

ASSETLINE MUTUAL FUNDS

ANNUAL REPORT
2015 - 2016

ANNUAL REPORT



We make INVESTMENTS simpler

ASSETLINE

Assetline Capital (Pvt) Limited



David Pieris
Group of Companies

Content

	Page
Corporate Information	04
Assetline Capital (Private) Limited - Corporate Profile	05
Profile of the Assetline Mutual Funds	06
Fund Manager's Report	07
Fund Report of Assetline Income Fund :	09
- Fund Performance - Assetline Income Fund (AINF)	10
- Independent Auditors' Report	11
- Audited Financial Statements	12
Fund Report of Assetline Gilt Edged Fund :	28
- Fund Performance - Assetline Gilt Edged Fund (AGEF)	29
- Independent Auditors' Report	30
- Audited Financial Statements	31
Fund Report of Assetline Income Plus Growth Fund :	49
- Fund Performance - Assetline Income Plus Growth Fund (AIPG)	50
- Independent Auditors' Report	51
- Audited Financial Statements	52
Summary of Transactions between Assetline Mutual Funds and its Related Parties	74
Declaration of the Trustee and Management Company	75

Assetline Mutual Funds - Annual Report & Accounts 2016/17

Corporate Information

Assetline : Assetline Income Fund
Mutual Funds 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

TRUSTEE & CUSTODIAN

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

AUDITORS & TAX CONSULTANTS

PricewaterhouseCoopers
No. 100
Braybrooke Place
Colombo 02
Sri Lanka

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. W.S.K. De Silva – Director
Mr. D.M.R.K. Dissanayake – Director
Mr. S.D.R.B. Ekanayake – Managing Director
Mr. A.Y.D. De Silva – Director

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




ASSETLINE

ASSETLINE CAPITAL (PRIVATE) LIMITED - CORPORATE PROFILE

Assetline Capital (Private) Limited (ACPL) is a licensed Unit Trust and Investment Manager approved by the Securities and Exchange Commission of Sri Lanka (SEC).

The ultimate parent company of ACPL is David Pieris Motor Company Limited (DPMC), which is the largest automotive company in Sri Lanka. The DPMC Group, through its subsidiary DPMC Assetline Holdings (Private) Limited, has diversified in to financial services which include leasing, hire purchase, loans, insurance broking, stock broking and corporate services. Further, the Group has subsidiaries that have ventured in to logistics, information technology and agriculture.

ACPL, since its incorporation in 2001 has been in capital market operations, initially as a margin provider. This business was later transferred to another group company and ACPL expanded its horizons in 2013 by offering investment management to high net-worth individuals and corporate entities. In July 2014, the Company stepped into the unit trust industry with the launch of Assetline Mutual Funds (AMF). ACPL is the Manager of three mutual funds and today is one of the largest investment managers in the country.



PROFILE OF THE ASSETLINE MUTUAL FUNDS

ASSETLINE INCOME FUND (AINF) is an open ended fund investing in fixed income instruments and government securities with tenures of less than one year. It is suitable for investors with a low to moderate risk profile and a short term investment horizon.

ASSETLINE GILT EDGED FUND (AGEF) is an open ended fund investing exclusively in government securities. Most suited to investors with a very low risk profile, this fund caters to investors with differing time horizons.

ASSETLINE INCOME PLUS GROWTH FUND (AIGF) is an open ended fund investing in equity and fixed income securities. This fund is suitable for investors with a high risk profile and medium to longer term time horizon.

General Information

	ASSETLINE INCOME FUND	ASSETLINE GILT EDGED FUND	ASSETLINE INCOME PLUS GROWTH FUND
Inception Date	11-07-2014	11-07-2014	11-07-2014
Minimum investment	Rs.1,000.00	Rs.1,000.00	Rs.1,000.00
Dividend pattern	Irregular	Irregular	Irregular

Fee structure charged to the total fund

Front-end Fee	NIL	NIL	2%
Trustee Fee	0.225% p.a.	0.18% p.a.	0.22% p.a.
Management Fee	0.65% p.a.	0.5% p.a.	1.5% p.a.
Custodian Fee	Rs. 25,000/- per month	Rs. 25,000/- per month	Rs. 25,000/- per month
Exit Fee	NIL	NIL	<ul style="list-style-type: none"> • For withdrawals within 1 Year : 2.00% • For withdrawals between 1-2 years : 1.00% • For withdrawals after 2 years : Nil

Fund Manager's Report

We are pleased to present the second annual report of Assetline Mutual Funds (AMF) to our investors for the financial year ended 31st March 2016. It has been a gratifying second year with commendable performances in the growth of funds, as we were able to make steady progress to become the largest Gilt-Edged fund in Sri Lanka as at the end of the financial year. Flexible wealth creation has been our business proposition since the inception of AMF.

Assetline Mutual Funds comprise of three fund types, namely Assetline Income Fund (AINF), Assetline Gilt Edged Fund (AGEF) & Assetline Income Plus Growth Fund (AIGF) which were designed to cater to different investor profiles. AINF is designed for investors with low to moderate risk appetite and with a short term investment horizon; the asset classes include corporate debt, fixed income securities and government securities for tenors less than one year. AGEF is intended to provide zero risk returns for the investors with differing investment time horizons and AIGF caters to investors with high risk appetite and medium to longer term time horizon. The AMF are open ended funds where for both AINF and AGEF does not have front end or exit fees.

Amidst somewhat challenging business conditions, we are delighted to share some significant milestones with the total number of unitholder accounts increasing from 847 to 2020 (138%) and the fund base increasing from about Rs. 4.01 Billion to about Rs. 23.20 Billion (477.95% Year-On-Year) during the year.

Economic Outlook

Global Economic Condition

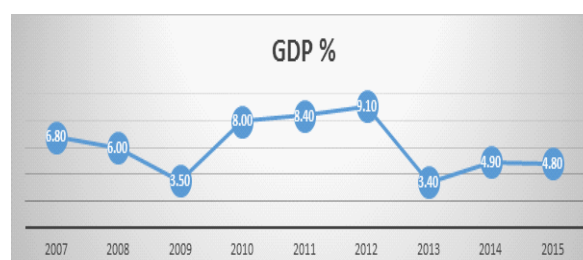
With only the US economy showing signs of a recovery, global economic growth decelerated in 2015, with growth in other key advanced economies and most emerging and developing economies showing signs of slowing down. Some of the key influences were the gradual slowdown of economic activities in China, lower prices for energy and other commodities, and a gradual tightening in monetary policy in the United States as central banks in several other advanced economies continue to ease monetary policy. In addition, war-torn Middle-East nations and parts of Europe continued to face numerous drawbacks

to their economies, including a persistent debt crisis. According to the International Monetary Fund (IMF) World Economic Outlook (WEO) 2016, there was a 0.3% decline in year-over-year growth of world output which fell to 3.1% in 2015 and is projected at 3.4% and 3.6% for 2016 and 2017 respectively.

Sri Lankan Economic Condition

Growth of the Economy

Sri Lanka's economy grew at a pace of 4.8% during 2015, compared with 4.9% in 2014. Earnings from exports reflected a slower growth with 5.6% decline in 2015, whilst imports dropped 2.5%. Reduced demand from traditional export markets, contraction of industrial exports, mainly textiles & garments which contributes 48% of total exports and gem & jewelry, impacted the export sector. For the year 2015, the overall BOP recorded a deficit of US dollars 1,489 million compared to a surplus of US dollars 1,369 million in 2014. Although strengthening of the US economy prompted spill-over effects on capital outflows, the impact of these developments was, to some extent, offset by lower international commodity prices. Despite this background, the domestic consumption rebounding as incomes grew, especially among the public sector workers. Meanwhile, private consumption also grew during the year, mainly due to the low interest rate environment and increased real wages fueling demand side inflationary pressure. The services sector, which accounts for 56.6% of GDP, grew by 5.3%, supported by 5.5% growth in agriculture and a moderate industrial growth of 3.0%.

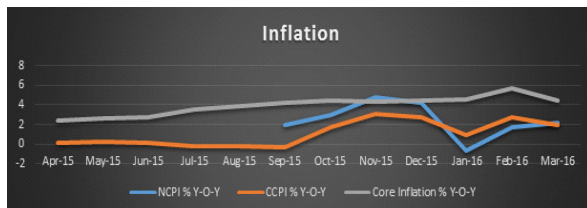


Source: Central Bank of Sri Lanka

Inflation

As a result of the reduced commodity prices, for the first time since March 1995, inflation turned negative from July to September 2015. Year-on-year headline inflation stood at 2.8% by end 2015, rising marginally from 2.1% at the end 2014. Core inflation grew at a higher pace to reach 4.5% at the end of 2015 against 3.2% recorded last year.

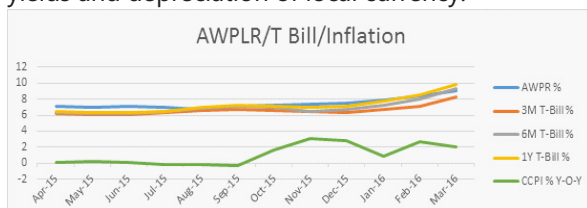
This was mainly driven by credit growth and also by higher wages offered to Government workers and employees of other sectors as well as high consumption demand mainly on nonfood categories. The Department of Census and Statistics (DCS) introduced National Consumer Price Index (NCPI) in November, 2015 to avoid observation of Colombo urban area, which is accounting CCPI, and to compute covering all provinces of the country.



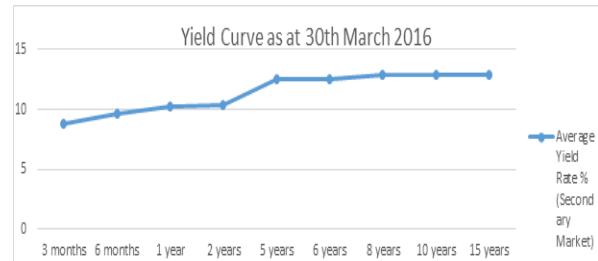
Source: Central Bank of Sri Lanka

Interest Rates

Against the backdrop of continued low inflation, the Central Bank maintained a relaxed monetary policy stance during 2015, but started to initiate a gradual tightening of monetary policy at the end of 2015 which continued to 2016. This was carried out to control excessive demand pressures on inflation emanating from high credit and money expansion. Restrictions placed on the access to the Standing Deposit Facility under the Open Market Operations (OMO), that was in place from 2014, was removed in March. However, during the subsequent month, CBSL lowered its policy rates by 50 basis points, to lessen the impact. Both deposit and lending rates remained relatively low in 2015, although yield rates on government securities increased, responding to the high domestic borrowing requirements. At the beginning of 2016, CBSL immediately started tightening policy with two consecutive moves: increasing Statutory Reserve Ratio (SRR) by 150 basis points and policy rates by 50 basis points. Further, foreign investments in government securities continued to decline from Rs. 456.5 Billion to Rs 221.3 Billion during financial year due to withdrawals of foreign investors on Risk-Off strategy due to global uncertainty and tightening of USD Policy. This has been another reason for the gradual increase of yields and depreciation of local currency.



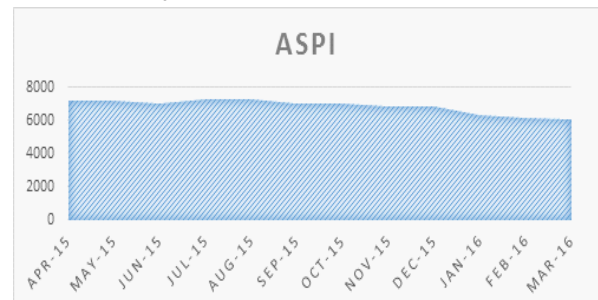
Source: Central Bank of Sri Lanka



Source: Central Bank of Sri Lanka

Share Market Performance

The Colombo Stock Exchange (CSE) performed sluggishly with volatile movements in the price indices during the financial year. The All Share Price Index (ASPI) declined from 6,820.34 points to 6,071.88 points (by -10.97%) during the financial year 2015/16. Increased investor uncertainty resulting from delayed policy directions along with political changes, increasing interest rates, depreciation in the exchange rate and reversal of capital flows to emerging markets contributed to a significant outflow from the equity market during the financial year.



Source: Central Bank of Sri Lanka

Assetline Capital take this opportunity to convey its sincere gratitude to Securities and Exchange Commission of Sri Lanka, our Trustees Messes Deutsche Bank AG and our market counterparties for their contribution and to all our investors for the confidence placed in our young funds.

We are confident that the Assetline Mutual Funds will repay your trust by continuing to deliver superior performance.

Deepta Ekanayake
Managing Director
Assetline Capital (Pvt.) Ltd.
Management Company

Fund Report of Assetline Income Fund

Fund Performance – Assetline Income Fund

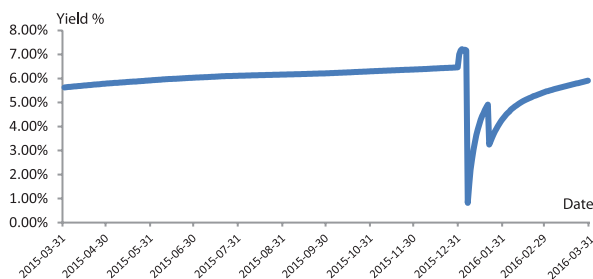
The assets under management of Assetline Income Fund (AINF) had grown to Rs.6.7bn by the financial year end March 31, 2016. This is an increase of 86% against the Rs.3.6bn assets under management at March 31, 2015. The Year-to-date (YTD) return of the Fund stood at 5.93% p.a. for the period ending March 31, 2016. The number of unitholders have also increased considerably during the financial year to 1,270 compared to 564 accounts at the end of the last financial year.

During the initial nine months of the financial year, investments were spread over different maturities in corporate debt investments up to a tenor of one year to increase the return of the Fund.

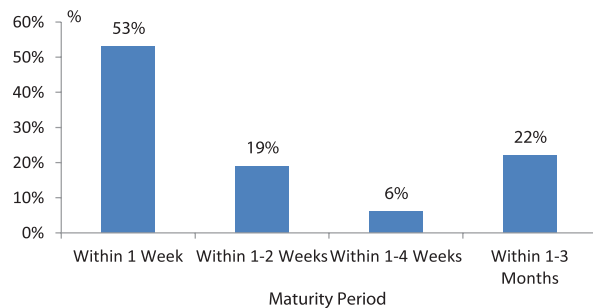
However, with the Central Bank policy decisions to increase interest rates in February 2016 and the then prevailing market conditions, the investment strategy was changed to a more conservative approach. The resulting temporary exit from corporate debt investments resulted in a drop in returns of the Fund. As such, all investments were routed to government security backed instruments where short positions were held to capitalize on the gradual increases in interest rates.

The Fund's investments were, at all times, carried out as per the Fund's prevalent investment strategy which was reviewed periodically.

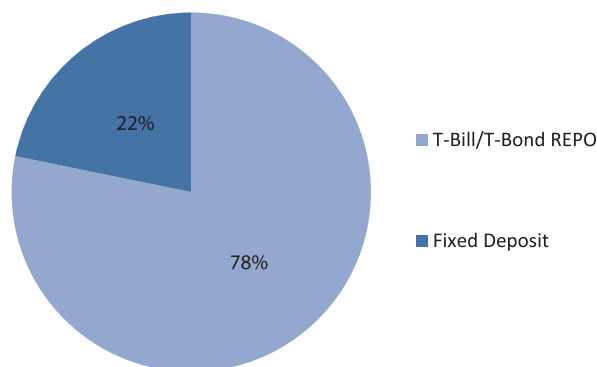
YTD Yield Movement



Maturity Profile- As at March 31, 2016



**Fixed Income Instrument-wise Breakdown
- As at March 31, 2016**





**Independent Auditors' Report
To the Unitholders of Assetline Income Fund**

Report on the Financial Statements

1. We have audited the accompanying financial statements of Assetline Income Fund, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, changes in unitholders' funds and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out in pages 12 to 27.

Management's Responsibility for the Financial Statements

2. Management of Assetline Capital (Private) Limited, the Managers of the fund, is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards (SLFRS's and LKAS's), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the management's preparation of financial statements that give a true and fair view 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 management company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the financial statements give a true and fair view of the financial position of Assetline Income Fund as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards (SLFRS's and LKAS's).

Report on Other Legal and Regulatory Requirements

5. These financial statements also comply with the requirements of Sections 151 (2) of the Companies Act, No. 07 of 2007, the Unit Trust Deed and the Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

5 July 2016
COLOMBO

PricewaterhouseCoopers
CHARTERED ACCOUNTANTS

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T: +94 (11) 771 9700, 771 9838, F: +94 (11) 230 3197, www.pwc.com/lk*

**Partners Y. Kanagasabai FCA, D.T.S.H. Mudalige FCA, C.S. Manoharan FCA, N.R. Gunasekera FCA,
S. Gajendran FCA, Ms. S. Hadgie FCA, Ms. S. Perera ACA, T.U. Jayasinghe ACA**

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Assetline Income Fund

Statement of profit or loss and comprehensive income (all amounts in Sri Lanka Rupees)

	Notes	For the Year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Income			
Interest income from loans and receivables	4	507,392,948	84,499,682
Total net investment income		507,392,948	84,499,682
Expenses			
Management fee	10 (g)	(41,166,631)	(7,540,822)
Trustee and custodian fee	10 (g)	(16,151,400)	(3,119,803)
Audit fee		(226,100)	(154,191)
Professional fee		(67,253)	(104,720)
Other operating expenses		(228,784)	(86,215)
Total operating expenses		(57,840,168)	(11,005,751)
Net operating profit		449,552,780	73,493,931
Finance cost			
Interest expenses		Nil	Nil
Profit after deductions and before tax		449,552,780	73,493,931
Income tax expense	5	(43,250,899)	(5,532,503)
Increase in net assets attributable to unitholders	8	406,301,881	67,961,428

Notes on pages 16 to 27 form an integral part of these financial statements
Report of the independent auditors' on page 11

Assetline Income Fund

Statement of financial position (all amounts in Sri Lanka Rupees)

		As at 31 March	
	Notes	2016	2015
ASSETS			
Current assets			
Cash and cash equivalents	6	1,882,850	920,093
Loans and receivables	7	6,799,173,798	3,650,470,649
Income tax receivables		9,142,265	8,906,232
Total assets		6,810,198,913	3,660,296,974
LIABILITIES			
Current liabilities			
Accrued expenses and other payables		5,597,879	8,015,448
Liabilities (excluding net assets attributable to unitholders)		5,597,879	8,015,448
UNITHOLDERS' FUNDS			
Net assets attributable to unitholders	8	6,804,601,034	3,652,281,526
Total unitholders' fund and liabilities		6,810,198,913	3,660,296,974

These Financial Statements were approved by the Management Company and adopted by the Trustee.


.....
Director
Management Company


.....
Director
Management Company

DEUTSCHE BANK AG
Colombo Branch

.....
Trustee
Authorized Signatories
Trustee

Date 05 July 2016

Notes on pages 16 to 27 form an integral part of these financial statements
Report of the independent auditors' on page 11

Assetline Income Fund

Statement of changes in unitholders' funds (all amounts in Sri Lanka Rupees)

	Notes	For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Unitholders' funds at beginning of the year / period		3,652,281,526	Nil
Increase in net assets attributable to unitholders		406,301,881	67,961,428
Received on unit creations		7,456,613,615	3,688,412,086
Distributions to unitholders		Nil	Nil
Paid on unit redemptions		(4,710,595,988)	(104,091,988)
Unitholders' funds at end of the year / period	8	6,804,601,034	3,652,281,526

Notes on pages 16 to 27 form an integral part of these financial statements
Report of the independent auditors' on page 11

Assetline Income Fund
Statement of cash flows
 (all amounts in Sri Lanka Rupees)

	Notes	For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Cash flows from operating activities			
Proceeds from sale of loans and receivables		65,461,905,498	18,391,200,524
Purchase of loans and receivables		(68,554,436,419)	(22,023,154,619)
Interest received		451,220,720	57,076,896
Management fees paid		(38,966,563)	(5,873,246)
Other expenses paid		(64,778,106)	(2,649,560)
Net cash outflow from operating activities		(2,745,054,870)	(3,583,400,005)
Cash flows from financing activities			
Proceeds from subscription by unitholders	8	7,456,613,615	3,688,412,086
Payments for redemptions by unitholders	8	(4,710,595,988)	(104,091,988)
Net cash from financing activities		2,746,017,627	3,584,320,098
Net increase in cash and cash equivalents		962,757	920,093
Cash and cash equivalents at beginning of the year / period		920,093	Nil
Net increase in cash and cash equivalents		962,757	920,093
Cash and cash equivalents at end of the year / period	6	1,882,850	920,093

Notes on pages 16 to 27 form an integral part of these financial statements
 Report of the independent auditors' on page 11

Assetline Income Fund

Notes to the financial statements

(All amounts in notes are shown in Sri Lanka Rupees unless otherwise stated)

1 General information

Under Section 31 of the Securities and Exchange Commission of Sri Lanka, Act No.36 of 1987 as amended by the Act No. 26 of 1991 and the Act No. 18 of 2003, the Securities and Exchange Commission of Sri Lanka granted a license to operate the Assetline Income Fund ('the Fund') to Assetline Capital (Private) Limited (the 'Management Company') on 17 June 2014. The Fund commenced its commercial operations on 11 July 2014. The registered office of the Management Company is located at No 75, Hyde Park Corner, Colombo 2.

The primary investment objective of the Fund would be to maximize the total return of the Fund and provide an investment vehicle for investors with short term investment horizon by carefully investing in fixed income securities which include fixed deposits, trust receipts, certificate of deposits, loans, unlisted corporate debt, government securities, repurchase agreements and other money market securities with tenures less than 1 year.

The Fund's investment activities are managed by Assetline Capital (Private) Limited.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

2.1 Basis of preparation

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

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

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for net assets attributable to unitholders.

2.2 Compliance with Sri Lanka Financial Reporting Standards

These financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) which are effective from 1 January 2012.

2.3 Financial Instruments

The Fund's principal financial assets comprise loans and receivables and cash and cash equivalents. The main purpose of these financial instruments is to generate a return on the investment made by unitholders. The Funds' principal financial liabilities comprise accrued expenses and other payables which arise directly from its operations.

In accordance with LKAS 39; Financial Instruments: Recognition and Measurement, the Fund's Non-derivative financial assets with fixed or determinable payments and maturities and interest receivables are classified as 'loans and receivables'. The amount attributable to unitholders is classified as equity and is carried at the redemption amount being net asset value. Payables are designated as 'other financial liabilities' at amortised cost.

(a) Classification

The Fund's investments are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted on an active market. They comprise of repurchase agreements, fixed deposits, commercial paper, treasury bill and trust certificates and interest receivable.

(b) Recognition / derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date).

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or expired.

Assetline Income Fund

Notes to the financial statements (Contd)

2 Summary of significant accounting policies (Contd)

2.3 Financial Instruments (Contd)

(c) Measurement Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.4 Net assets attributable to unitholders

Unitholders' funds have been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities as at the statement of financial position date.

Units can be issued and redeemed based on the fund's net asset value per unit, calculated by dividing the net assets of the fund in accordance with the valuation guidelines issued by the Unit trust Association of Sri Lanka and approved by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.

Distribution to unitholders is recognised in the statement of changes in unitholders funds. Income not distributed is included in net assets attributable to unitholders.

2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and the bank overdraft. The Bank overdrafts are shown in the borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities.

2.6 Investment income

Interest income is recognised in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

2.7 Expenses

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

The management participation fees of the fund are as follows:

- Management Fee -
0.65% of Net Asset Value of the Fund
- Trustee Fee -
0.225% of Net Asset Value of the Fund
- Custodian Fee -
Flat Fee of Rs 25,000 per month

Assetline Income Fund

Notes to the financial statements (Contd)

2 Summary of significant accounting policies (Contd)

2.8 Income tax

"The charge for taxation is based on the results for the period as adjusted for disallowable items. The current tax liabilities are provided for in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and subsequent amendments thereto."

2.9 Distributions

In accordance with the trust deed, the Fund distributes income adjusted for amounts determined by the Assetline Capital (Private) Limited, to unitholders by cash or reinvestment. The distributions are recognised in statement of changes in unitholders' funds.

2.10 Receivables

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(6) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables are recognised and carried at amortised cost, less a provision for any uncollectable debts. An estimate for doubtful debt is made when collection of an amount is no longer probable.

Collectability of receivables are reviewed on an ongoing basis at an individual portfolio level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Fund will not be able to collect the receivable. Financial difficulties of the debtor, default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

2.11 Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Deed.

2.12 Subscriptions and redemptions

Subscriptions received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

2.13 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 March 2016 reporting period and have not been early adopted by the Fund.

(i) SLFRS 9 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of SLFRS 9 was issued in July 2014. It replaces the guidance in LKAS 39 that relates to the classification and measurement of financial instruments. SLFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in LKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under LKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

(ii) SLFRS 15 establish has a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. This standard is e active for the annual periods beginning on or after 01 January 2017.

Assetline Income Fund

Notes to the financial statements (Contd)

3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's investment policy. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the Management Company under policies approved by the Investment Advisory Panel of the responsible entity. The Management Company provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, the use of non-derivative financial instruments and the investment of excess liquidity.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

3.1.1 Market risk

(a) Price risk

The Fund is not exposed to equity price risk since there are no investments in equity securities.

(b) Foreign exchange rate risk

The Fund is not exposed to the fluctuations in exchange rates. The Fund's all investments and transactions are denominated in LKR.

(c) Cash flow and fair value interest rate risk

"The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk."

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

"The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis in Note 3.2 may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates."

The table below summarises the Fund's exposure to interest rate risks.

	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
As at 31 March 2016				
Financial assets				
Cash and cash equivalents (Note 6)	Nil	Nil	1,882,850	1,882,850
Loans and receivables (Note 7)	Nil	6,799,173,798	Nil	6,799,173,798
Financial liabilities				
Accrued expenses and other payables	Nil	Nil	(5,597,879)	(5,597,879)
Net exposure	Nil	6,799,173,798	(3,715,029)	6,795,458,769
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
As at 31 March 2015				
Financial assets				
Cash and cash equivalents (Note 6)	Nil	Nil	920,093	920,093
Loans and receivables (Note 7)	Nil	3,650,470,649	Nil	3,650,470,649
Financial liabilities				
Accrued expenses and other payables	Nil	Nil	(8,015,448)	(8,015,448)
Net exposure	Nil	3,650,470,649	(7,095,355)	3,643,375,294

Assetline Income Fund

Notes to the financial statements (Contd)

3 Financial risk management

3.2 Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements

in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and / or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

Change in interest rate of the loans and receivables

-	+1%
-	- 1%

3.3 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents, other receivable balances.

Debt securities by rating category

AAA
A
A-
AA-
BBB+
BBB
BBB-

Total

3.4 Liquidity risk

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

The Fund is exposed to daily cash redemptions of redeemable units. Its policy is therefore to invest the majority of its assets in investments that are

Impact on operating profit / net assets attributable to unitholders Interest rate risk

2016	2015
64,384,239	28,811,027
(64,384,239)	(28,811,027)

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

(a) Debt securities

The Fund invests in debt securities which have a minimum credit rating of BBB- as designated by reputed rating agencies. An analysis of debt by rating is set out in the table below.

2016	2015
78%	7%
Nil	10%
11%	44%
Nil	12%
1%	12%
5%	12%
5%	3%
100%	100%

traded in an active market and can be readily disposed.

The Fund has the ability to borrow in the short term to ensure settlement. No such borrowings have arisen during the year.

In accordance with the Fund's policy, the Management Company monitors the Fund's liquidity position on a daily basis.

Assetline Income Fund

Notes to the financial statements (Contd)

4 Interest income from loans and receivables

	For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Interest income from loans and receivables:		
Interest on repurchase agreements	108,912,519	20,593,469
Interest on fixed deposits	237,837,191	23,175,248
Interest on commercial paper	152,700,149	39,681,247
Interest on treasury bills	390,467	485,730
Interest on trust certificate	7,183,997	563,988
Interest on treasury bonds	368,625	Nil
	507,392,948	84,499,682

5 Income tax expense

	For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Current tax on profits for the year	43,250,899	5,532,503
	43,250,899	5,532,503

6 Cash and cash equivalents

	2016	2015
Cash at bank	1,882,850	920,093

7 Loans and receivables

	2016	2015
- Interest receivable from:		
Repurchase agreements	8,442,585	845,781
Fixed deposits	66,246,198	6,195,765
Commercial paper	Nil	11,075,235
Treasury bills	Nil	375,380
Trust certificate	Nil	24,394
- Repurchase agreements [See Note (a) below]	5,259,485,015	626,092,001
- Fixed deposits [See Note (b) below]	1,465,000,000	792,366,968
- Commercial paper	Nil	2,042,238,263
- Treasury bills	Nil	49,273,200
- Trust certificate	Nil	121,983,662
Total loans and receivables	6,799,173,798	3,650,470,649

Assetline Income Fund
Notes to the financial statements (Contd)

(a) Loans and receivables: Repurchase agreements

2016	Maturity date	Cost	Market value	Interest rate
Commercial Bank of Ceylon PLC	6-Apr-16	1,137,017,963	1,137,017,963	8.10%
Commercial Bank of Ceylon PLC	11-Apr-16	465,386,106	465,386,106	8.20%
DFCC Bank PLC	12-Apr-16	446,347,368	446,347,368	8.20%
DFCC Bank PLC	4-Apr-16	327,929,847	327,929,847	7.85%
DFCC Bank PLC	7-Apr-16	873,303,731	873,303,731	8.00%
Hatton National Bank PLC	15-Apr-16	432,000,000	432,000,000	8.20%
Hatton National Bank PLC	1-Apr-16	477,000,000	477,000,000	7.75%
Hatton National Bank PLC	7-Apr-16	714,500,000	714,500,000	8.15%
Hatton National Bank PLC	11-Apr-16	386,000,000	386,000,000	8.20%
		5,259,485,015	5,259,485,015	

Assetline Income Fund

Notes to the financial statements (Contd)

7 Loans and receivables (Contd)

(a) Loans and receivables: Repurchase agreements
(Contd)

2015	Maturity date	Cost	Market value	Interest rate
DFCC Vardhana Bank PLC	26-May-15	166,640,163	166,640,163	7.50%
DFCC Vardhana Bank PLC	16-Apr-15	20,000,000	20,000,000	7.25%
DFCC Vardhana Bank PLC	7-Apr-15	199,866,609	199,866,609	7.25%
DFCC Vardhana Bank PLC	6-Apr-15	26,470,016	26,470,016	7.25%
Nat Wealth Securities Limited	7-Apr-15	74,000,000	74,000,000	6.60%
Nat Wealth Securities Limited	2-Apr-15	32,141,314	32,141,314	6.75%
Pan Asia Banking Corporation PLC	1-Apr-15	100,000,000	100,000,000	6.45%
Entrust Securities PLC	2-Apr-15	6,973,899	6,973,899	6.60%
		626,092,001	626,092,001	

(b) Loans and receivables: Fixed deposit

2016	Maturity date	Cost	Market value	Interest rate
Citizens Development Business Finance PLC	27-May-16	150,000,000	150,000,000	9.00%
Citizens Development Business Finance PLC	10-Jun-16	200,000,000	200,000,000	9.75%
LB Finance PLC	26-May-16	175,000,000	175,000,000	8.75%
LB Finance PLC	16-Jun-16	150,000,000	150,000,000	8.70%
LB Finance PLC	23-Jun-16	100,000,000	100,000,000	8.70%
LB Finance PLC	10-Jun-16	140,000,000	140,000,000	9.75%
LB Finance PLC	1-Jun-16	200,000,000	200,000,000	9.85%
Pan Asia Banking Corporation PLC	21-May-16	100,000,000	100,000,000	8.25%
Richard Pieris Arpico Finance Limited	2-Jun-16	250,000,000	250,000,000	9.75%
		1,465,000,000	1,465,000,000	

Assetline Income Fund
Notes to the financial statements (Contd)

2015	Maturity date	Cost	Market value	Interest rate
SANASA Development Bank PLC	2-Mar-16	207,500,000	207,500,000	9.00%
Mercantile Investments and Finance PLC	25-Sep-15	50,000,000	50,000,000	7.69%
Commercial Leasing & Finance PLC	26-Jun-15	200,000,000	200,000,000	8.10%
Commercial Leasing & Finance PLC	8-Jun-15	60,000,000	60,000,000	7.50%
Commercial Leasing & Finance PLC	21-May-15	8,015,000	8,015,000	7.60%
Commercial Leasing & Finance PLC	15-May-15	81,851,968	81,851,968	6.80%
Pan Asia Banking Corporation PLC	6-May-15	150,000,000	150,000,000	7.00%
LB Finance PLC	20-Apr-15	10,000,000	10,000,000	7.25%
LB Finance PLC	1-Apr-15	25,000,000	25,000,000	7.25%
		792,366,968	792,366,968	

Market value for Loans and receivables are based on the market rate prevailed in money market.

8 Net assets attributable to unit Holders

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

	Number of units	Net assets attributable to unitholders
Opening balance	Nil	Nil
Subscriptions	360,947,945	3,688,412,086
Redemptions	(10,116,049)	(104,091,988)
Increase in net assets attributable to unitholders	Nil	67,961,428
At 31 March 2015	350,831,896	3,652,281,526
Opening balance	350,831,896	3,652,281,526
Subscriptions	697,146,910	7,456,613,615
Redemptions	(434,755,383)	(4,710,595,988)
Increase in net assets attributable to unitholders	Nil	406,301,881
At 31 March 2016	613,223,423	6,804,601,034

Assetline Income Fund

Notes to the financial statements (Contd)

8 Net assets attributable to unit holders (Contd)

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

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily

basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

Daily Subscriptions and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company. Under the terms of the Unit Trust Code, the responsible entity has the discretion to reject an application for units and to defer a redemption of units if the exercise of such discretion is in the best interests of unitholders.

9 Remuneration of auditors

During the year / period, the following fees were paid or payable for services provided by the auditor of the Fund:

		For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Audit and other assurance services			
	Audit of financial statements	154,000	140,000
Total remuneration for audit and other assurance services		154,000	140,000
Taxation services			
	Tax compliance services	60,500	55,000
Total remuneration for taxation services		60,500	55,000

It is the Fund's policy to employ Price water house Coopers on assignments additional to their statutory duties where PricewaterhouseCoopers's expertise and experience with the Fund are important. These assignments are principally tax compliance services or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Fund's policy to seek competitive tenders for all major consulting projects.

10 Related-party transactions

a) Responsible entity

The responsible entity of Assetline Income Fund is Assetline Capital (Private) Limited.

b) Key management personnel

i) Directors

Key management personnel includes persons who were directors of Assetline Capital (Private) Limited at any time during the financial year.

- Mr. S.D.R.B. Ekanayake (Managing Director)
- Mr. W.S.K. De Silva
- Mr. D.M.R.K. Dissanayake

ii) Other key management personnel

There were no other key management persons other than persons given in 10 [b (i)] above with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial year.

Assetline Income Fund

Notes to the financial statements (Contd)

10 Related-party transactions (Contd)

c) Key management personnel unitholdings

The key management personnel of Assetline Capital (Private) Limited held units in the Fund as follows:

31 March 2016

Unitholder	No of units held opening	No of units held closing	Fair value of investment	Dividend paid or payable by the fund
Mr. A.Y.D. De Silva	115,256	96,041	1,064,580	Nil
Mr. J.D. Kohombanwickramage	199	1,773	19,650	Nil

d) Key management personnel compensation

Key management personnel are paid by Assetline Capital (Private) Limited. Payments made from the Fund to Assetline Capital (Private) Limited do not include any amounts directly attributable to the compensation of key management personnel.

e) Other transactions within the Fund

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

key management personnel's interest existing at year end.

f) Related party unitholding

The Management Company of the Fund did not hold any units in the Fund. DPMC Assetline Holdings (Private) Limited, the immediate parent company of the Management Company, David Pieris Motor Company Limited, the ultimate parent company of the Management Company and other related parties of the Management Company, held units in the Fund as follows:

31 March 2016

Unitholder	No of units held opening	No of units held closing	Fair value of investment	Dividend paid or payable by the fund
David Pieris Motor Company Limited	19,977,625	2,688,395	29,799,784	Nil
DPMC Assetline Holdings (Private) Limited	66,522,250	3,494,687	38,737,207	Nil

Other related parties:

Assetline Corporate Services (Private) Limited	359,924	16,230	179,905	Nil
Assetline Insurance Brokers Limited	522,004	13,588,420	150,622,196	Nil
David Pieris Motor Company (Lanka) Limited	187,848,709	586,617,730	6,502,422,886	Nil
DP Global Ventures (Private) Limited	295,194	679,200	7,528,664	Nil
Assetline Securities (Private) Limited	Nil	471,769	5,229,375	Nil
David Pieris Trust	47,947,400	Nil	Nil	Nil
MR: David Percival Pieris	15,166,440	Nil	Nil	Nil

Assetline Income Fund

Notes to the financial statements (Contd)

g) Transactions with and amounts due to related parties

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

	Charge for the year ended 31 March 2016	Charge for the period from 11 July 2014 to 31 March 2015	Balance outstanding 31 March 2016	Balance outstanding 31 March 2015
Management fees	41,166,631	7,540,822	3,867,644	1,667,576
Trustee and custodian fees	16,151,400	3,119,803	1,358,083	595,698
	57,318,031	10,660,625	5,225,727	2,263,274

11 Contingent assets and liabilities and commitments

There were no material contingent liabilities at the statement of financial position date.

12 Events occurring after the reporting period

No significant events have occurred since the end of the reporting year which would impact on the financial position of the Fund disclosed in the statement of financial position as at 31 March 2016 or on the results and cash flows of the Fund for the year ended on that date.

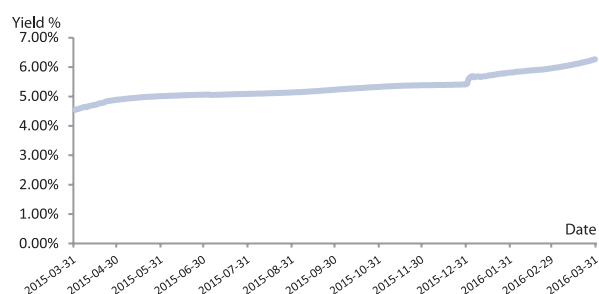
Fund Report of Assetline Gilt Edged Fund

Fund Performance – Assetline Gilt Edged Fund

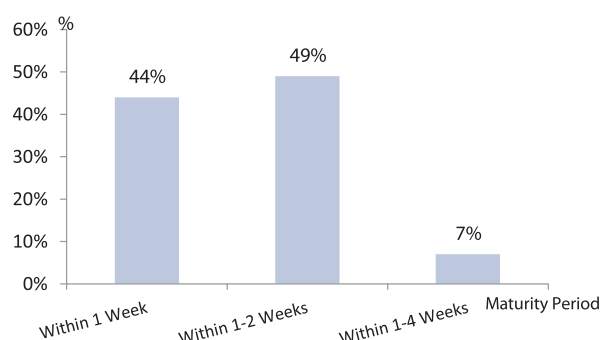
Assetline Gilt Edged Fund (AGEF) recorded impressive growth in terms of its asset base during the financial year ended March 31, 2016. The assets under management stood at Rs.16.3bn by the financial year end March 31, 2016 compared to Rs.190mn as at March 31, 2015. The Year-to-date (YTD) return of the Fund stood at 6.30% p.a. for the period. The number of unitholders has also increased considerably to 457 compared to 61 at the end of the last financial year.

The Fund's investments were placed mainly in government security backed REPOs while the investment tenors were maintained very short to capitalize on the increase in market interest rates. Outright purchases of government securities were not carried out, particularly during the latter part of the financial year, to limit the negative impact on the Fund's return from the rise in market interest rates.

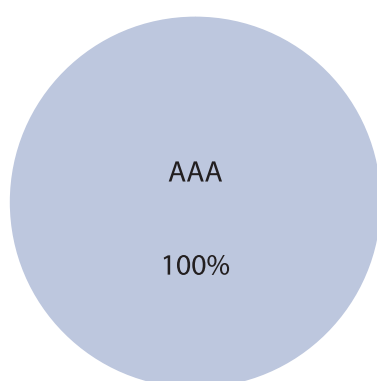
YTD Yield Movement



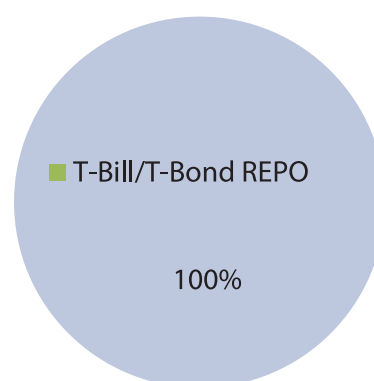
Maturity Profile - As at March 31, 2016



Credit Profile - As at March 31, 2016



Fixed Income Instrument-wise Breakdown -As at March 31, 2016





Independent Auditors' Report To the Unitholders of Assetline Gilt Edged Fund

Report on the Financial Statements

- 1 We have audited the accompanying financial statements of Assetline Gilt Edged Fund, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, changes in unitholders' funds and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out in pages 31 to 48.

Management's Responsibility for the Financial Statements

- 2 Management of Assetline Capital (Private) Limited, the Managers of the Fund, is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, (SLFRS's and LKAS's) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

- 3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the management's preparation of financial statements that give a true and fair view 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 management company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

- 6 In our opinion the financial statements give a true and fair view of the financial position of Assetline Gilt Edged Fund as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards (SLFRS's and LKAS's).

Report on Other Legal and Regulatory Requirements

- 7 These financial statements also comply with the requirements of Sections 151 (2) of the Companies Act, No. 07 of 2007, the Unit Trust Deed and the Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

5 July 2016
COLOMBO

CHARTERED ACCOUNTANTS

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S. Gajendran FCA, Ms. S. Hadgie FCA, Ms. S. Perera ACA, T.U. Jayasinghe ACA

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Assetline Gilt Edged Fund

Statement of profit or loss and comprehensive income (all amounts in Sri Lanka Rupees)

		For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
	Notes		
Income			
Interest income from financial assets not held at fair value through profit or loss	5	297,961,418	6,003,987
Net gains on financial assets held at fair value through profit or loss	6	880,949	1,872,770
Total net investment income		298,842,367	7,876,757
Expenses			
Management fee	13 (g)	(19,402,504)	(585,844)
Trustee and custodian fee	13 (g)	(8,087,154)	(477,382)
Audit fees		(224,890)	(155,401)
Other operating expenses		(287,053)	(121,195)
Total operating expenses		(28,001,601)	(1,339,822)
Net operating profit		270,840,766	6,536,935
Finance cost			
Interest expenses		Nil	Nil
Profit after deductions and before tax		270,840,766	6,536,935
Income tax expense	7	(27,092,822)	(656,776)
Increase in net assets attributable to unitholders	11	243,747,944	5,880,159

Notes on pages 35 to 48 form an integral part of these financial statements
Report of the independent auditors' on page 30

Assetline Gilt Edged Fund
Statement of financial position
(all amounts in Sri Lanka Rupees)

		As at 31 March	
	Notes	2016	2015
ASSETS			
Current assets			
Cash and cash equivalents	8	860,315	81,104
Loans and receivables	9	16,336,728,415	135,131,022
Financial assets held at fair value through profit or loss	10	Nil	55,678,455
Income tax receivables		2,937,227	148,895
Total assets		16,340,525,957	191,039,476
LIABILITIES			
Current liabilities			
Accrued expenses and other payables		10,078,782	296,862
Liabilities (excluding net assets attributable to unitholders)		10,078,782	296,862
UNITHOLDERS' FUNDS			
Net assets attributable to unitholders	11	16,330,447,175	190,742,614
Total unitholders' funds and liabilities		16,340,525,957	191,039,476

These Financial Statements were approved by the Management Company and adopted by the Trustee.


.....
Director
Management Company


.....
Director
Management Company

DEUTSCHE BANK AG
Colombo Branch

.....
Trustee
Authorized Signatories
Trustee

Date 05 July 2016
.....

Notes on pages 35 to 48 form an integral part of these financial statements
Report of the independent auditors' on page 30

Assetline Gilt Edged Fund

Statement of changes in unitholders' funds (all amounts in Sri Lanka Rupees)

		For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Unitholders' funds at beginning of the year / period		190,742,614	Nil
Increase in net assets attributable to unitholders		243,747,944	5,880,159
Received on unit creations		28,731,733,004	185,262,500
Distribution to unitholders		Nil	Nil
Paid on unit redemptions		(12,835,776,387)	(400,045)
Unitholders' funds at end of the year / period	11	16,330,447,175	190,742,614

Notes on pages 35 to 48 form an integral part of these financial statements
Report of the independent auditors' on page 30

Assetline Gilt Edged Fund
Statement of cash flows
(all amounts in Sri Lanka Rupees)

		For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
	Notes		
Cash flows from operating activities			
Proceeds from sale of financial assets at fair value through profit or loss		55,709,280	Nil
Purchase of financial assets at fair value through profit or loss		Nil	(55,709,280)
Proceeds from sale of loans and receivables		99,276,647,320	3,214,132,174
Purchase of loans and receivables		(115,459,678,458)	(3,347,328,101)
Interest received		250,364,133	5,166,816
Management fees paid		(12,449,320)	(505,096)
Other expenses paid		(5,770,361)	(537,864)
Net cash outflow from operating activities		(15,895,177,406)	(184,781,351)
Cash flows from financing activities			
Proceeds from subscription by unitholders	11	28,731,733,004	185,262,500
Payment for redemption by unitholders	11	(12,835,776,387)	(400,045)
Net cash from financing activities		15,895,956,617	184,862,455
Net increase in cash and cash equivalents		779,211	81,104
Cash and cash equivalents at beginning of the year / period		81,104	Nil
Net increase in cash and cash equivalents		779,211	81,104
Cash and cash equivalents at end of the year / period	8	860,315	81,104

Notes on pages 35 to 48 form an integral part of these financial statements
Report of the independent auditors' on page 30

Assetline Gilt Edged Fund

Notes to the financial statements

(All amounts in notes are shown in Sri Lanka Rupees unless otherwise stated)

1 General information

Under Section 31 of the Securities and Exchange Commission of Sri Lanka, Act No.36 of 1987 as amended by the Act No. 26 of 1991 and the Act No. 18 of 2003, the Securities and Exchange Commission of Sri Lanka granted a license to operate the Assetline Gilt edged Fund ('the Fund') to Assetline Capital (Private) Limited (the 'Management Company') on 17 June 2014. The Fund commenced its commercial operations on 11 July 2014. The registered office of the Management Company is located at No 75, Hyde Park Corner, Colombo 2.

The objective of the Fund is to provide a secure investment vehicle, with a steady growth, that caters to the different investment horizons of the unit holders. The Fund aims to achieve this objective by investing in government securities minimizing the risk to the unit holder.

The Fund's investment activities are managed by Assetline Capital (Private) Limited.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period presented, unless otherwise stated.

2.1 Basis of preparation

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

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

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders.

2.2 Compliance with Sri Lanka Financial Reporting Standards

These financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) which are effective from 1 January 2012.

2.3 Financial Instruments

The Fund's principal financial assets comprise assets held at fair value through profit and loss, loans and receivables and cash and cash equivalents. The main purpose of these financial instruments is to generate a return on the investment made by unitholders. The Funds' principal financial liabilities comprise accrued expenses and other payables which arise directly from its operations.

In accordance with LKAS 39; Financial Instruments: Recognition and Measurement, the Fund's investments in repurchase agreements and interest receivables are classified as 'loans and receivables'. Treasury bills / bonds are classified as fair value through profit and loss. The amount attributable to unitholders is classified as equity and is carried at the redemption amount being net asset value. Payables are designated as 'other financial liabilities' at amortised cost.

(a) Classification

The Fund's investments are classified as fair value through profit or loss and loans and receivables. They comprise:

- Financial assets designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in treasury bills, treasury bonds and any other government or central bank securities or securities guaranteed by the government of Sri Lanka.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the responsible entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted on an active market. Loans and receivables in the statement of financial position comprise of repurchase agreements

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

2 Summary of significant accounting policies (Contd)

2.3 Financial Instruments (Contd)

(b) Recognition / derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities at fair value through profit or loss are derecognised when the obligation specified in the contract is discharged or expired.

(c) Measurement

Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains / (losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Further details on how the fair values of financial instruments are determined are disclosed in Note 4.

Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end

of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.4 Net assets attributable to unitholders

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 unitholders, as at the statement of financial position date.

Units can be issued and redeemed based on the fund's net asset value per unit, calculated by dividing the net assets of the fund in accordance with the valuation guidelines issued by the Unit trust Association of Sri Lanka and approved by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.

Distribution to unit holders is recognised in the statement of changes in unitholders' funds. Income not distributed is included in net assets attributable to unitholders.

2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, at bank and bank overdrafts. Bank overdrafts are shown within borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities.

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

2 Summary of significant accounting policies (Contd)

2.6 Investment income

Interest income is recognised in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2.3.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

2.7 Expenses

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

The management participation fees of the fund are as follows:

Management Fee -	0.5% of Net Asset Value of the Fund
Trustee Fee -	0.18% of Net Asset Value of the Fund
Custodian Fee -	Flat Fee of Rs 25,000 per month

2.8 Income tax

"The charge for taxation is based on the results for the period as adjusted for disallowable items. The current tax liabilities is provided for in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and subsequent amendments thereto."

2.9 Distributions

In accordance with the trust deed, the Fund distributes income adjusted for amounts determined by the Assetline Capital (Private) Limited, to unitholders by cash or reinvestment.

The distributions are recognised in statement of changes in unitholders' funds.

2.10 Receivables

Receivables may include amounts for interest from government securities. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2.6 above.

Receivables are recognised and carried at amortized cost, less a provision for any uncollectable debts. An estimate for doubtful debt is made when collection of an amount is no longer probable.

Collectability of receivables is reviewed on an ongoing basis at an individual portfolio level, individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Fund will not be able to collect the receivable. Financial difficulties of the debtor, default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

2.11 Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Deed.

2.12 Subscriptions and redemptions

Subscriptions received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

2.13 Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For more information on how fair value is calculated please see Note 4 to the financial statements.

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

2 Summary of significant accounting policies (Contd)

2.14 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 March 2016 reporting period and have not been early adopted by the Fund.

(i) SLFRS 9 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of SLFRS 9 was issued in July 2014. It replaces the guidance in LKAS 39 that relates to the classification and measurement of financial instruments. SLFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in LKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under LKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

(ii) SLFRS 15 establish has a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. This standard is e effective for the annual periods beginning on or after 01 January 2017.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's investment policy. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the Management Company under policies approved by investment advisory panel of the responsible entity. It provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, the use of non-derivative financial instruments and the investment of excess liquidity.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

(a) Price risk

The Fund is not exposed to equity price risk since there are no investments in equity securities.

(b) Cash flow and fair value interest rate risk

"The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk."

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

"The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis in Note 3.2 may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates."

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

3 Financial risk management (Contd)

3.1 Market risk

The table below summarises the Fund's exposure to interest rate risks.

31 March 2016	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Cash and cash equivalents (Note 8)	Nil	Nil	860,315	860,315
Loans and receivables (Note 9)	Nil	16,316,227,065	20,501,350	16,336,728,415
Financial liabilities				
Accrued expenses and other payables	Nil	Nil	(10,078,782)	(10,078,782)
Net exposure	Nil	16,316,227,065	11,282,883	16,327,509,948

31 March 2015	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Cash and cash equivalents (Note 8)	Nil	Nil	81,104	81,104
Loans and receivables (Note 9)	Nil	133,195,927	1,935,095	135,131,022
Financial assets held at fair value - through profit and loss (Note 10)	Nil	55,678,455	Nil	55,678,455
Financial liabilities				
Accrued expenses and other payables	Nil	Nil	(296,862)	(296,862)
Net exposure	Nil	188,874,382	1,719,337	190,593,719

3.2 Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual

movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and / or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

		Impact on operating profit / net assets attributable to unit holder	
		Interest rate risk	
		2016	2015
Change in interest rate of the Fund's investment			
-	+1%	159,480,548	1,769,589
-	- 1%	(159,480,548)	(1,769,589)

3.3 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents, other receivable balances.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's credit position on a daily basis; the Board of Directors reviews it on a quarterly basis.

(a) Debt securities

The Fund invests in debt securities which have a minimum credit rating of BBB- as designated by reputed rating agencies. An analysis of debt by rating is set out in the table below.

Debt securities by rating category

AAA

2016	2015
100%	100%

3 Financial risk management (Contd)

3.4 Liquidity risk

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

The Fund is exposed to daily cash redemptions of redeemable units. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed.

The Fund has the ability to borrow in the short term to ensure settlement. No such borrowings have arisen during the year.

In accordance with the Fund's policy, the Management Company monitors the Fund's liquidity position on a daily basis.

4 Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss (FVTPL) (See Note 10)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

SLFRS 13 requires disclosure of fair value measurements by level of the following fair value hierarchy;

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

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

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

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.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

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 or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Recognised fair value measurements

The following table presents the Fund's assets and liabilities measured and recognised at fair value as at 31 March 2016

At 31 March 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets designated at fair value through profit or loss:				
<i>Treasury bills</i>	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil

At 31 March 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets designated at fair value through profit or loss:				
<i>Treasury bills</i>	55,678,455	Nil	Nil	55,678,455
Total	55,678,455	Nil	Nil	55,678,455

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

5 Interest income from financial assets not held at fair value through profit or loss

	For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Interest income from loans and receivables:		
Interest on repurchase agreements	297,961,418	6,003,987

6 Net gains on financial assets held at fair value through profit or loss

Net gains recognised in relation to financial assets held at fair value through profit or loss:

	For the year ended March 2016	For the period from 11 July 2014 to 31 March 2015
Net gains on financial assets designated at fair value through profit or loss	880,949	1,872,770
Net realised gains on financial assets at fair value through profit and loss [See Note (a) below]	880,949	1,903,595
Net unrealised realised losses on financial assets at fair value through profit or loss	Nil	(30,825)
	880,949	1,872,770

(a) Net realised gains on financial assets at fair value through profit and loss wholly consist of interest on treasury bills.

Assetline Gilt Edged Fund
Notes to the financial statements (Contd)

7 Income tax expense

	For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Current tax on profits for the year	27,084,077	656,776
Under provision for income tax in respect of prior year	8,745	Nil
	27,092,822	656,776

8 Cash and cash equivalents

	31 March 2016	31 March 2015
Cash at bank	860,315	78,104
Cash in hand	Nil	3,000
	860,315	81,104

9 Loans and receivables

	31 March 2016	31 March 2015
Repurchase agreements [See Note (a) below]	16,316,227,065	133,195,927
Interest receivable from:		
Repurchase agreements	20,501,350	232,872
Treasury bills	Nil	1,702,223
	16,336,728,415	135,131,022

Assetline Gilt Edged Fund
Notes to the financial statements (Contd)
9 Loans and receivables (Contd)

(a) Loans and receivables: Repurchase agreements

2016	Maturity date	Cost	Market value	Interest rate
Commercial Bank of Ceylon PLC	11-Apr-16	1,905,165,265	1,905,165,265	8.20%
Commercial Bank of Ceylon PLC	12-Apr-16	1,261,403,020	1,261,403,020	8.20%
Commercial Bank of Ceylon PLC	12-Apr-16	2,815,294,122	2,815,294,122	8.20%
Commercial Bank of Ceylon PLC	6-Apr-16	650,535,010	650,535,010	8.10%
Commercial Bank of Ceylon PLC	7-Apr-16	1,697,390,300	1,697,390,300	8.15%
DFCC Bank PLC	6-Apr-16	975,439,348	975,439,348	8.00%
Hatton National Bank PLC	11-Apr-16	732,000,000	732,000,000	8.20%
Hatton National Bank PLC	8-Apr-16	1,364,000,000	1,364,000,000	8.15%
Hatton National Bank PLC	7-Apr-16	2,465,000,000	2,465,000,000	8.15%
Hatton National Bank PLC	6-Apr-16	1,327,000,000	1,327,000,000	8.10%
Hatton National Bank PLC	15-Apr-16	1,123,000,000	1,123,000,000	8.20%
		16,316,227,065	16,316,227,065	
2015	Maturity date	Cost	Market value	Interest rate
Entrust Securities PLC	6-Apr-15	23,361,466	23,361,466	6.85%
Entrust Securities PLC	7-Apr-15	109,834,461	109,834,461	6.80%
		133,195,927	133,195,927	

Market value for loans and receivables are based on the market rate prevailed in money market.

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

10 Financial assets held at fair value through profit or loss

	31 March 2016	31 March 2015
Designated at fair value through profit or loss:		
<i>Treasury bills</i>	Nil	55,678,455
Total designated at fair value through profit or loss	Nil	55,678,455

11 Net assets attributable to unit holders

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

	Number of units	Net assets attributable to unitholders
Opening balance	Nil	Nil
Subscriptions	18,456,026	185,262,500
Redemptions	(39,751)	(400,045)
Increase in net assets attributable to unitholders	Nil	5,880,159
As at 31 March 2015	18,416,275	190,742,614
Opening balance	18,416,275	190,742,614
Subscriptions	2,658,856,122	28,731,733,004
Redemptions	(1,187,201,828)	(12,835,776,387)
Increase in net assets attributable to unitholders	Nil	243,747,944
As at 31 March 2016	1,490,070,569	16,330,447,175

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

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable

to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

Daily subscriptions and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company. Under the terms of the Unit Trust Code, the responsible entity has the discretion to reject an subscription for units and to defer a redemption of units if the exercise of such discretion is in the best interests of unitholders.

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

12 Remuneration of auditors

During the year / period, the following fees were paid or payable for services provided by the auditor of the Fund:

	For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Audit and other assurance services		
Audit of financial statements	154,000	140,000
Total remuneration for audit and other assurance services	154,000	140,000
Taxation services		
Tax compliance services	60,500	55,000
Total remuneration for taxation services	60,500	55,000

It is the Fund's policy to employ Price water house Coopers on assignments additional to their statutory duties where Price water house Coopers's expertise and experience with the Fund are important. These assignments are principally tax compliance services or where Price water house Coopers is awarded assignments on a competitive basis. It is the Fund's policy to seek competitive tenders for all major consulting projects.

13 Related-party transactions

a) Responsible entity

The responsible entity of Assetline Gilt Edged Fund is Assetline Capital (Private) Limited

b) Key management personnel

i) Directors

Key management personnel includes persons who were directors of Assetline Capital (Private) Limited at any time during the financial year.

- Mr. S.D.R.B. Ekanayake (Managing Director)
- Mr. W.S.K. De Silva
- Mr. D.M.R.K. Dissanayake

ii) Other key management personnel

There were no other key management persons other than persons given in 13 [b (i)] above with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial year.

c) Key management personnel unitholdings

The key management personnel of Assetline Capital (Private) Limited held units in the Fund as follows:

31 March 2016

Unitholder	No of units held opening	No of units held closing	Fair value of investment	Dividend paid or payable by the fund
Mr. S. D. R. B. Ekanayake	291	291	3,184	Nil
Mr. A. Y. D. De Silva	9,861	9,861	108,049	Nil
Mr. J. D. Kohombanwickramage	98	22,456	246,059	Nil

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

d) Key management personnel compensation

Key management personnel are paid by Assetline Capital (Private) Limited. Payments made from the Fund to Assetline Capital (Private) Limited do not include any amounts directly attributable to the compensation of key management personnel.

e) Other transactions within the Fund

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

13 Related-party transactions (Contd)

f) Related party unitholding

The Management Company of the Fund did not hold any units in the Fund. DPMC Assetline Holdings (Private) Limited, the immediate parent company of management company, David Pieris Motor Company Limited, the ultimate parent company of the Management Company and other related parties of the Management Company, held units in the Fund as follows:

Unitholder	No of units held opening	No of units held closing	Fair value of investment	Dividend paid or payable by the fund
<i>Ultimate Holding Company:</i>				
David Pieris Motor Company Limited	11,979,044	236,847,817	2,595,259,955	Nil
<i>Holding Company:</i>				
DPMC Assetline Holdings (Private) Limited	1,962,651	23,677,538	259,446,621	Nil
<i>Other related parties:</i>				
DP Global Ventures (Private) Limited	295,459	387,785	4,249,150	Nil
Assetline Insurance Brokers Limited	Nil	1,426,011	15,625,521	Nil
David Pieris Information Technologies Limited	Nil	7,995,423	87,609,847	Nil
DP Technologies (Private) Limited	Nil	7,454,645	81,684,270	Nil
David Pieris Motor Company (Lanka) Limited	Nil	218,586,727	2,395,164,056	Nil
Assetline Securities (Private) Limited	Nil	2,299,443	25,196,142	Nil
D P Logistics (Private) Limited	Nil	21,762,133	238,458,574	Nil
Hill Cottage Nuwara Eliya (Private) Limited	Nil	9,130	100,041	Nil
David Pieris Trust	4,155,757	619,538,427	6,788,592,316	Nil
Dee Investments (Private) Limited	Nil	515,901	5,652,989	Nil
Mr. David Percival Pieris	Nil	332,840,308	3,647,097,678	Nil

Assetline Gilt Edged Fund

Notes to the financial statements (Contd)

g) Transactions with and amounts due to related parties

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

	Charge for the year ended from 31 March 2016	Charge for the period from 11 July 2014 31 March 2015	Balance outstanding 31 March 2016	Balance outstanding 31 March 2015
Management fees	19,402,504	585,844	7,033,932	80,748
Trustee and custodian fees	8,087,154	477,382	2,558,518	54,549
	27,489,658	1,063,226	9,592,450	135,297

14 Contingent assets and liabilities and commitments

There were no material contingent liabilities at the statement of financial position date.

15 Events occurring after the reporting period

No significant events have occurred since the end of the reporting year which would impact on the financial position of the Fund disclosed in the statement of financial position as at 31 March 2016 or on the results and cash flows of the Fund for the year ended on that date.

Fund Report of Assetline Income Plus Growth Fund (AIPG)

Fund Performance – Assetline Income Plus Growth Fund

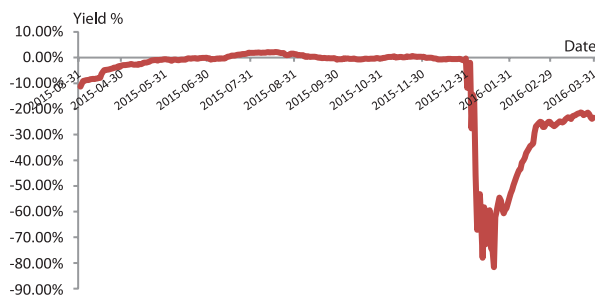
Assetline Income Plus Growth Fund's (AIGF) assets under management was Rs.76.7mn as at March 31, 2016 as opposed to Rs.174mn during the financial year ended March 31, 2015. The Year-to-date (YTD) return of the Fund stood at -23.26% p.a. for the period. The number of unitholder accounts have increased during the financial year to 293 compared to 222 at the end of the last financial year.

The returns on the Fund have been impacted adversely due to the negative conditions witnessed in the equity market while the gradual increase in

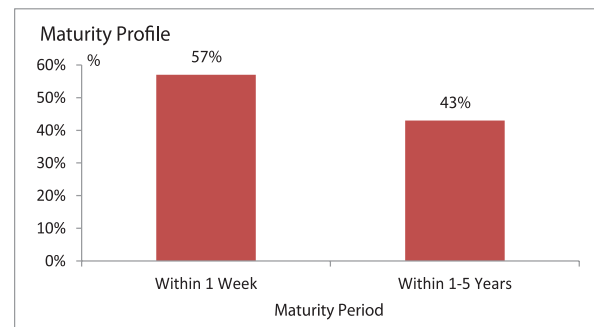
interest rates had resulted in mark to market losses through the valuations of debenture investments. The All Share Index ended the financial year at 6,072 points compared to its previous financial year closure of 6,820 points as such the Fund has gradually exited from its equity holdings.

With the expectation that market interest rates will gradually pick up, most of the funds allocated for fixed income were invested in short positions and will be converted to equity when prices are attractive.

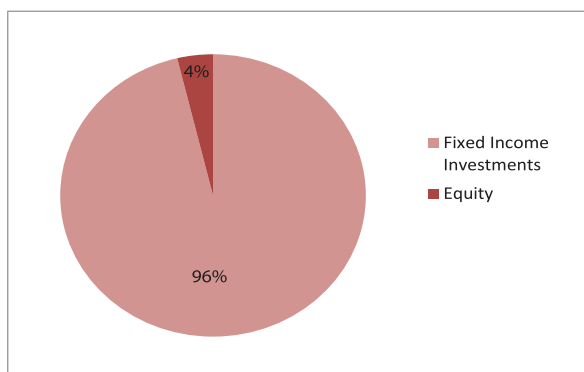
Yield Movement-YTD



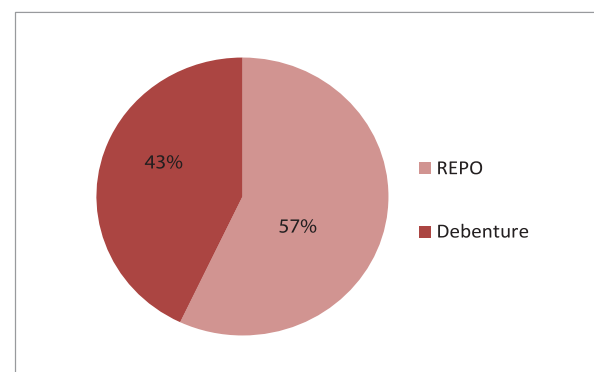
Maturity Profile- As at March 31, 2016



Asset Allocation - As at March 31, 2016



Fixed Income Instrument-wise Breakdown As at March 31, 2016





Independent Auditors' Report
To the Unitholders of Assetline Income Plus Growth Fund

Report on the Financial Statements

- 1 We have audited the accompanying financial statements of Assetline Income Plus Growth Fund, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, changes in unitholders' funds and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out in pages 52 to 73.

Management's Responsibility for the Financial Statements

- 2 Management of Assetline Capital (Private) Limited, the Managers of the fund, is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards (SLFRS's and LKAS's), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

- 3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the management's preparation of financial statements that give a true and fair view 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 management company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

- 4 In our opinion, the financial statements give a true and fair view of the financial position of Assetline Income Plus Growth Fund's as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards (SLFRS's and LKAS's).

Report on Other Legal and Regulatory Requirements

- 5 "These financial statements also comply with the requirements of Sections 151 (2) of the Companies Act, No. 07 of 2007, the Unit Trust Deed and the Unit Trust Code of the Securities and Exchange Commission of Sri Lanka. "

5 July 2016
COLOMBO

PricewaterhouseCoopers
CHARTERED ACCOUNTANTS

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S. Gajendran FCA, Ms. S. Hadgie FCA, Ms. S. Perera ACA, T.U. Jayasinghe ACA

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

ASSETLINE INCOME PLUS GROWTH FUND
**Statement of profit or loss and comprehensive income
(all amounts in Sri Lanka Rupees)**

	Notes	For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Income			
Interest income from financial assets not held at fair value through profit or loss	5	6,528,383	5,754,486
Dividend income		958,871	113,486
Net losses on financial assets held at fair value through profit or loss	6	(3,035,613)	(614,066)
Total net investment income		4,451,641	5,253,906
Expenses			
Management fee	13 (g)	(2,166,607)	(1,676,042)
Trustee & custodian fee	13 (g)	(686,637)	(516,362)
Audit fee		(224,890)	(155,401)
Professional fee		(67,253)	(104,720)
Other operating expenses		(18,075)	(857,635)
Total operating expenses		(3,163,462)	(3,310,160)
Operating profit		1,288,179	1,943,746
Finance cost			
Interest expenses		Nil	Nil
Profit after deductions and before tax		1,288,179	1,943,746
Income tax expense	7	259,446	(327,344)
Increase in net assets attributable to unitholders	11	1,547,625	1,616,402

Notes on pages 56 to 73 form an integral part of these financial statements
Report of the independent auditors' on page 51

ASSETLINE INCOME PLUS GROWTH FUND


Statement of financial position
(all amounts in Sri Lanka Rupees)

		As at 31 March	
	Notes	2016	2015
ASSETS			
Current assets			
Cash and cash equivalents	8	937,637	632,579
Loans and receivables	9	44,645,142	118,204,779
Financial assets held at fair value through profit or loss	10	31,465,907	56,542,749
Income tax receivables		1,159,963	247,852
Total assets		78,208,649	175,627,959
LIABILITIES			
Current liabilities			
Accrued expenses and other payables		366,345	454,365
Liabilities (excluding net assets attributable to unitholders)		366,345	454,365
UNITHOLDERS' FUNDS			
Net assets attributable to unitholders	11	77,842,304	175,173,594
Total unitholders' fund and liabilities		78,208,649	175,627,959

These Financial Statements were approved by the Management Company, and adopted by the Trustee.


.....
Director
Management Company


.....
Director
Management Company

DEUTSCHE BANK AG
Colombo Branch

.....
Trustee
Authorized Signatories
Trustee

Date 05 July 2016
.....

Notes on pages 56 to 73 form an integral part of these financial statements
Report of the independent auditors' on page 51

ASSETLINE INCOME PLUS GROWTH FUND
**Statement of changes in unitholders' funds
(all amounts in Sri Lanka Rupees)**

	Notes	For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Unitholders' funds at beginning of the year / period		175,173,594	Nil
Increase in net assets attributable to unitholders		1,547,625	1,616,402
Received on unit creations		6,497,054	173,590,881
Distribution to unit holders		Nil	Nil
Paid on unit redemptions		(105,375,969)	(33,689)
Unitholders' funds at end of the year / period	11	77,842,304	175,173,594

Notes on pages 56 to 73 form an integral part of these financial statements
Report of the independent auditors' on page 51

ASSETLINE INCOME PLUS GROWTH FUND
Statement of cash flows
(all amounts in Sri Lanka Rupees)

	Notes	For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		45,448,371	24,583,111
Purchase of financial assets at fair value through profit or loss		(26,609,313)	(83,716,062)
Proceeds from sale of loans and receivables		1,854,528,241	3,306,083,664
Purchase of loans and receivables		(1,781,785,758)	(3,422,609,301)
Dividend received		961,371	110,986
Interest received		9,892,544	4,649,674
Management fees paid		(2,293,151)	(1,451,586)
Other expenses paid		(958,332)	(575,099)
Net cash outflow from operation activities		99,183,973	(172,924,613)
Cash flows from financing activities			
Proceeds from subscription by unitholders	11	6,497,054	173,590,881
Payments for redemptions by unitholders	11	(105,375,969)	(33,689)
Net cash inflow from financing activities		(98,878,915)	173,557,192
Net increase in cash and cash equivalents		305,058	632,579
Cash and cash equivalents at beginning of the year / period		632,579	Nil
Net increase in cash and cash equivalents		305,058	632,579
Cash and cash equivalents at end of the year / period	8	937,637	632,579

Notes on pages 56 to 73 form an integral part of these financial statements
 Report of the independent auditors' on page 51

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements

(All amounts in notes are shown in Sri Lanka Rupees unless otherwise stated)

1 General information

Under Section 31 of the Securities and Exchange Commission of Sri Lanka, Act No.36 of 1987 as amended by the Act No. 26 of 1991 and the Act No. 18 of 2003, the Securities and Exchange Commission of Sri Lanka granted a license to operate the Assetline Income Plus Growth Fund ('the Fund') to Assetline Capital (Private) Limited (the 'Management Company') on 17 June 2014. The Fund commenced its commercial operations on 11 July 2014. The registered office of the Management Company is located at No 75, Hyde Park Corner, Colombo 2.

The objective of the Fund is to maximise the total return of the Fund by carefully investing in listed equity securities and fixed income securities without a limitation on the time to maturity. This Fund by nature would be ideal for investors with a high risk profile and medium-longer time horizon.

The Fund's investment activities are managed by Assetline Capital (Private) Limited.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

2.1 Basis of preparation

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

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

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders.

2.2 Compliance with Sri Lanka Financial Reporting Standards

These financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) which are effective from 1 January 2012.

2.3 Financial Instruments

The Fund's principal financial assets comprise assets held at fair value through profit and loss, loans and receivables and cash and cash equivalents. The main purpose of these financial instruments is to generate a return on the investment made by unitholders. The Funds' principal financial liabilities comprise accrued expenses and other payables which arise directly from its operations.

In accordance with LKAS 39; Financial Instruments: Recognition and Measurement, the Fund's investments in repurchase agreements and interest receivables are classified as 'loans and receivables'. Equity securities / debentures are classified as fair value through profit and loss. The amount attributable to unitholders is classified as equity and is carried at the redemption amount being net asset value. Payables are designated as 'other financial liabilities' at amortised cost.

(a) Classification

The Fund's investments are classified as fair value through profit or loss and loans and receivables. They comprise:

- *Financial instruments held for trading*

Financial assets, held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised through profit or loss. This classification includes quoted equity securities held for trading. The dividend income from the quoted equity securities is recorded in the profit or loss.

- *Financial assets designated at fair value through profit or loss upon initial recognition*

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

2 Summary of significant accounting policies (Contd)

2.3 Financial Instruments (Contd)

(a) Classification (Contd)

These include financial assets that are not held for trading purposes and which may be sold. These are investments in debt and equity instruments, unlisted trusts and commercial paper.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the responsible entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted on an active market. Loans and receivables in the statement of financial position comprise of repurchase agreements.

(b) Recognition / derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities at fair value through profit or loss are derecognised when the obligation specified in the contract is discharged or expired.

Realised gains and realised losses on derecognition are determined using the weighted average method and are included in the profit or loss in the period in which they arise. The realised gain is the difference between an instrument's weighted average cost and disposal amount.

(c) Measurement

Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Fund is the volume weighted average price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Further details on how the fair values of financial instruments are determined are disclosed in Note 4.

Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

2 Summary of significant accounting policies (Contd)

2.3 Financial Instruments (Contd)

(c) Measurement (Contd)

If evidence of impairment exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.4 Net assets attributable to unitholders

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 unitholders, as at the statement of financial position date.

Units can be issued and redeemed based on the fund's net asset value per unit, calculated by dividing the net assets of the fund in accordance with the valuation guidelines issued by the Unit trust Association of Sri Lanka and approved by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.

Distribution to unit holders is recognised in the statement of changes in unitholders' funds. Income not distributed is included in net assets attributable to unitholders.

2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and bank overdrafts. Bank overdrafts are shown within borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the

fair value of these securities represent the Fund's main income generating activity.

2.6 Investment income

Interest income is recognised in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/ (losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2.3.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date net of withholding tax.

2.7 Expenses

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

The management participation fees of the fund are as follows:

Management Fee	-
	1.5% of Net Asset Value of the Fund
Trustee Fee	-
	0.22% of Net Asset Value of the Fund
Custodian Fee	-
	Flat Fee of Rs 25,000 per month

2.8 Income tax

"The charge for taxation is based on the results for the period as adjusted for disallowable items. The current tax liabilities is provided for in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and subsequent amendments thereto."

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

2 Summary of significant accounting policies (Contd)

2.9 Distributions

In accordance with the trust deed, the Fund distributes income adjusted for amounts determined by the Assetline Capital (Private) Limited, to unitholders by cash or reinvestment. The distributions are recognised in statement of changes in unitholders' funds.

2.10 Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(6) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivable are recognised and carried at amortised cost, less a provision for any uncollectable debts. An estimate for doubtful debt is made when collection of an amount is no longer probable.

Collectability of receivable is reviewed on an ongoing basis at an individual portfolio level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Fund will not be able to collect the receivable. Financial difficulties of the debtor, default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

2.11 Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Deed.

2.12 Subscriptions and redemptions

Subscriptions received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

2.13 Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the

next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For more information on how fair value is calculated please see Note 4 to the financial statements.

2.14 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 March 2016 reporting period and have not been early adopted by the Fund.

- (i) SLFRS 9 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of SLFRS 9 was issued in July 2014. It replaces the guidance in LKAS 39 that relates to the classification and measurement of financial instruments. SLFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in LKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under LKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.
- (ii) SLFRS 15 establish has a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. This standard is effective for the annual periods beginning on or after 01 January 2017.

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's investment policy. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the management company. The Investment advisory panel provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and non-derivative financial instruments and the investment of excess liquidity.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below:

3.1 Market risk

(a) Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for

Equity securities held for trading (Note 10)

Total

The Fund had no concentrations in individual equity positions exceeding 10% of the net assets attributable to unitholders.

The Fund's policy is to concentrate the investment portfolio in sectors where management believe

which prices in the future are uncertain. Paragraph below sets out how this component of price risk is managed and measured. Investments are classified in the statement of financial position as at fair value through profit or loss and loans and receivables. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the management company. Between 0 % and 97% of the net assets attributable to unitholders is expected to be invested in equity securities. Minimum 3% is expected to be in short term investments.

The Fund's policy also limits individual equity securities to no more than 10% of net assets attributable to unitholders.

All of the Fund's equity investments are publicly traded. The Fund's policy requires that the overall market position is monitored on a daily basis by the Management Company.

As at 31 March, the fair value of equities exposed to price risk were as follows:

Fair Value 2016	Fair Value 2015
2,937,941	25,310,457
2,937,941	25,310,457

the Fund can maximise the returns derived for the level of risk to which the Fund is exposed. The table below is a summary of the significant sector concentrations within the equity portfolio.

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

Sector	31 March 2016 Fund's equity portfolio %	31 March 2015 Fund's equity portfolio %
Banks, Finance and Insurance	65%	31%
Manufacturing	Nil	20%
Construction and Engineering	Nil	3%
Diversified	Nil	12%
Hotels and Travels	35%	11%
Investment Trust	Nil	2%
Motor	Nil	18%
Power and Energy	Nil	3%
Total	100%	100%

(b) Foreign exchange rate risk

The Fund is not exposed to the fluctuations in exchange rates. The Fund's all investments and transactions are denominated in LKR.

(c) Cash flow and fair value interest rate risk

"The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates.

Financial instruments with fixed rates expose the Fund to fair value interest rate risk."

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

3 Financial risk management (Contd)

3.1 Market risk (Contd)

(c) Cash flow and fair value interest rate risk (Contd)

"The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain

companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis in note 3.2 may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates."

The table below summarises the Fund's exposure to interest rate risks.

31 March 2016	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Cash and cash equivalents (Note 8)	Nil	Nil	937,637	937,637
Financial assets held at fair value				
- through profit or loss (Note 10)	Nil	28,527,966	2,937,941	31,465,907
Loans and receivables (Note 9)	Nil	43,783,154	861,988	44,645,142
Financial liabilities				
Accrued expenses and other payables	Nil	Nil	(366,345)	(366,345)
Net exposure	Nil	72,311,120	4,371,221	76,682,341
31 March 2015	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Cash and cash equivalents (Note 8)	Nil	Nil	632,579	632,579
Financial assets held at fair value				
- through profit or loss (Note 10)	Nil	31,232,292	25,310,457	56,542,749
Loans and receivables (Note 9)	Nil	116,525,637	1,679,142	118,204,779
Financial liabilities				
Accrued expenses and other payables	Nil	Nil	(454,365)	(454,365)
Net exposure	Nil	147,757,929	27,167,813	174,925,743

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

3.2 Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to Unitholders to interest rate risk, currency risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Fund's investments with the relevant benchmark

and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and / or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

Change in price of the Trust's investment in trading stock

+10%
-
- 10%

Impact on operating profit / net assets attributable to unit holders price risk

2016	2015
405,283	2,276,888
(405,283)	(2,276,888)

Change in interest rate of the Trust's investment

+1%
-
- 1%

Impact on operating profit / net assets attributable to unitholders interest rate risk

2016	2015
(738,895)	(71,600)
796,806	129,511

3 Financial risk management (Contd)

3.3 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty

credit risk on cash and cash equivalents, other receivable balances.

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

(a) Debt securities

The Fund invests in debt securities which have a minimum credit rating of BBB- as designated by reputed rating agencies. An analysis of debt by rating is set out in the table below.

Debt securities by rating category

AAA
AA-
A-
BBB+

Total

2016	2015
71%	56%
9%	5%
7%	39%
13%	Nil
100%	100%

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

3.4 Liquidity risk

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

The Fund is exposed to daily cash redemptions of redeemable units. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market or can be readily disposed.

The Fund's listed securities are considered readily realisable, as all are listed on the Colombo Stock Exchange.

The Fund has the ability to borrow in the short term to ensure settlement. No such borrowings have arisen during the period.

In accordance with the Fund's policy, the Management Company monitors the Fund's liquidity position on a daily basis.

4 Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss (FVTPL) (See Note 10)
- Financial assets / liabilities held for trading (See Note 10)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period:

SLFRS 13 requires disclosure of fair value measurements by level of the following fair value hierarchy;

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

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 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

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.

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

4 Fair value measurement (Contd)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

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 or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

5 Interest income from financial assets not held at fair value through profit or loss

Interest income from loans and receivables:

Interest on repurchase agreements

Interest on bank deposits

For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
--	--

4,087,011	4,593,953
2,441,372	1,160,533
6,528,383	5,754,486

6 Net losses on financial assets held at fair value through profit or loss

Net losses recognised in relation to financial assets held at fair value through profit or loss:

	For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Net losses on financial assets held for trading	(3,533,458)	(93,384)
Net gains / (losses) on financial assets designated as at fair value through profit or loss	497,845	(520,682)
	(3,035,613)	(614,066)
Net realised (losses) / gains on financial assets at fair value through profit or loss [See Note (a) below]	(2,403,685)	2,359,479
Net unrealised losses on financial assets at fair value through profit or loss	(631,928)	(2,973,545)
	(3,035,613)	(614,066)
(a) Net realised gains on financial assets at fair value through profit or loss:		
(Losses) / gains on disposal of equity securities	(5,605,857)	1,212,453
Interest income on debentures	3,202,172	1,147,026
	(2,403,685)	2,359,479

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

7 Income tax expense

	For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
Current tax on profits for the year	Nil	327,344
Over provision for income tax in respect of prior year	(259,446)	Nil
	(259,446)	327,344

8 Cash and cash equivalents

	31 March 2016	31 March 2015
Cash at bank	937,637	630,579
Cash in hand	Nil	2,000
	937,637	632,579

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

9 Loans and receivables

Interest receivables from:	31 March 2016	31 March 2015
Repurchase agreements	86,144	31,679
Fixed deposits	Nil	1,031,267
Debentures	775,844	613,696
Dividend receivable	Nil	2,500
Fixed deposits	Nil	43,000,000
Repurchase agreement [See Note (a) below]	43,639,472	73,525,637
Other receivables	143,682	Nil
Total loans and receivables	44,645,142	118,204,779

(a) Loans and receivables: Repurchase agreements

2016	Maturity date	Cost	Market value	Interest rate
Commercial Bank of Ceylon PLC	6-Apr-16	2,010,591	2,010,591	8.10%
DFCC Bank PLC	6-Apr-16	41,628,881	41,628,881	8.00%
		43,639,472	43,639,472	
2015	Maturity date	Cost	Market value	Interest rate
Entrust Securities PLC	6-Apr-15	68,013,747	68,013,747	8.10%
Entrust Securities PLC	1-Apr-15	5,511,890	5,511,890	8.00%
		73,525,637	73,525,637	

Market value for loans and receivables are based on the market rate prevailed in money market.

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

10 Financial assets held at fair value through profit or loss

	31 March 2016	31 March 2015
Financial assets held for trading		
<i>Equity securities</i>	2,937,941	25,310,457
Total financial assets held for trading	2,937,941	25,310,457
Designated at fair value through profit or loss:		
<i>Debentures</i>	28,527,966	31,232,292
Total designated at fair value through profit or loss	28,527,966	31,232,292
Total financial assets held at fair value through profit or loss	31,465,907	56,542,749

a) Investment in equity shares:

31 March 2016

Company	Number of shares	Cost	Market value	Percentage of net assets
Aitken Spence Hotel Holdings PLC	14,407	1,052,419	763,571	0.98%
AIA Insurance Lanka PLC	6,589	1,948,070	2,174,370	2.79%
		3,000,489	2,937,941	

ASSETLINE INCOME PLUS GROWTH FUND
Notes to the financial statements (Contd)
10 Financial assets held at fair value through profit or loss (Contd)
31 March 2015

Company	Number of shares	Cost	Market value	Percentage of net assets
ACL Cables PLC	15,000	1,167,936	1,140,000	1.46%
Access Engineering PLC	45,280	1,266,448	869,376	1.12%
Aitken Spence Hotel Holdings PLC	5,000	404,480	335,000	0.43%
Central Finance Company PLC	12,532	3,038,667	3,134,253	4.03%
Ceylon Investment PLC	1,000	101,120	91,000	0.12%
AIA Insurance Lanka PLC	10,205	3,031,851	2,877,810	3.70%
John Keells Holdings PLC	10,000	2,072,960	1,994,000	2.56%
John Keells Holdings PLC - Voting	25,000	1,493,542	802,500	1.03%
Lanka IOC PLC	10,000	556,160	403,000	0.52%
Chevron Lubricants Lanka PLC	10,000	4,044,800	3,929,000	5.05%
Panasian Power PLC	120,802	384,180	410,727	0.53%
Renuka Holdings PLC	17,538	503,369	491,064	0.63%
Seylan Bank PLC	30,006	1,812,940	1,902,380	2.44%
Serendib Hotels PLC	6,732	217,523	188,496	0.24%
Serendib Hotels PLC - Voting	19,118	405,398	411,037	0.53%
Dolphin Hotels PLC	30,000	1,627,526	1,707,000	2.19%
United Motors Lanka PLC	50,000	5,056,000	4,405,000	5.66%
Vallibel One PLC	10,779	260,503	218,814	0.28%
		27,445,404	25,310,457	

ASSETLINE INCOME PLUS GROWTH FUND
Notes to the financial statements (Contd)
b) Investment in debentures

31 March 2016	Maturity date	Cost	Market value	Interest rate
People's Leasing & Finance PLC	23-Sep-18	1,930,000	1,733,857	9.63%
Softlogic Finance PLC	29-Aug-19	10,970,000	9,589,476	10.00%
Merchant Bank of Sri Lanka & Finance PLC	12-Nov-19	5,000,000	4,344,609	9.00%
Lanka Orex Leasing Company Limited	24-Nov-19	5,000,000	4,327,910	9.00%
First Capital Treasuries Limited	6-Feb-20	10,000,000	8,532,114	9.50%
		32,900,000	28,527,966	
31 March 2015	Maturity date	Cost	Market value	Interest rate
People's Leasing & Finance PLC	23-Sep-18	1,930,000	1,824,277	9.63%
Softlogic Finance PLC	29-Aug-19	10,970,000	10,627,896	10.00%
Merchant Bank of Sri Lanka & Finance PLC	12-Nov-19	5,000,000	4,708,346	9.00%
Lanka Orex Leasing Company Limited	24-Nov-19	5,000,000	4,711,910	9.00%
First Capital Treasuries Limited	6-Feb-20	10,000,000	9,359,863	9.50%
		32,900,000	31,232,292	

11 Net assets attributable to unitholders

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

	Number of units	Net assets attributable to unitholders
Opening balance	Nil	Nil
Subscriptions	17,190,309	173,590,881
Redemptions	(3,300)	(33,689)
Increase in net assets attributable to unitholders	Nil	1,616,402
As at 31 March 2015	17,187,009	175,173,594
Opening balance	17,187,009	175,173,594
Subscriptions	644,043	6,497,054
Redemptions	(10,035,857)	(105,375,969)
Increase in net assets attributable to unitholders	Nil	1,547,625
As at 31 March 2016	7,795,195	77,842,304

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

11 Net assets attributable to unitholders (Contd)

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

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily

basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

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

12 Remuneration of auditors

During the year / period, the following fees were paid or payable for services provided by the auditor of the Fund:

Audit and other assurance services:

Audit of financial statements

Total remuneration for audit and other assurance services

Taxation services:

Tax compliance services

Total remuneration for taxation services

For the year ended 31 March 2016	For the period from 11 July 2014 to 31 March 2015
154,000	140,000
154,000	140,000
60,500	55,000
60,500	55,000

It is the Fund's policy to employ Price water house Coopers on assignments additional to their statutory duties where Price water house Coopers's expertise and experience with the Fund are important. These assignments are principally tax compliance services, or where Price water house Coopers is awarded assignments on a competitive basis. It is the Fund's policy to seek competitive tenders for all major consulting projects.

13 Related party transactions

a) Responsible entity

The responsible entity of Assetline Income Plus Growth Fund is Assetline Capital (Private) Limited.

b) Key management personnel

i) Directors

Key management personnel includes persons who were directors of Assetline Capital (Private) Limited at any time during the financial year.

- Mr. S.D.R.B. Ekanayake (Managing Director)
- Mr. W.S.K. De Silva
- Mr. D.M.R.K. Dissanayake

ii) Other key management personnel

There were no other key management persons other than persons given in 13 [b (i)] below with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial year.

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

13 Related party transactions (Contd)

c) Key management personnel unitholdings

The key management personnel of Assetline Capital (Private) Limited held units in the fund as follows.

31 March 2016				
Unitholder	No of units held opening	No of units held closing	Fair value of investment	Dividend paid or payable by the fund
Mr. A.Y.D. De Silva	488	488	4,799	Nil
Mr. J.D. Kohombanwickramage	13,095	224	2,202	Nil

d) Key management personnel compensation

Key management personnel are paid by Assetline Capital (Private) Limited. Payments made from the Fund to Assetline Capital (Private) Limited do not include any amounts directly attributable to the compensation of key management personnel.

involving key management personnel's interest existing at year end.

f) Related party unitholding

The Management Company of the Fund did not hold any units in the Fund. DPMC Assetline Holdings (Private) Limited, the immediate parent company of management company, David Pieris Motor Company Limited, the ultimate parent company of the Management Company and other related parties of the Management Company, held units in the Fund as follows:

e) Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial period and there were no material contracts

31 March 2016				
Unitholder	No of units held opening	No of units held closing	Fair value of investment	Dividend paid or payable by the fund
DPMC Assetline Holdings (Private) Limited	6,387,853	6,888,414	67,740,659	Nil
David Pieris Motor Company Limited	9,957,581	Nil	Nil	Nil
<i>Other related parties:</i>				
DP Global Ventures (Private) Limited	389,738	389,738	3,832,685	Nil

g) Transactions with and amounts due to related parties

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

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the financial statements (Contd)

	Charge for the year ended 31 March 2016	Charge for the period from 11 July 2014 to 31 March 2015	Balance outstanding 31 March 2016	Balance outstanding 31 March 2015
Management fees	2,166,607	1,676,042	97,912	224,456
Trustee & custodian fee	686,637	516,362	40,662	58,400
	2,853,244	2,192,404	138,574	282,856

14 Contingent assets and liabilities and commitments

There were no material contingent liabilities at the statement of financial position date.

15 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 31 March 2016 or on the results and cash flows of the Fund for the year ended on that date.

Summary of Transactions between Assetline Mutual Funds and its Related Parties
(For the period from 01 April 2015 to 31 March 2016)

Fund	Related Party	Total Value of Unit Subscriptions by Related Parties (Rs.)	Total Value of Unit Redemptions by Related Parties (Rs.)
Assetline Income Fund	Officers of Management Company	3,074,840	3,092,483
	Assetline Corporate Services (Pvt.) Ltd.	-	3,700,000
	Assetline Insurance Brokers Limited	153,000,000	12,000,000
	Assetline Securities (Pvt.) Ltd.	20,000,000	15,000,000
	David Pieris Motor Company (Lanka) Limited	5,566,000,000	1,332,000,000
	David Pieris Motor Company Limited	920,000,000	1,111,000,000
	David Pieris Trust	-	523,662,434
	DP Global Ventures (Pvt.) Ltd.	4,000,000	-
	DP Logistics (Pvt.) Ltd.	391,000,000	398,073,764
	DPMC Assetline Holdings (Pvt.) Ltd.	47,000,000	718,800,000
	Mr. D. P. Pieris	200,000,000	368,188,518
Assetline Gilt Edged Fund	Officers of Management Company	377,600	30,527
	Assetline Insurance Brokers Limited	15,500,000	-
	Assetline Securities (Pvt.) Ltd.	25,000,000	-
	David Pieris Information Technologies Limited	95,095,618	8,000,000
	David Pieris Motor Company (Lanka) Limited	9,624,500,000	7,292,000,000
	David Pieris Motor Company Limited	6,276,500,000	3,850,008,396
	David Pieris Trust	7,013,693,799	349,931,000
	Dee Investments (Pvt.) Ltd.	5,606,197	-
	DP Global Ventures (Pvt.) Ltd.	1,000,000	-
	DP Logistics (Pvt.) Ltd.	238,073,764	-
	DP Technologies (Private) Limited	81,297,614	-
	DPMC Assetline Holdings (Pvt.) Ltd.	867,000,000	635,000,000
	Hill Cottage Nuwara Eliya (Pvt.) Ltd.	100,000	-
	Mr. D. P. Pieris	4,006,968,994	397,381,900
Assetline Income Plus Growth Fund	Officers of Management Company	24,500	142,600
	David Pieris Motor Company Limited	-	104,571,575
	DPMC Assetline Holdings (Pvt.) Ltd.	5,000,000	-

DECLARATION BY TRUSTEE AND MANAGING COMPANY

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

Deutsche Bank AG, the Trustee and Assetline Capital (Private) Limited, the Management Company of Assetline Income Fund, Assetline Gilt Edged Fund and Assetline Income Plus Growth Fund, hereby declare that;

1. The requirements of the Guidelines for Trustee and Managing Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been complied with during the financial year.
2. The transactions were and will be carried out at arm's length basis and on terms which are best available for the Funds, as well as act, at all times, in the best interest of the Funds' unit holders.



.....
Director
Assetline Capital (Pvt.) Ltd.
Management Company



.....
Director
Assetline Capital (Pvt.) Ltd.
Management Company



.....
Authorised Signatory
Deutsche Bank AG
Trustee

July 5, 2016

ASSETLINE

Assetline Capital (Pvt) Limited

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