanka

BANKERS

Commercial Bank of Ceylon PLC
Commercial House
No. 21
Sir Razik Fareed Mawatha
Colombo 01
Sri Lanka

National Development Bank PLC
No. 40
Navam Mawatha
Colombo 02
Sri Lanka

Sampath Bank PLC
No. 110
Sir James Peiris Mawatha
Colombo 02
Sri Lanka

Deutsche Bank AG
No. 86
Galle Road
Colombo 03
Sri Lanka

Nations Trust Bank PLC
No. 242
Union Place
Colombo 02
Sri Lanka

Seylan Bank PLC
Seylan Towers
No. 90
Galle Road
Colombo 03
Sri Lanka

Hatton National Bank PLC
HNB Towers
No. 479
T. B. Jayah Mawatha
Colombo 10
Sri Lanka

People's Bank
No. 75
Sir Chittampalam A. Gardiner Mawatha
Colombo 02
Sri Lanka

Fund Manager Report

It is with great pleasure that we submit to our valued investors the Half Yearly Fund Management Report for Assetline Mutual Fund (AMF) for the period of 1st April 2018 to 30th September 2018. Despite various challenges that arose during the period, including the withdrawal of tax holidays for unit trusts; an anemic stock market with foreign investors exiting and increased market volatility with geopolitical & US monetary policy tightening, we believe that we have delivered value to our investors. Funds were deployed after in-depth analysis of interest rates & liquidity with a focus on credit ratings to balance risk and return. Although some investors acted cautiously at the end of the last financial year, renewed interest was evident with the publishing of the draft “Manual of Inland Revenue Act” by the Inland Revenue Department. The returning inflow of funds resulted in positive growth and we believe that it will continue to increase once clarity is provided and confidence restored.

We followed an investment strategy of placing funds in banking products with short to medium-term tenors to take advantage of the yield curve and intend to reinvest at higher rates in the longer term as rates increase.

Our Funds

AMF manages three types of ‘Open-Ended’ funds which cater to the different risk perceptions of investors, Assetline Income Fund (AINF), Assetline Gilt-Edged Fund (AGEF) and the Assetline Income Plus Growth Fund (AIGF). AINF suits investors who favor a moderate risk profile and a short-term investment horizon, AGEF is for investors with low risk appetite and a mixed time horizon; whereas AIGF is for investors with a high-risk appetite and a long-term investment horizon. AINF and AGEF are free from front-end and exit fees, whilst AIGF is subject to a front-end fee of 1% and an exit fee of 1% for withdrawals within 2 years.

As at 30th September 2018 AMF achieved a cumulative NAV of LKR 3.09 billion invested by 1,752 unit holders. AINF is the largest fund managed by Assetline Capital (Pvt) Ltd with a NAV of LKR 2.83 billion, followed by AIGF and AGEF with LKR 59 mn. and LKR 200 mn.

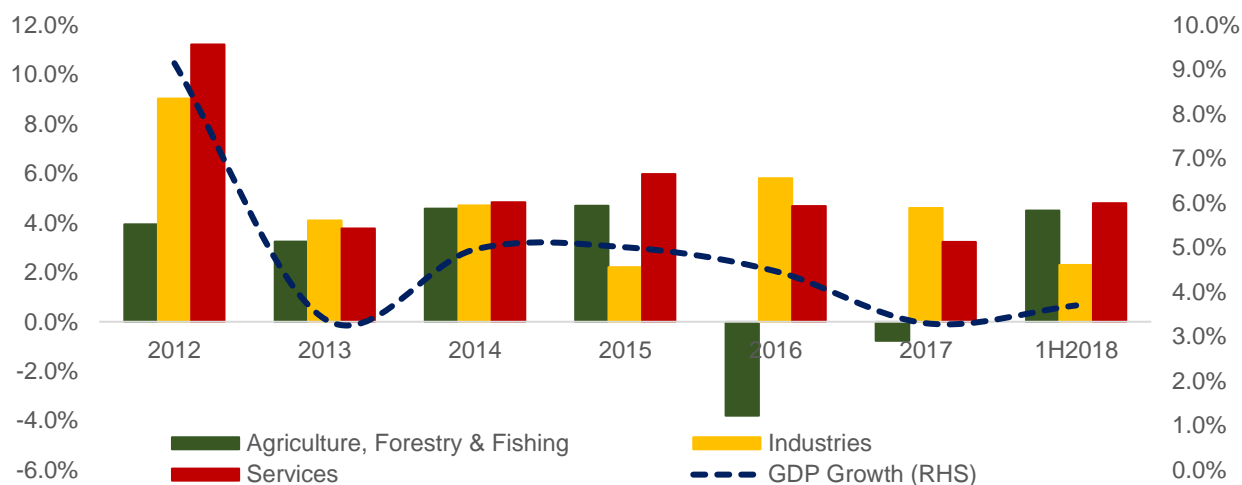
ECONOMIC EXPECTATIONS FOR 2018

Economy is expected to pick up at a faster pace than 1H2018

As a result of consistency in policy decisions and improvements in the agriculture sector, noteworthy economic recovery is expected in 2018 in comparison to 2017. Sri Lanka’s real GDP growth surged to 3.7% during 2Q 2018 compared to 3.0% witnessed in 2Q 2017. Even though, Sri Lanka is still facing spillover effects of adverse weather conditions prevailed during 2016 and 2017, agricultural sector was able to record a 4.5% growth in 2Q 2018 compared to degrowth of 3.1% in 2Q 2017. However, industrial sector witnessed a contraction during 2Q 2018 fueled by the slowdown in the overall economic activities. Service sector grew by 4.8% in 2Q 2018 compared to 2.7% recorded in 2Q 2017 largely driven by the expansions in the financial services. Even though, Central Bank expects economy to grow at a higher rate compared to 1H2018 based on current economic developments and projections, Central Bank has downgraded earlier forecasted GDP growth of 4.5% to 4.0% by end of 2018. Further, IMF expects economy to grow by

less than 4.0% by the end of this year. We expect economy to maintain status quo. However, we may witness a growth in exports, improved growth in the agriculture sector and enhanced contributions from tourism and services sector in 2018.

GDP and Sectorial Growth from 2012 – 1H2018



Source: CBSL

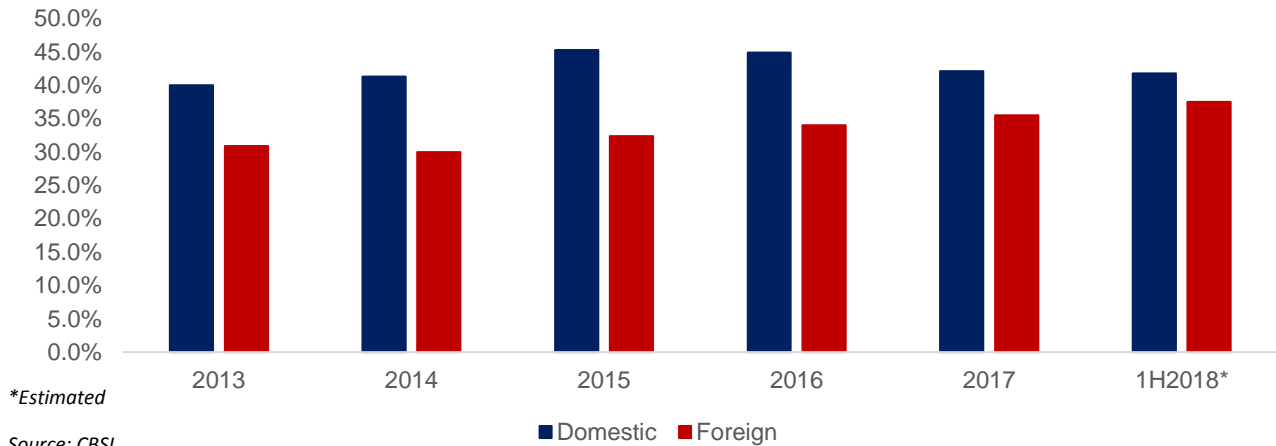
Fiscal discipline may strengthen the economic stability

The government further reinforced the revenue-based fiscal consolidation process in the first four months of 2018 with increased tax revenue and efficient management of public expenditure. Government revenue and grants increased YoY by 5.5% during the 1H2018 whilst expenditure increased YoY by 5.1% for the same period. Several tax reforms adopted by the government along with improved tax administration assisted in surging the tax revenue for the 1H2018.

Debt burden remains a key challenge

Sri Lanka's debt to GDP ratio has improved post war. Further, domestic borrowing maturity tenors moved towards the long end of the yield curve whilst foreign borrowing contribution improved significantly. However, compared to similar sovereign rated peer average of 40.9%, Sri Lanka's debt to GDP ratio stood around 79% as of 1H2018. Total estimated debt service for 2018 is USD 2,907.1 Mn of which 25% has already been made by 30th April 2018. Further, the total foreign debt repayments (interest and capital) up to 2022 stands at USD 17.1 Bn. Therefore, the debt burden remains a key short term challenge the economy must overcome to realize its true development potential. The new active liability management act is expected to assist the government to manage the debt maturities and cost of funds better as per the Central Bank, whilst giving much needed flexibility to the government to raise money more than what is needed for the year.

Central Government Debt as a % of GDP

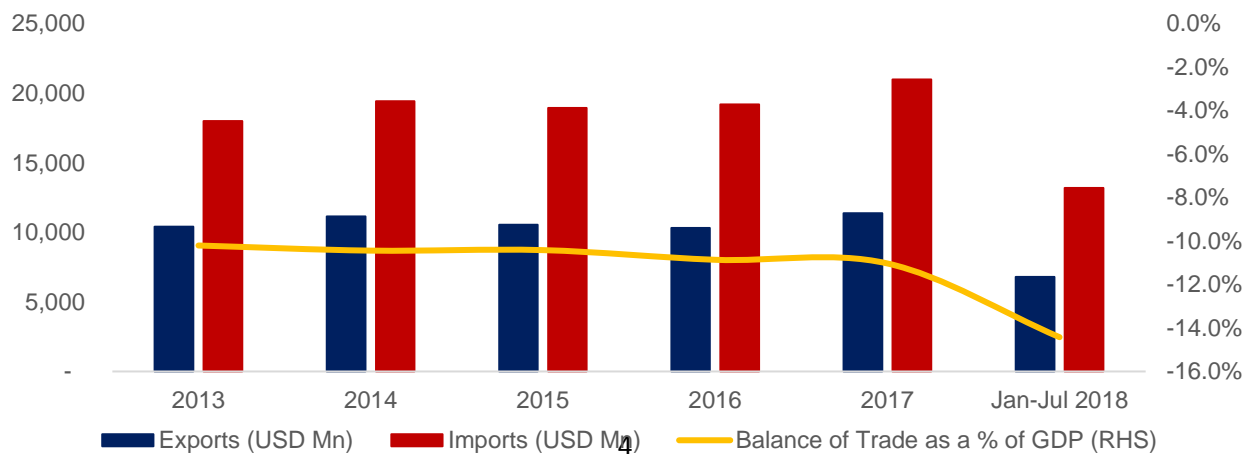


External sector continued to record mixed performance

Exports sector witnessed a commendable development in 2018 which accounted for USD 6.8 Bn for the first seven months of 2018 recording YoY change of 6.1% compared to 2017. Industrial exports contributed largely for this result which increased YoY by 9.4% during the first seven months of 2018 compared to 2017. Under industrial exports, earnings from textiles and garment exports increased significantly due to the higher demand from the EU and the USA whilst exports to non-traditional markets too increased. However, agricultural exports declined YoY by 4.0% due to poor performance of rubber, coconut, spices, vegetables and minor agricultural products.

Sri Lankan imports market is facing severe burden due to the rupee depreciation. Merchandise import basket increased YoY by 12.4% during the first seven months of 2018 due to robust increase in expenditure on fertilizers, personal vehicles, unmanufactured tobacco and fuel imports. Interestingly, expenditure on rice imports declined significantly by 35.2% YOY in the first seven months of 2018 resulting in 102% self-sufficiency in rice as at YTD. However, trade deficit is further widened to USD 6.4 Bn in the first seven months of 2018 from USD 5.3 Bn in the corresponding period of 2017. Even though, services related inflows such as earnings from tourism and the financial account of the Balance of Payments (BOP) strengthened in the first seven months of the year, outflows of foreign investment from the government securities market exerted pressure on the BOP.

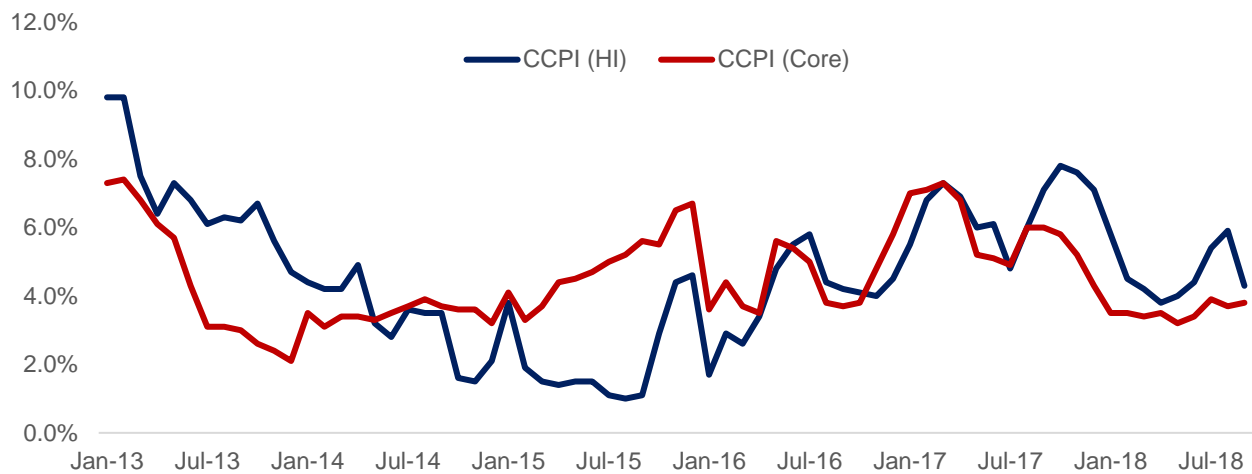
Balance of Trade as a % GDP



Inflation is expected to remain within the target zone despite recent transitory price pressures

The annual average NCPI core inflation which reflects the underlying inflation in the economy remains well within the target range despite the small uptick witnessed in July 2018 due to upward adjustments to administered prices and volatile food prices. Meanwhile, further upward price revisions to domestic petroleum products and other administered prices as well as imported inflation arising from the impact of the rupee depreciation could exert more pressure on inflation in the coming months. However, Central Bank projections expected inflation to remain within the 4% - 6% target range over the medium term.

CCPI Inflation of Headline and Core, YoY Basis



Source: Department of Census and Statistics

Credit growth decelerated whilst rupee depreciated at a faster pace

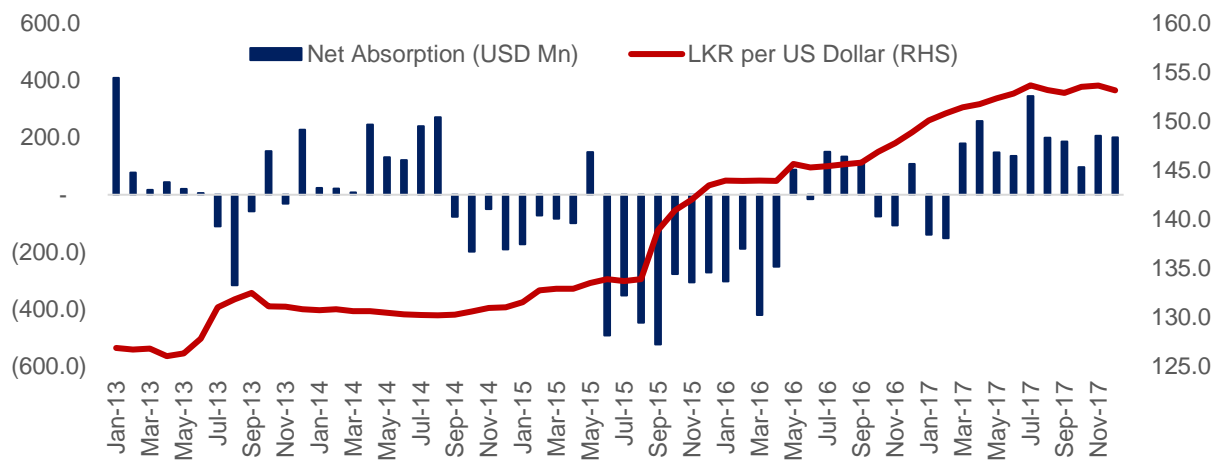
Private sector credit growth decelerated continuously to 14.3% by August 2018 indicating greater monetary stability. Even though, credit to private sector has decelerated, credit to all major sectors of the economy has expanded indicating the availability of adequate financial resources to support economic activity. Central Bank expects private sector credit to grow by 13% - 14% by end of 2018.

With reference to interest rates, short term interest rates have moved upward, while yields on government securities in both primary and secondary market saw an uptick. Moreover, market interest rates such as commercial bank lending rates continue to remain at elevated levels while responding to domestic market conditions. Further, Monetary Board decided to maintain policy rates at their current levels.

The Federal Reserve of US have continued to tighten its policy stance increasing the Fed rates every quarter in 2018. In response, most emerging markets, which have significant pressure on local currencies, tightened their monetary policy measures by raising policy interest rates. Pressure on emerging markets may further be increased with the upward trend observed in international oil prices.

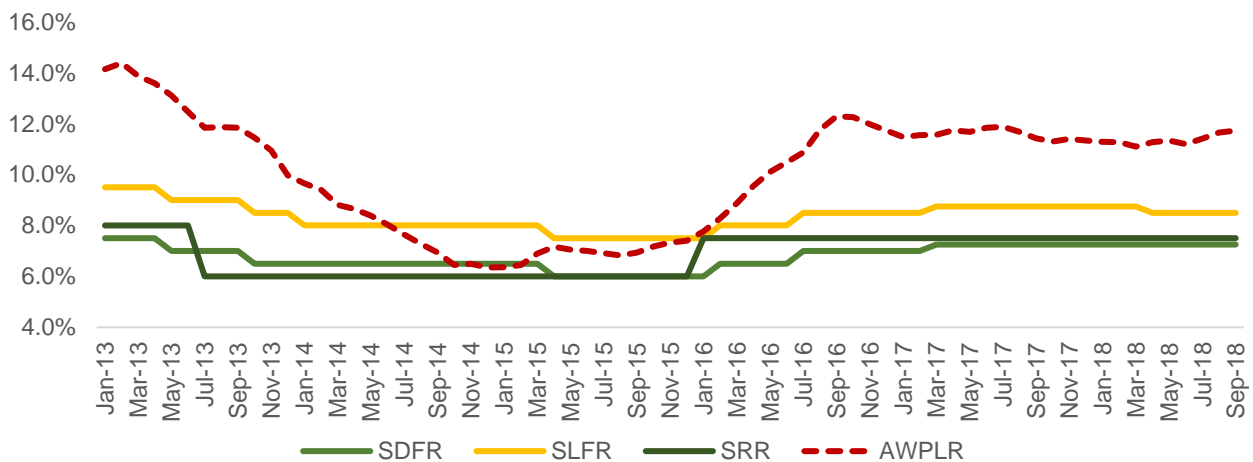
Strengthening US dollar continuously added significant pressure on the rupee. Sri Lankan rupee depreciated at a faster pace of 9.7% against US dollar up to 1st of October 2018 compared to other peer countries such as India, Philippines and Indonesia. However, Central Bank intervened to curtail the disorderly adjustments in the exchange rate during September 2018 while the Central Bank and the Government both introduced 200% margin deposit requirements for letters of credit opened for the importation of personal motor vehicles, cash margins on the import of selected non-essential consumer goods and the suspension of concessionary vehicle permits for a limited period. Further, the Government has taken decision to introduce fuel price formula as one of the IMF Extended Fund Facility requirements and revised loan to value ratio for hybrid motor cars, vans and SUVs from 70% to 50% with effect from 1 of October 2018 to curtail the demand for vehicle importation. These measures are expected to ease the excessive demand for foreign currency.

Net Absorption Vs Exchange Rate



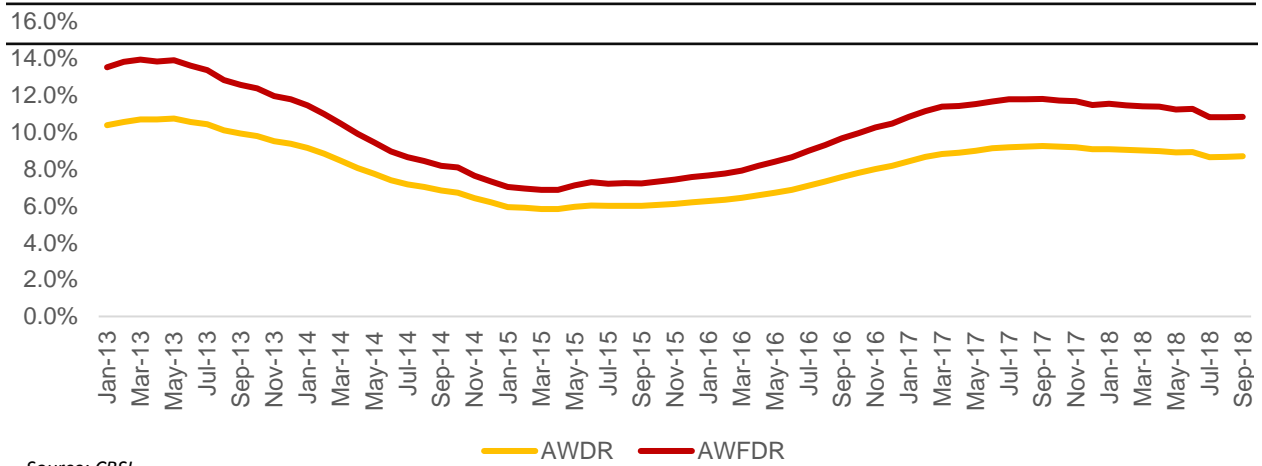
Source: CBSL

Policy Rates Movements Vs AWPLR



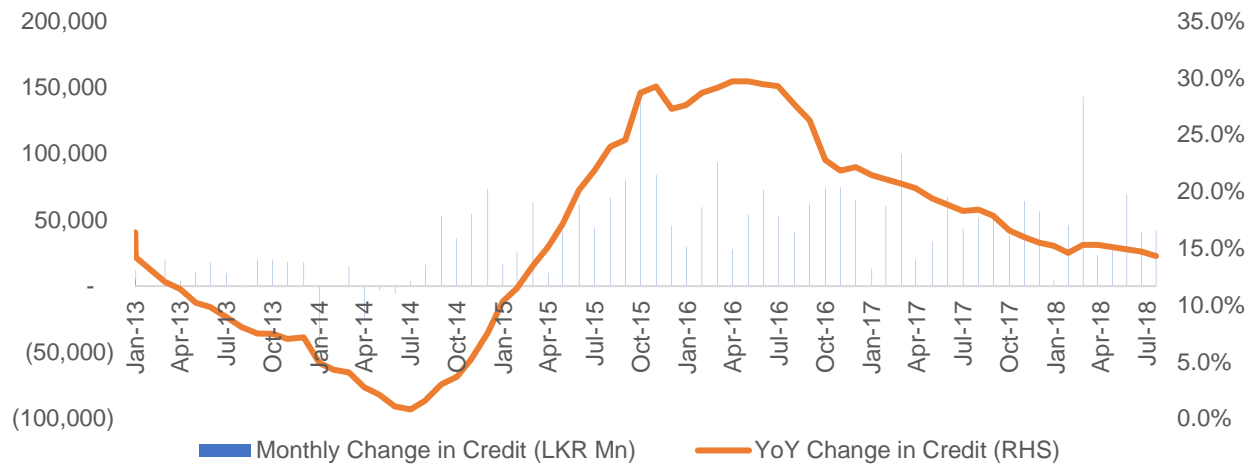
Source: CBSL

Movements in AWDR and AWFDR



Source: CBSL

Credit Granted by Commercial Banks to Private Sector



Source: CBSL

Fund Management Team

Assetline Capital (Pvt) Ltd.

Management Company

Fund Performance – Assetline Income Fund (AINF)

The NAV of the Assetline Income Fund (AINF) as at 30 September, 2018 was Rs. 2.83 bn. AINF recorded a 8.73% financial-year yield and 9.73% Month-on-Month yield(MOM), while the number of unit holders were 1,192.

The NAV was as low as Rs. 40.89 million on 31st March 2018, as a result of withdrawals by the unit holders due to the removal of the tax holiday for mutual funds. It was also fueled by the uncertainty that prevailed on the tax computation in the new Inland Revenue Act. However, with the publishing of the manual to the act, investor confidence was partly restored and there was a moderate inflow. The highest NAV was recorded in the month of August at Rs. 3.69 bn. before dropping to Rs. 2.83 bn as at 30 September 2018.

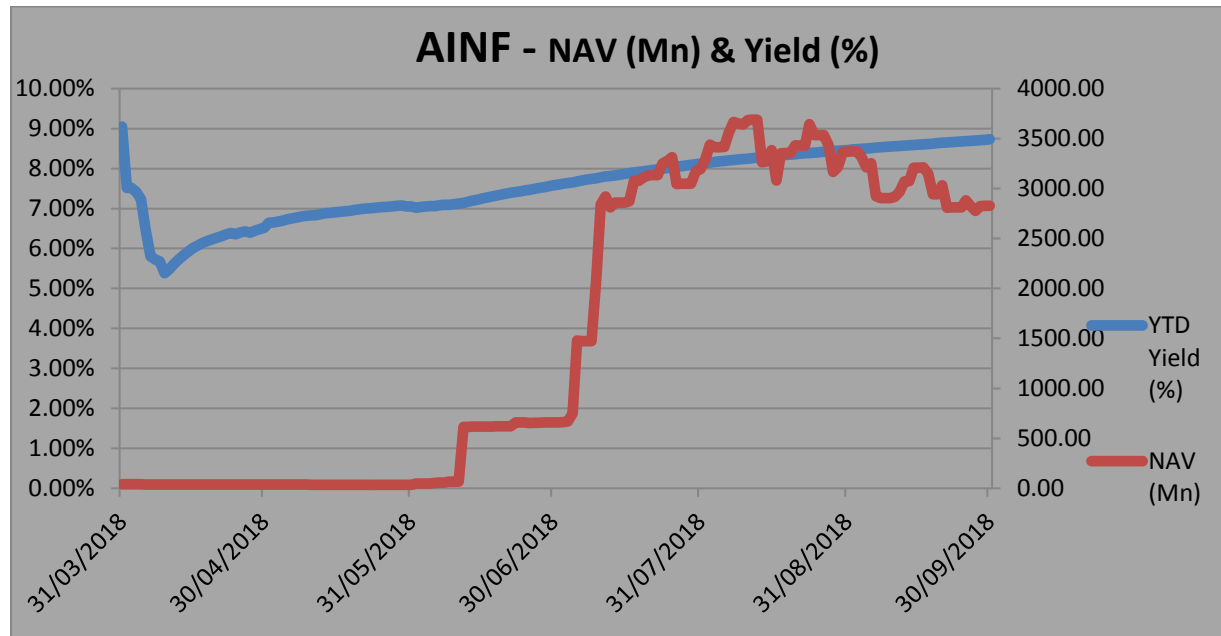
The financial-year yield of AINF continued to grow from the month of April, reaching 8.73% on 30 September 2018 while it was 9.05% as at 31st March 2018. Given our opinion of future interest rate movements, funds were invested in a mixed tenor up to one year.

The number of unit holders in AINF reduced by 9.90% to 1,192 from 1,323 during the 6 month period.

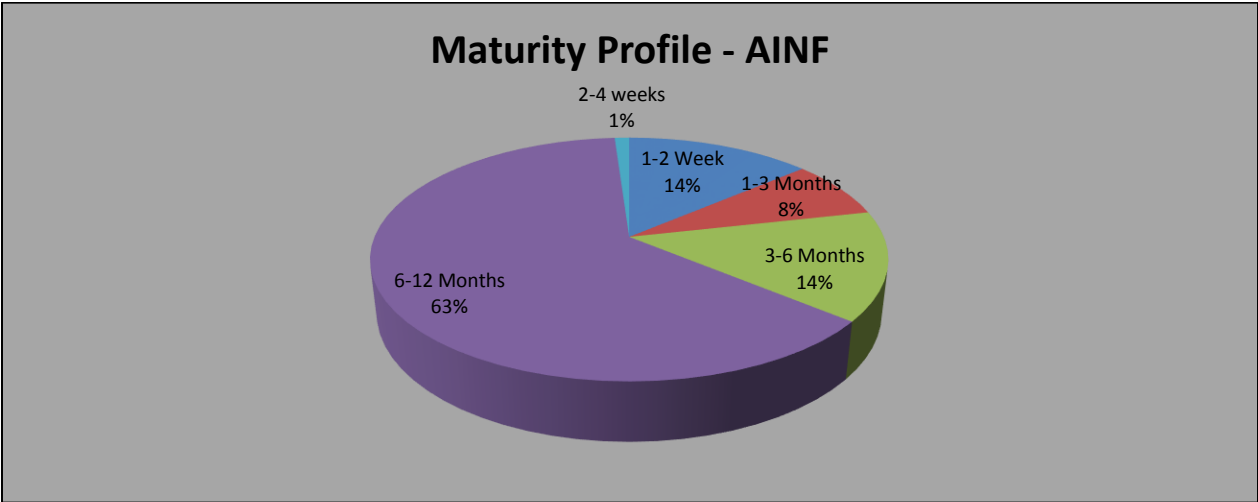
The AINF maturities are well diversified with maturity profiles varying from 1-2 weeks to 6-12 months. Most of the funds were invested in medium-term maturities with the view to maximizing the yield of the fund. The majority of the investments are in the “6-12 months” maturity bucket which is 63% of NAV while both “3-6 months” and “1-2 weeks” maturities are at 14%.

The AINF has an investment mix of fixed deposits and money market savings accounts, with 94% of the funds invested in fixed deposits.

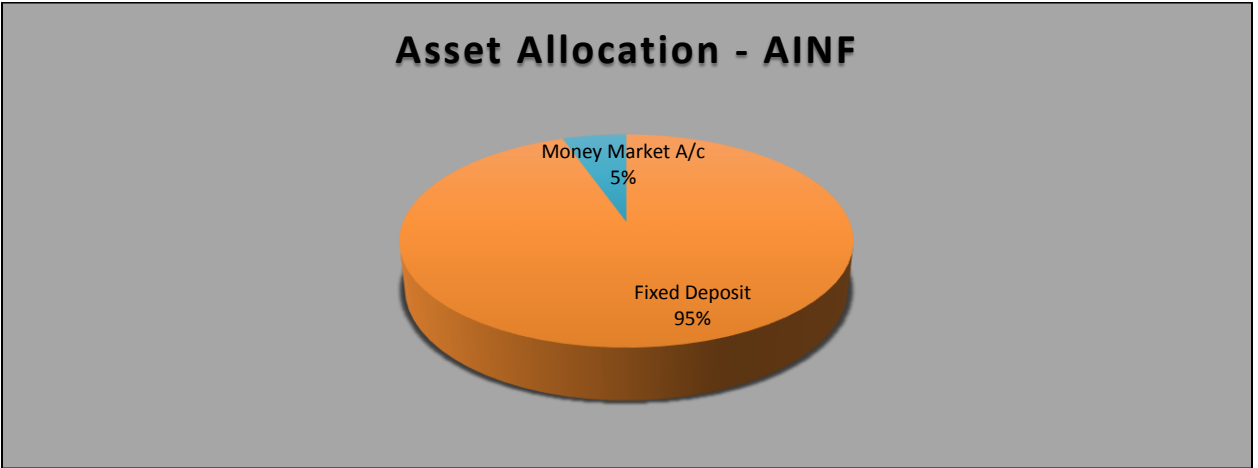
All the funds of AINF were invested in counter parties having “A-” credit rating and above. 26% of funds are invested in counter parties with “A+” followed by “A” and “AA”, 17% and 14% respectively.



(Figure 1: NAV and financial-year yield of AINF)



(Figure 2: Maturity profile of AINF)



(Figure 3: Asset allocation of AINF as at 30th September 2018)

Rating	Fitch		ICRA		Total	
	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV
AAA	373,892,342.84	13%	-	0.00%	373,892,342.84	13%
AA+	222,655,265.18	8%	-	0.00%	222,655,265.18	8%
AA	398,767,848.00	14%	-	0.00%	398,767,848.00	14%
AA-	364,721,744.45	13%	-	0.00%	364,721,744.45	13%
A+	721,396,865.24	26%	-	0.00%	721,396,865.24	26%
A	491,611,671.20	17%	-	0.00%	491,611,671.20	17%
A-	247,997,244.69	9%	-	0.00%	247,997,244.69	9%
Total	2,821,042,981.60	100%	-	0.00%	2,821,042,981.60	100%

(Figure 4: Credit profile of AINF)

ASSETLINE INCOME FUND

Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees)

	Note	For the period from 1 April 2018 to 30 September 2018 (Unaudited)	For the year ended 31 March 2018 (Audited)
<u>Income</u>			
Interest Income From Loans and Receivables	01	82,441,468	2,196,262,089
Total Net Investment Income		82,441,468	2,196,262,089
<u>Expenses</u>			
Management Fee		(4,008,846)	(133,974,426)
Trustee and Custodian Fee		(2,229,281)	(53,682,417)
Audit Fee		(95,134)	(189,749)
Professional Fee		(17,548)	(47,362)
Other Operating Expenses		(348,846)	(1,879,528)
Total Operating Expenses		(6,699,655)	(189,773,482)
Net Operating Profit		75,741,813	2,006,488,606
Profit After Deductions and Before Tax		75,741,813	2,006,488,606
Income Tax Expense		-	(200,478,445)
Increase in Net Assets Attributable to Unitholders		75,741,813	1,806,010,161

ASSETLINE INCOME FUND

Statement of Financial Position

(all amounts in Sri Lanka Rupees)

		As at 30 September 2018	(Unaudited)	As at 31 March 2018 (Audited)
ASSETS	Note			
Current Assets				
Cash and Cash Equivalents		8,036,742		2,182,733
Loans and Receivables	02	2,821,042,982		50,031,438
Income Tax Receivables		42,338,456		42,337,604
Total Assets		2,871,418,180		94,551,775
LIABILITIES				
Current Liabilities				
Accrued Expenses and Other Payables		2,062,680		11,323,026
Liabilities (Excluding Net Assets Attributable to Unitholders)		2,062,680		11,323,026
UNITHOLDERS' FUNDS				
Net Assets Attributable to Unitholders		2,869,355,500		83,228,749
Total Unitholders' Funds and Liabilities		2,871,418,180		94,551,775



.....
Managing Director
Management Company



.....
Director
Management Company

ASSETLINE INCOME FUND

Statement of Changes in Unitholders' Funds

(all amounts in Sri Lanka Rupees)

	For the period from 1 April 2018 to 30 September 2018 (Unaudited)	For the year ended 31 March 2018 (Audited)
Unitholders' Funds at Beginning of the Period	83,228,749	7,714,346,612
Increase in Net Assets Attributable to Unitholders	75,741,813	1,806,010,161
Received on Unit Creations	7,497,396,516	51,352,363,619
Paid on Unit Redemptions	(4,787,011,579)	(60,789,491,642)
Unitholders' Funds at End of the Period	2,869,355,500	83,228,749

ASSETLINE INCOME FUND

Statement of Cash Flows

(all amounts in Sri Lanka Rupees)

	For the period from 1 April 2018 to 30 September 2018 (Unaudited)	For the year ended 31 March 2018 (Audited)
Cash Flows From Operating Activities		
Proceeds From Sale of Loans and Receivables	11,560,214,663	189,905,012,581
Purchase of Loans and Receivables	(14,272,371,931)	(182,618,063,519)
Interest Received	23,586,339	2,342,795,272
Management Fees Paid	(10,670,150)	(135,085,810)
Other Expenses Paid	(5,289,850)	(56,224,771)
Net Cash Flows From Operating Activities	(2,704,530,929)	9,438,433,753
Cash Flows From Financing Activities		
Proceeds From Subscription by Unitholders	7,497,396,516	51,352,363,619
Payment For Redemption by Unitholders	(4,787,011,579)	(60,789,491,642)
Net Cash Flows From Financing Activities	2,710,384,938	(9,437,128,023)
Net Increase / (Decrease) in Cash and Cash Equivalents	5,854,009	1,305,729
Cash and Cash Equivalents at Beginning of the Period	2,182,733	877,004
Net Increase / (Decrease) in Cash and Cash Equivalents	5,854,009	1,305,729
Cash and Cash Equivalents at End of the Period	8,036,742	2,182,733

ASSETLINE INCOME FUND

Notes to the Financial Statements

(All amounts in notes are shown in Sri Lanka Rupees)

01 Interest Income From Loans and Receivables

	For the period from 1 April 2018 to 30 September 2018 (Unaudited)	For the year ended 31 March 2018 (Audited)
Interest Income From Loans and Receivables		
Interest Income From Fixed Deposits	72,915,642	902,996,829
Interest Income From Money Market Savings	9,525,825	-
Interest Income From Treasury Bills	-	251,388,536
Interest Income From Repurchase Agreements	-	1,005,919,064
Interest Income From Treasury Bond	-	35,957,660
	82,441,468	2,196,262,089

02 Loans and Receivables

	As at 30 September 2018 (Unaudited)	As at 31 March 2018 (Audited)
Interest Receivable From Money Market Savings	1,913,525	31,438
Interest Receivable From Fixed Deposits	56,973,042	-
Investment in Money Market Savings	151,036,688	50,000,000
Investment in Fixed Deposits	2,611,119,726	-
Total loans and Receivables	2,821,042,982	50,031,438

Fund Performance – Assetline Gilt Edged Fund (AGEF)

The NAV of the Assetline Gilt Edged Fund (AGEF) as at 30 September, 2018 was Rs. 59.11 million. AGEF recorded a 5.33% financial-year yield and 6.80% month-on -month (MOM) yield, while the number of unit holders were 393.

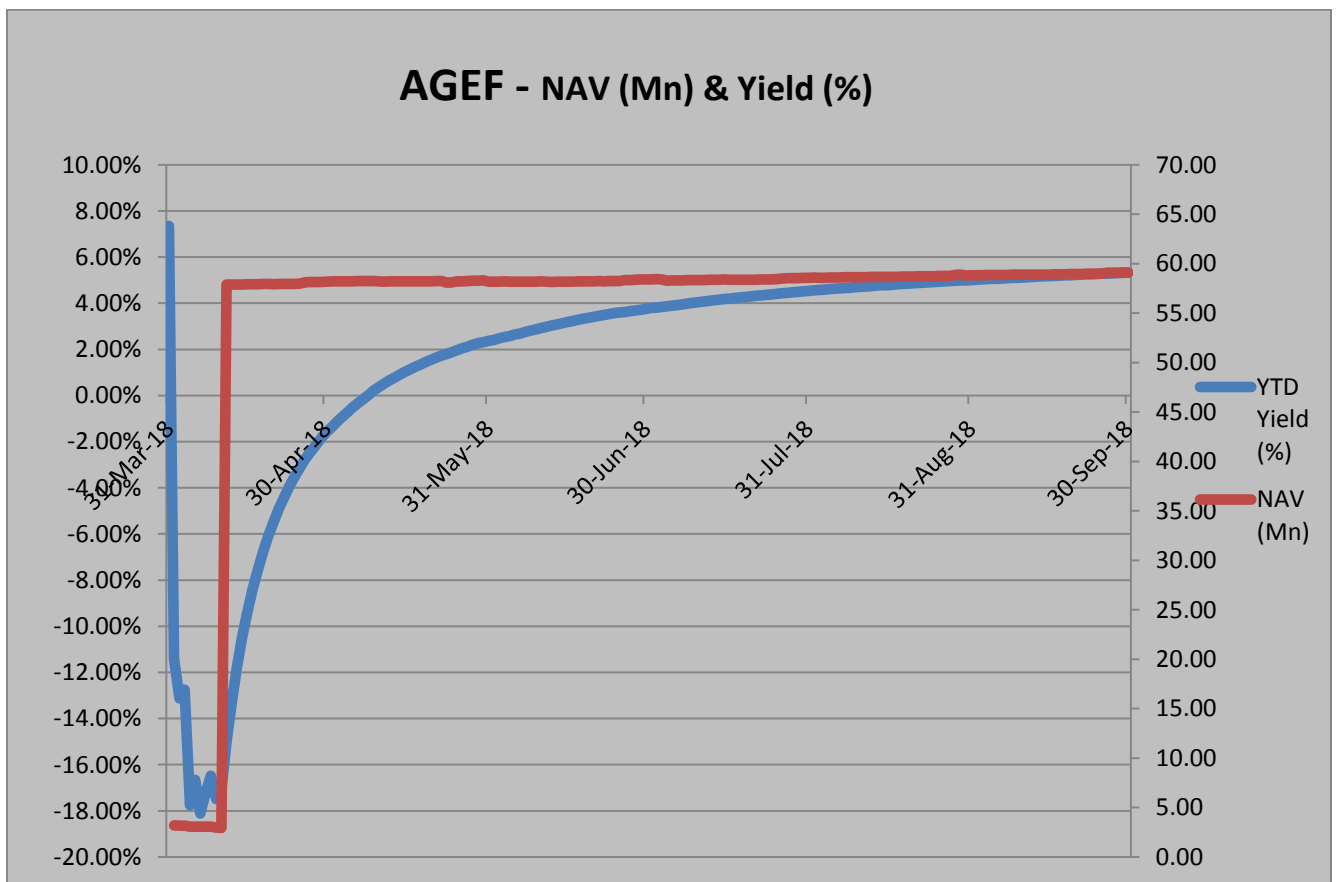
AGEF’s NAV decreased to as low of Rs. 3.19 million on 31March, 2018 due to the withdrawal of notional tax and introduction of tax on government securities for individual investors. However, the fund managers re-acquired part of the funds since risk free returns enabled portfolio diversification, resulting in the NAV reaching Rs. 58.17 million by the end of April 2018.

The return was comparatively low due to lower government security yields and the fixed costs of the fund.

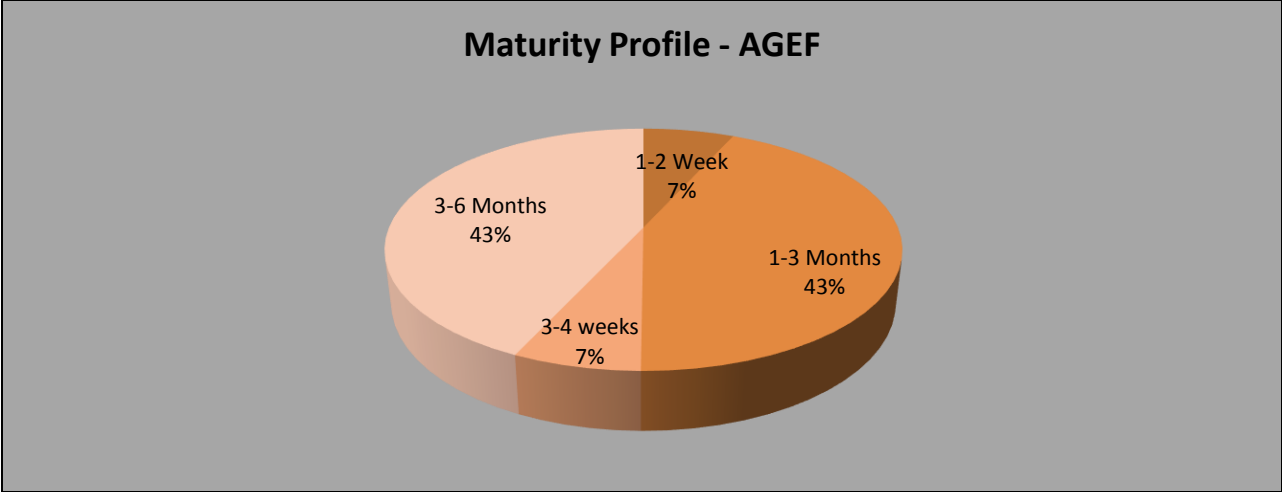
The number of unit trust holders reduced from 484 to 393 during the first two quarters of the current financial year a 18.8% reduction.

The AGEF maturities are diversified with profiles ranging from “1-2 weeks” to “3-6 months”. Most of the funds are invested in short to medium tenors. 86% of the funds were invested in “1-3 months” and “3-6 months” categories.

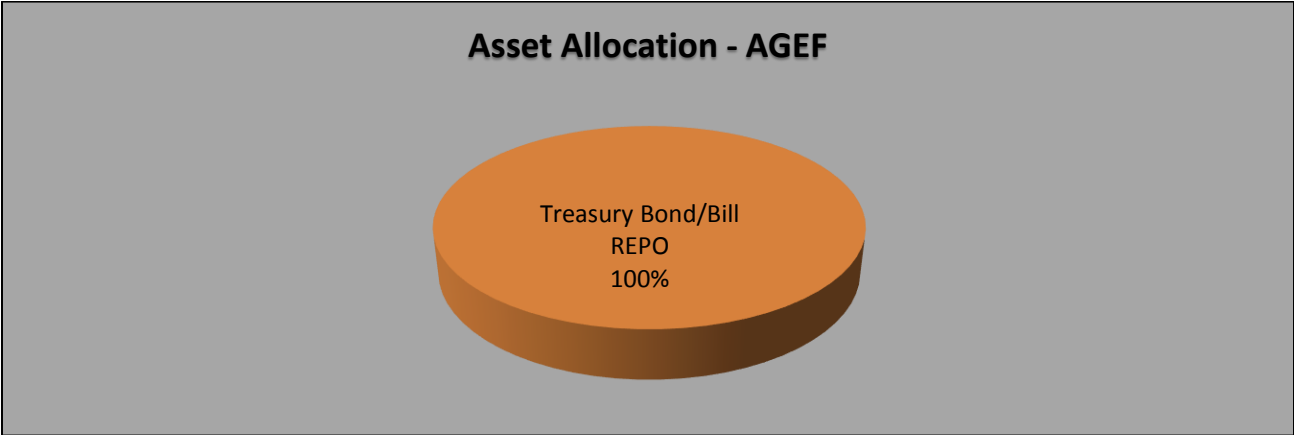
All the funds of AGEF are invested in REPO’s to avoid any fair value loss.



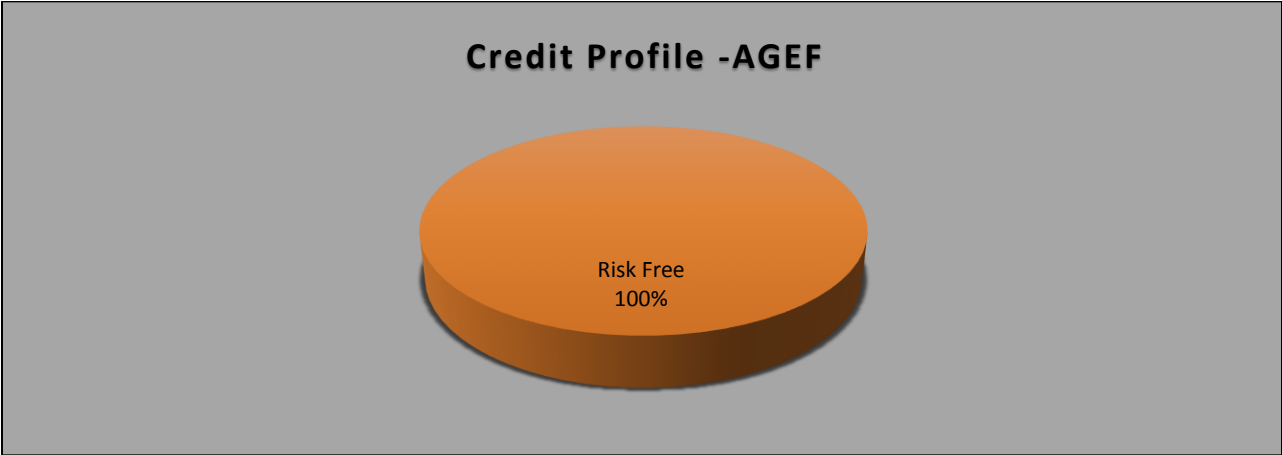
(Figure 1 : NAV and financial-year yield of AGEF)



(Figure 2 : Maturity profile of AGEF as at 30th September 2018)



(Figure 3 : Asset allocation of AGEF as at 30th September 2018)



(Figure 4 : Credit profile of AGEF as at 30th September 2018)

ASSETLINE GILT EDGED FUND

Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees)

	Note	For the period from 1 April 2018 to 30 September 2018 (Unaudited)	For the year ended 31 March 2018 (Audited)
<u>Income</u>			
Interest Income from Financial Assets Not Held at Fair Value Through Profit or Loss	01	2,315,675	8,153,254
Total Net Investment Income		2,315,675	8,153,254
<u>Expenses</u>			
Management Fee		(138,922)	(405,535)
Trustee and Custodian Fee		(230,014)	(510,179)
Audit Fee		(95,134)	(189,749)
Professional Fee		(17,548)	(47,362)
Other Operating Expenses		(34,000)	(54,109)
Total Operating Expenses		(515,618)	(1,206,934)
Net Operating Profit		1,800,056	6,946,320
Profit After Deductions and Before Tax		1,800,056	6,946,320
Income Tax Expense		-	(694,632)
Increase in Net Assets Attributable to Unitholders		1,800,056	6,251,688

ASSETLINE GILT EDGED FUND

Statement of Financial Position

(all amounts in Sri Lanka Rupees)

	Note	As at 30 September 2018 (Unaudited)	As at 31 March 2018 (Audited)
ASSETS			
Current Assets			
Cash and Cash Equivalents		58,409	503,870
Loans and Receivables	02	59,267,110	3,001,978
Income Tax Receivables		11,492,121	11,492,121
Total Assets		70,817,640	14,997,969
LIABILITIES			
Current Liabilities			
Accrued Expenses and Other Payables		217,941	312,934
Liabilities (Excluding Net Assets Attributable to Unitholders)		217,941	312,934
UNITHOLDERS' FUNDS			
Net Assets Attributable to Unitholders		70,599,699	14,685,035
Total Unitholders' Funds and Liabilities		70,817,640	14,997,969



.....
Managing Director
Management Company



.....
Director
Management Company

ASSETLINE GILT EDGED FUND

Statement of Changes in Unitholders' Funds

(all amounts in Sri Lanka Rupees)

	For the period from 1 April 2018 to 30 September 2018 (Unaudited)	For the year ended 31 March 2018 (Audited)
Unitholders' Funds at Beginning of the Period	14,685,035	121,449,695
Increase in Net Assets Attributable to Unitholders	1,800,056	6,251,688
Received on Unit Creations	55,713,000	2,640,000
Paid on Unit Redemptions	(1,598,392)	(115,656,348)
Unitholders' Funds at End of the Period	70,599,699	14,685,035

ASSETLINE GILT EDGED FUND

Statement of Cash Flows

(all amounts in Sri Lanka Rupees)

	For the period from 1 April 2018 to 30 September 2018 (Unaudited)	For the year ended 31 March 2018 (Audited)
Cash Flows from Operating Activities		
Proceeds from Sale of Loans and Receivables	189,509,854	666,515,106
Purchase of Loans and Receivables	(244,902,743)	(561,544,048)
Interest Received	1,443,431	9,891,577
Management Fees Paid	(139,126)	(427,722)
Other Expenses Paid	(471,485)	(1,613,112)
Net Cash Flows from Operating Activities	(54,560,069)	112,821,800
Cash Flows from Financing Activities		
Proceeds from Subscription by Unitholders	55,713,000	2,640,000
Payment for Redemption by Unitholders	(1,598,392)	(115,656,348)
Net Cash Flows from Financing Activities	54,114,608	(113,016,348)
Net Increase / (Decrease) in Cash and Cash Equivalents	(445,461)	(194,548)
Cash and Cash Equivalents at Beginning of the Period	503,870	698,418
Net Increase / (Decrease) in Cash and Cash Equivalents	(445,461)	(194,548)
Cash and Cash Equivalents at End of the Period	58,409	503,870

ASSETLINE GILT EDGED FUND

Notes to the Financial Statements

(All amounts in notes are shown in Sri Lanka Rupees)

01 Interest Income From Financial Assets Not Held at Fair Value Through Profit or Loss

	For the period from 1 April 2018 to 30 September 2018 (Unaudited)	For the year ended 31 March 2018 (Audited)
Interest Income From Loans and Receivables:		
Interest Income From Repurchase Agreements	2,315,675	8,153,254
	2,315,675	8,153,254

02 Loans and Receivables

	As at 30 September 2018 (Unaudited)	As at 31 March 2018 (Audited)
Interest Receivable From Repurchase Agreements	874,222	1,978
Investment on Repurchase Agreements	58,392,888	3,000,000
	59,267,110	3,001,978

Fund Performance – Assetline Income Plus Growth Fund (AIGF)

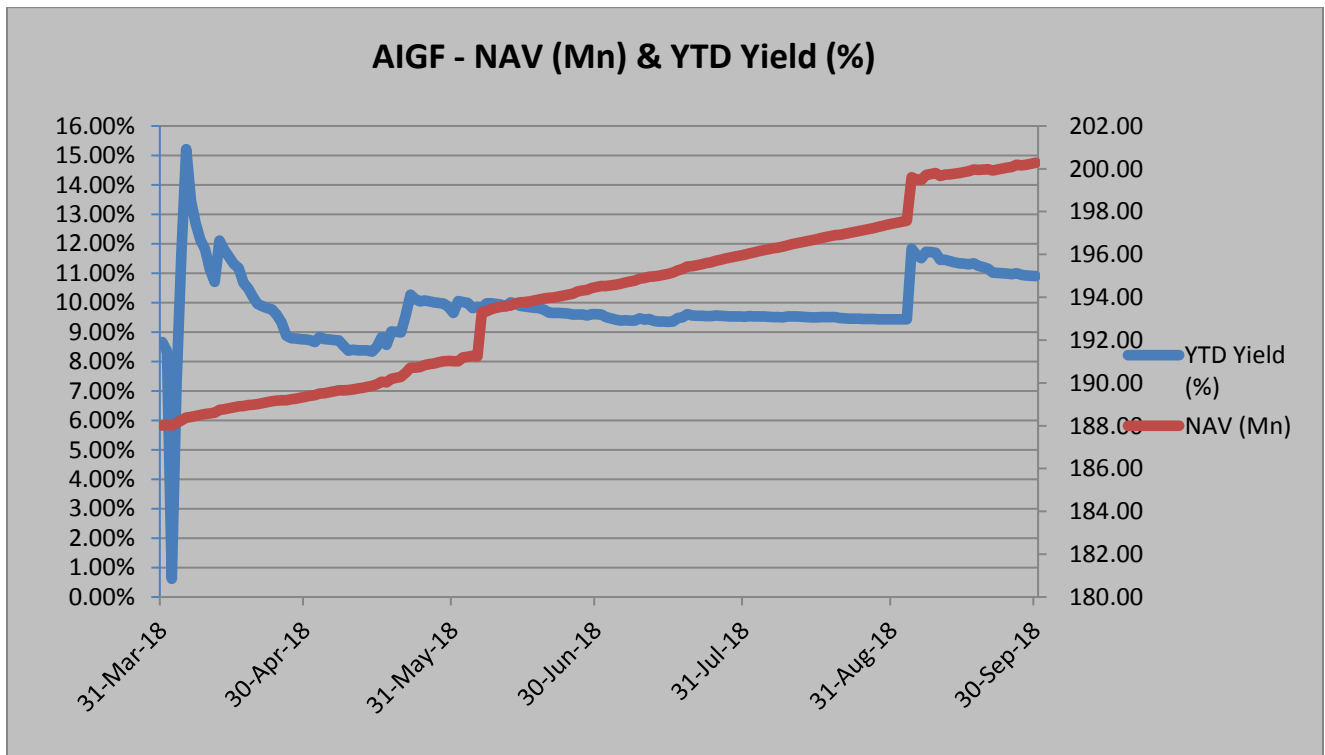
The NAV of the Assetline Income Plus Growth Fund (AIGF) as at 30 September, 2018 was 200.28 million and the fund recorded a 10.90% financial-year yield and 17.66% Month-on-Month yield. The number of unit holders were 167.

The maturities of AIGF are diversified ranging from short term to medium term with 72% of the investments maturing in “3-6” Months” followed by 10% of the investments maturing in the “6-12” Months” category.

There was an investor perception that equity related funds would be tax free with the implementation of the manual to the Inland Revenue Act. This Resulted the NAV of the AIGF oscillating between Rs. 180-200 million in the period under consideration.

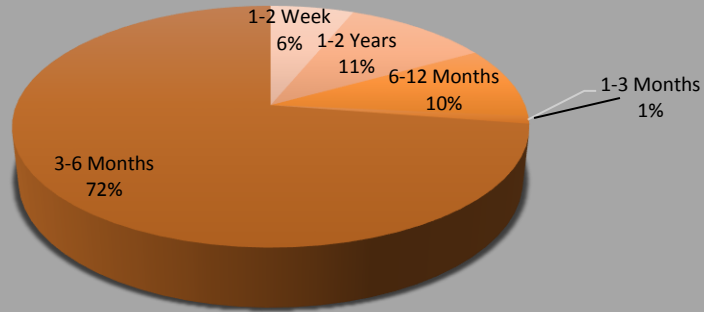
All the investments of the AIGF are placed with counter-parties with “A-” rating and above, while 50% of the investments are invested in counter-parties with credit rating of either “AA+” or “A+”.

AIGF financial year yield increased, from 8.66% to 10.90% during the period. AIGF’s highest yield recorded was 15.21% in April 2018 with the fair value improvement of the equity portfolio.



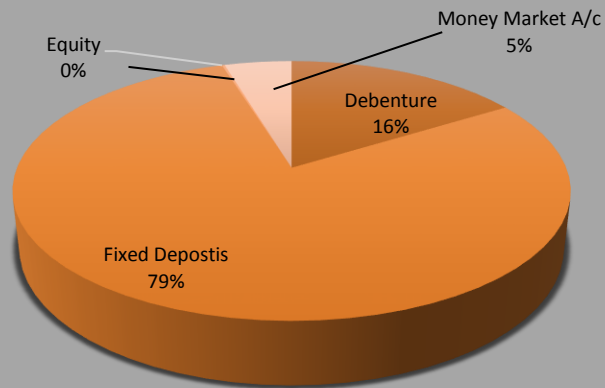
(Figure 1 : NAV and financial-year yield of AIGF)

Maturity Profile - AIGF



(Figure 2 : Maturity profile of AIGF as at 30th September 2018)

Asset Allocation - AIGF



(Figure 3 : Asset allocation of AIGF as at 30th September 2018)

Rating	Rating Agency		Total
	Fitch	ICRA	
AAA	3%	6%	9%
AA+	25%	0%	25%
AA-	13%	0%	13%
AA	14%	0%	14%
A+	25%	0%	25%
A	2%	5%	7%
A-	0%	5%	5%

(Figure 4 : Credit profile of AIGF as at 30th September 2018)

ASSETLINE INCOME PLUS GROWTH FUND

Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees)

	Note	For the period from 1 April 2018 to 30th Sep 2018 (Unaudited)	For the year ended 31 March 2018 (Audited)
<u>Income</u>			
Interest Income From Financial Assets Not Held at Fair Value Through Profit or Loss	01	8,161,278	12,138,850
Dividend Income		17,787	421,201
Net Gains on Financial Assets Held at Fair Value Through Profit or Loss	02	3,897,520	5,693,316
Total Net Investment Income		12,076,585	18,253,367
<u>Expenses</u>			
Management Fee		(1,181,770)	(2,183,831)
Trustee and Custodian Fee		(418,692)	(711,920)
Audit Fee		(95,134)	(189,749)
Professional Fee		(17,548)	(47,362)
Other Operating Expenses		(31,497)	(97,931)
Total Operating Expenses		(1,744,641)	(3,230,793)
Net Operating Profit		10,331,944	15,022,574
Profit After Deductions and Before Tax		10,331,944	15,022,574
Income Tax Expense		-	(890,806)
Increase in Net Assets Attributable to Unitholders		10,331,944	14,131,768

ASSETLINE INCOME PLUS GROWTH FUND

Statement of Financial Position

(all amounts in Sri Lanka Rupees)

	Note	As at 30 September 2018 (Unaudited)	As at 31 March 2018 (Audited)
ASSETS			
Current Assets			
Cash and Cash Equivalents		2,231,488	533,324
Loans and Receivables	03	162,779,893	153,875,800
CDS Receivables		3,686,454	-
Financial Assets Held at Fair Value Through Profit or Loss	04	31,975,399	34,158,744
Income Tax Receivables		1,622,001	1,621,962
Total Assets		202,295,234	190,189,830
LIABILITIES			
Current Liabilities			
Accrued Expenses and Other Payables		389,624	558,083
Liabilities (Excluding Net Assets Attributable to Unitholders)		389,624	558,083
UNITHOLDERS' FUNDS			
Net Assets Attributable to Unitholders		201,905,610	189,631,747
Total Unitholders' Funds and Liabilities		202,295,234	190,189,830



.....
Managing Director
Management Company



.....
Director
Management Company

ASSETLINE INCOME PLUS GROWTH FUND

Statement of Changes in Unitholders' Funds

(all amounts in Sri Lanka Rupees)

	For the period from 1 April 2018 to 30 September 2018 (Unaudited)	For the year ended 31 March 2018 (Audited)
Unitholders' Funds at Beginning of the Period	189,631,747	77,730,764
Increase in Net Assets Attributable to Unitholders	10,331,944	14,131,768
Received on Unit Creations	2,098,087	470,384,263
Paid on Unit Redemptions	(156,168)	(372,615,048)
Unitholders' Funds at End of the Period	201,905,610	189,631,747

ASSETLINE INCOME PLUS GROWTH FUND

Statement of Cash Flows

(all amounts in Sri Lanka Rupees)

	For the period from 1 April 2018 to 30 September 2018 (Unaudited)	For the year ended 31 March 2018 (Audited)
Cash Flows From Operating Activities		
Proceeds From Sale of Financial Instruments Held at Fair Value Through Profit or Loss	4,046,377	-
Proceeds From Sale of Loans and Receivables	95,712,705	911,268,731
Purchase of Loans and Receivables	(100,077,984)	(1,019,789,732)
Dividend Received	17,787	421,201
Interest Received	1,970,460	13,603,502
Management Fees Paid	(1,257,391)	(2,041,159)
Other Expenses Paid	(655,709)	(1,013,645)
Net Cash Flows From Operating Activities	(243,755)	(97,551,102)
Cash Flows From Financing Activities		
Proceeds From Subscription by Unitholders	2,098,087	470,384,263
Payment For Redemption by Unitholders	(156,168)	(372,615,048)
Net Cash Flows From Financing Activities	1,941,919	97,769,215
Net Increase / (Decrease) in Cash and Cash Equivalents	1,698,164	218,113
Cash and Cash Equivalents at Beginning of the Period	533,324	315,211
Net Increase / (Decrease) in Cash and Cash Equivalents	1,698,164	218,113
Cash and Cash Equivalents at End of the Period	2,231,488	533,324

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the Financial Statements

(all amounts in Sri Lanka Rupees)

01 Interest Income From Financial Assets Not Held at Fair

Value Through Profit or Loss

Interest Income From Loans and Receivables:

Interest Income From Repurchase Agreements
Interest Income From Bank Deposits
Interest Income From Money Market Savings

	For the period from 1 April 2018 to 30 September 2018 (Unaudited)	For the year ended 31 March 2018 (Audited)
	-	3,082,481
	7,738,950	9,056,369
	422,327	-
	8,161,278	12,138,850

02 Net Gain on Financial Assets Held at Fair Value Through Profit or Loss

Net Gain on Financial Assets Held for Trading
Net Gain on Financial Assets Designated as at Fair Value Through
Profit or Loss

Net Realised Gain on Financial Assets at Fair Value Through Profit or Loss
Net Unrealised Gain on Financial Assets at Fair Value Through Profit or Loss

	For the period from 1 April 2018 to 30 September 2018 (Unaudited)	For the year ended 31 March 2018 (Audited)
	2,161,870	362,361
	1,735,651	5,330,955
	3,897,520	5,693,316
	4,158,823	3,130,160
	(261,302)	2,200,795
	3,897,520	5,330,955

(a) Net Realised Gain on Financial Assets at Fair Value Through Profit or Loss:

Gain on Disposal of Equity Securities
Interest Income From Debentures

	2,689,617	-
	1,469,206	3,130,160
	4,158,823	3,130,160

03 Loans and Receivables

Interest Receivable from Money Market Savings
Interest Receivables from Fixed Deposits
Investment on Money Market Savings
Investment on Fixed Deposits
Total Loans and Receivables

	As at 30 September 2018 (Unaudited)	As at 31 March 2018 (Audited)
	57,035	9,557
	3,806,618	472,781
	8,947,350	137,421,000
	149,968,890	15,200,000
	162,779,893	153,103,337

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the Financial Statements (Contd...)

(all amounts in Sri Lanka Rupees)

04 Financial Assets Held at Fair Value Through Profit or Loss

	As at 30 September 2018 (Unaudited)	As at 31 March 2018 (Audited)
Financial Assets Held for Trading		
<i>Equity securities (see note (a) below)</i>	363,056	2,247,564
Total Financial Assets Held for Trading	363,056	2,247,564
Designated at Fair Value Through Profit or Loss:		
<i>Debentures (see note (b) below)</i>	30,247,625	31,911,180
Total Designated at Fair Value Through Profit or Loss	30,247,625	31,911,180
Receivables		
Interest Receivables from Debentures	1,364,718	772,462
Total Financial Assets Held at Fair Value Through Profit or Loss	31,975,399	34,158,744

a) Investment in Equity Securities:

As at 30 September 2018

Company	Number of Shares	Cost	Market Value	Percentage of Net Assets
Aitken Spence Hotel Holdings Plc	14,407	1,052,418	363,056	0.18%
		1,052,418	363,056	

As at 31 March 2018

Company	Number of Shares	Cost	Market Value	Percentage of Net Assets
Aitken Spence Hotel Holdings Plc	14,407	1,052,436	482,635	0.25%
AIA Insurance Lanka Plc	4,589	1,356,742	1,764,929	0.94%
		2,409,178	2,247,564	

b) Investment in Debentures

As at 30 September 2018

	Maturity Date	Cost	Market Value	Percentage of Net Assets
Softlogic Finance PLC	29-Aug-19	10,970,000	10,818,172	5.4%
Merchant Bank of Sri Lanka & Finance PLC	12-Nov-19	5,000,000	4,875,334	2.4%
Lanka Orix Leasing Company Ltd	24-Nov-19	5,000,000	4,872,034	2.4%
First Capital Treasuries Ltd.	6-Feb-20	10,000,000	9,682,085	4.8%
		30,970,000	30,247,625	

As at 31 March 2018

	Maturity Date	Cost	Market Value	Percentage of Net Assets
People's Leasing & Finance PLC	23-Sep-18	1,930,000	1,904,803	1.0%
Softlogic Finance PLC	29-Aug-19	10,970,000	10,723,729	5.7%
Merchant Bank of Sri Lanka & Finance PLC	12-Nov-19	5,000,000	4,834,445	2.5%
Lanka Orix Leasing Company Ltd	24-Nov-19	5,000,000	4,834,377	2.5%
First Capital Treasuries Ltd.	6-Feb-20	10,000,000	9,613,826	5.1%
		32,900,000	31,911,180	