

MUTUAL FUNDS

ANNUAL REPORT

2021-2022



ASSETLINE

Assetline Capital (Pvt) Limited

**ASSETLINE MUTUAL FUNDS
ANNUAL REPORT 2021-2022**

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01. Corporate Information

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

MANAGEMENT COMPANY & REGISTRAR

Assetline Capital (Private) Limited

**Registered Office &
Principal Place of Business:**
No. 120, 120A
Pannipitiya Road
Battaramulla
Sri Lanka

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Ms. R.M.A.S. Parakrama (Chairperson)
Mr. G. L. W. N. Perera
Mr. A.Y.D. De Silva
Mr. M. R. Mohamed
Mr. N. D. P. R. Kalyanaratne

TRUSTEE & CUSTODIAN

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

AUDITORS & TAX CONSULTANTS

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

BANKERS

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

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

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

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

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

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

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

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

02. Assetline Capital (Private) Limited

The Vision

To become the preferred unit trust and investment manager providing optimal returns on different risk profiles for its clients.

The Mission

Increase client wealth through prudent decision making and capitalizing on market opportunities, inspired by a dedicated team that is committed to excellence.

Manage portfolios by identifying different risk profiles of clients in a well-controlled and monitored environment.

Build a professional and motivated team to cater to different client requirements.

The 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 Holdings (Private) Limited. The David Pieris Group, through its subsidiary DPMC Assetline Holdings (Private) Limited, has diversified into financial services which include leasing, loans, margin trading, insurance broking, corporate services and property development & trading. Further, the Group has subsidiaries in automotive, logistics, information technology, leisure and agriculture sectors.

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).

Assetline Mutual Funds caters to the varying risk- return appetite of investors via Assetline Income Fund (AINF) and Assetline Income Plus Growth Fund (AIGF). AINF caters to investors with a short term investment horizon and carefully focusses investments in Fixed Income Securities. AIGF aims at maximizing the portfolio return by selective investments in listed equities and fixed income securities.

03. Profile of Assetline Mutual Funds

Assetline Income Fund (AINF) is an open ended fund investing in corporate debt instruments and government securities for tenures of one year or less. It is suitable for investors with a low to moderate risk profile and a short term investment horizon.

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.

	Assetline Income Fund	Assetline Income Plus Growth Fund
Inception Date	11-07-2014	11-07-2014
Dividend Pattern	Irregular	Irregular
Front-end Fee	NIL	NIL
Trustee Fee	0.225% p.a.	0.22% p.a.
Management Fee	0.5% p.a.	1% p.a.
Custodian Fee for the Total Fund	Rs. 25,000/- per month Plus applicable government taxes	Rs. 25,000/- per month Plus applicable government taxes
Exit Fee	NIL	<ul style="list-style-type: none">• For withdrawals within 1 Year : 1%• For withdrawals after 1 Year : NIL

04. Board of Directors of Assetline Capital (Private) Limited

Ms. Romany Parakrama, Chairperson



Ms. Romany Parakrama has been the Chairperson of the Board of Assetline Capital (Private) Limited, from February 01, 2017. Ms. Parakrama is also a Director of David Pieris Motor Company (Private) Limited and holds directorship positions in eight other companies within the David Pieris Group.

Ms. Parakrama counts to over 30 years' experience in the banking industry with multi-national banks such as Amro Bank, American Express, Societe Generale and Standard Chartered Bank. Before joining the David Pieris Group in June 2015, she was the Regional Head, Internal Communications for South East Asia and the Head of Sustainability, Brand and Sponsorship for Standard Chartered Bank Singapore. In Sri Lanka, she has held a range of diverse roles including Head of Corporate Affairs, Head of Priority Banking and Head of Cash Management at Standard Chartered Bank.

Ms. Parakrama holds a Bachelor's Degree in Liberal Arts & Science (Magna cum Laude, Phi Beta Kappa) from Smith College USA and is an accredited Credit & Risk Professional with both Standard Chartered Bank and American Express.

Mr. Wishan Perera, Director & Chief Executive Officer



Mr. Wishan Perera joined the Company as the Divisional Manager of Assetline Capital (Private) Limited, in June 01, 2016 and currently is designated as Director and Chief Executive Officer. He brings in wealth of financial and treasury expertise to the company.

Mr. Perera has with over 24 years of experience in the areas of Fund Management, Treasury Management, Investment Management, Treasury Audits, Bank Operations and Credit. Prior to joining Assetline Capital, he held the position of Chief Manager Treasury at Axis Bank Colombo while heading the overall operation for over two years where he enhanced his expertise in asset and liability management & risk management. He also worked for Seylan Bank PLC and gained extensive experience in fund management, FX operations, speculative trading and held the position of the Dealer of Primary Dealer Unit of the bank involved in G-Sec trading.

Mr. Perera is an Associate Member of Chartered Institute for Securities & Investments and Institute of Bankers of Sri Lanka. He also holds ACI (Paris) Dealing Certificate, Post Graduate Executive Diploma in Bank Management and Diploma in Treasury & Risk Management (IBSL) and the International Certificate in the Wealth & Investment Management. He is also the resource person for Professional Diploma in Treasury & Financial Markets conducted by The Corporate Campus.

Mr. Dhanika De Silva



Mr. Dhanika De Silva has been a Director of Assetline Capital (Private) Limited, from May 01, 2016. Mr. De Silva also holds directorship positions in nine other companies within the David Pieris Group and currently heads the Group Treasury Operations as General Manager Treasury operations.

Mr. De Silva joined David Pieris Motor Company (Private) Limited in 2006 as Manager, Treasury and Investment and subsequently was promoted to Divisional Manager, Planning and Development and Deputy General Manager, Planning and Development. Before joining David Pieris Motor Company (Private) Limited he worked as an Executive Officer, Treasury Dealing Room at Commercial Bank of Ceylon PLC.

Mr. De Silva has a Master of Arts in Financial Economics and an LL.B. (Honors) Degree from the University of Colombo. He is an Associate Member of Chartered Institute of Management Accountants UK and a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka.

Mr. Sidath Kalyanaratne



Mr. Sidath Kalyanaratne was appointed as a Director of Assetline Capital (Private) Limited, on 16th June 2020. Mr. Kalyanaratne is the head of new initiatives and research of David Pieris Holdings (Private) Limited and currently chairs Electrozen Global (Private) Limited – a joint venture company and Electrozen Distributors (Private) Limited – a fully owned subsidiary of the Group. He also serves on the Group Internal Audit Committee, Group Risk Management Committee and the Group Investment Committee of David Pieris Holdings (Private) Limited.

Prior to joining the David Pieris Group, Mr. Kalyanaratne worked as the Vice President at NDB Securities (Private) Limited. He has also worked as an Investment Manager focusing on emerging markets, for a boutique investment advisory company based out of Dubai.

Mr. Kalyanaratne is a Charter holder of Chartered Financial Analyst – USA, passed finalist of Chartered Institute of Management Accountants, UK and a graduate in Electrical Engineering from the University of Moratuwa.

Mr. Ramli Mohamad



Mr. Ramli Mohamad was appointed as a Director of Assetline Capital (Private) Limited, on 10th February 2022. He is the Chairman of David Pieris Racing and Leisure (Private) Limited and David Pieris Leisure (Private) Limited and also serves Assetline Leasing Company Limited as a Non Executive Director and as a member of the Group Treasury Committee.

He counts to over 35 years of experience in banking and finance industries covering diverse industries both in Sri Lanka and overseas including the UAE. Prior to joining the David Pieris group Mr. Mohamad held several key positions including Head of Corporate, Personal, Institutional and Country Risk with Standard Chartered Bank Sri Lanka.

Mr. Mohamad holds a Bachelors Degree from the University of Sri Jayawardenapura and is a fellow of the Chartered Institute of Management Accountants (UK).

05. Key Management Personnel of Assetline Capital (Private) Limited

Mr. Sasiranga Darshana, Manager Treasury Operations

Mr. Sasiranga Darshana joined the Company as the Manager Treasury Operations of Assetline Capital (Private) Limited, in September 03, 2018.

Mr. Sasiranga has proven track record in Financial Markets with over 15 years' experience in the areas of Fund Management, Treasury Management, Investment Management and Bank Operations. Prior to joining Assetline Capital, he worked in the Treasury Dealing Room at Seylan Bank PLC where he gained extensive experience in bank's cash flow management, liquidity management, FX operations, speculative trading, Commodity (gold) operations and Nostro Funding.

Mr. Sasiranga is an Associate Member of Institute of Bankers of Sri Lanka and holds a Master of Science in Applied Finance from University of Sri Jayewardenepura. He has a Post Graduate Executive Diploma in Bank Management, Diploma in Credit Management and Diploma in Treasury & Risk Management (IBSL).

Ms. Sandani Molligoda, Assistant Manager Risk & Compliance

Ms. Sandani Molligoda joined Assetline Capital (Pvt)Ltd as Assistant Manager Risk and Compliance in July 2019.

Ms. Molligoda has over eight years' experience within the Assetline Group in the areas of Risk and Compliance. She was employed at Assetline Leasing Company Limited prior to moving to Assetline Capital (Pvt) Ltd where she gained exposure in regulatory compliance, internal policy compliance, risk management, finance and accounting and margin trading operations.

Ms. Molligoda is an Associate Member of the Chartered Institute of Management Accountants (UK) and holds a Masters Degree in Business Administration from the University of West London (UK). She has also completed a Diploma in Commercial Law from the University of Colombo and the Professional Diploma in Treasury & Financial Markets at the Corporate Campus and a Diploma in Compliance from IBSL.

06. Chief Executive Officer's Report

Dear Unit Holders,

It is with great pleasure that we forward our annual report for the year ended 31st March 2022.

It was another challenging year for both the economy and the Company. Ballooning debt repayments, low foreign reserves and refinancing risk caused rating agencies to continuously downgrade the country creating negative sentiment among both local and foreign investors. When the economy had just started to bounce back after the two-year impact of the pandemic, it was again affected by the dollar crisis, energy shortages, higher inflation and civil unrest during the latter part of the financial year. Amidst all these hardships, the country managed to post a GDP growth of 3.7% in 2021 backed by historically lower interest rates, lower taxation, money printing and exchange rate controls.

Although the equity market was bullish from April 2021 to mid-January 2022 fueled by the superior performances of most companies, it couldn't be sustained due to the deteriorating economy, spike in inflation and anticipated policy tightening. The ASPI gained over 89% during the same period and dropped approx. 34% from its highest point towards the end of the financial year.

At the end of financial year 21/22, Assetline Income Fund posted a positive return of 5.49% whilst Assetline Income Plus Growth Fund posted a negative return of 6.76%.

The year ahead will continue to be extremely challenging since the country is stepping into an unknown territory of debt restructuring and the future of the economy will depend on this outcome. The policy makers will be compelled to take hard decisions to improve fiscal management by increasing tax revenue and curtailing government expenditure, which may result in severe social issues, political instability and economic downturn. However, we are optimistic that the country will overcome these challenges with the involvement of IMF and assistance of friendly nations and in time confidence in the capital market would be regained.

I would like to take this opportunity to thank Mr. Kishan Vairavanathan our CEO and Managing Director who retired in February 2022. His vast experience, knowledge and leadership has played an indelible part in making this Company what it is today and, both personally and on behalf of the Company, I would like to thank him for his immense contribution and wish him every success in future endeavors.

I would also like to thank my staff who have continued to give of their best in very difficult circumstances often going over and above their job roles. I am also thankful to my Board of Directors the Auditors, the Securities and Exchange Commission of Sri Lanka and the Trustees for their continued support and guidance. Most importantly, I wish to extend our sincere appreciation to our loyal unit holders and assure them that we remain committed to delivering the best possible returns in the coming year.

Wishan Perera

Chief Executive Officer

07. Fund Manager's Report

It is with great pleasure that we submit, to our valued investors, the annual report of the Assetline Mutual Fund (AMF) for the period 01st April 2021 to 31st March 2022. The financial year commenced in an environment where the Central Bank of Sri Lanka (CBSL) took several measures to sustain expansionary monetary policy in order to grant relief to the parties affected by the pandemic so as to encourage economic growth in the first half of the financial year. However, the macro economic environment forced policy makers to reverse the stance at the latter part of the FY 21-22.

The economic environment worsened due to the debt repayment issue, low foreign reserves, and re-financing risk causing rating agencies to continuously downgrade the country. This severely affected performance of the stock market at the end of the financial year.

The Policy makers increased Standing Deposit Facility (SDF) and Standing Lending Facility (SLF) rates by 200 basis points and SRR 200 basis points during the period under review resulting in increased market interest rates specially for government securities which led to the fund managers moving assets into short term fixed income securities. The interest rates in the primary market for government securities showed a steady increase and outperformed bank deposits rates. The Government continued the emphasis on repayment of foreign debt by curtailing imports and preserving foreign exchange whilst trying to stabilize the exchange rate and maintaining price stability. But when the Central Bank of Sri Lanka decided to free float the currency in early March, LKR depreciated by nearly 54% against the USD by 30th March 2022.

Overall outstanding market liquidity was a negative Rs. 663 billion compared with a positive Rs. 103 billion at the beginning of the financial year. Though the financial year started with negative investor sentiment, with the market correcting for profit taking, the equity market showed impressive positive growth of nearly 89% up to mid-January 2022 and ended the financial year with negative 34% due to panic selling amid the Country's financial crisis.

Our forecast of macro-economic condition for the remaining calendar year 2022, is moderate GDP growth, elevated inflation due to supply side and external pressure from the commodity prices as well as further monetary tightening to maintain the price stability. Hence, interest rates could go up further and equity markets to be volatile. Fund managers will continuously analyze the market trends and take prudent investment decisions to pass the maximum benefit to our valued unit holders.

Our Funds

Assetline Capital (Pvt) Ltd currently manages two funds, Assetline Income Fund (AINF) and Assetline Income Plus Growth Fund (AIGF), each designed to cater to different investor requirements.

AINF is designed for investors with a low to moderate risk appetite and a short-term investment horizon. The asset classes include corporate debt and bank fixed deposits with tenors of less than one year.

AIGF is designed for investors with a high-risk appetite and a long-term investment horizon. The asset classes include corporate debt, bank fixed deposits and equity.

As at 31st March 2022, AINF & AIGF posted financial year yields of 5.49% & -6.76% and the number of unit holders were 957 & 114 respectively. The NAV of AINF was Rs. 2.54 billion whilst AIGF was Rs. 1.55 billion.

The investment strategy of AINF was to keep high portion of funds in medium term fixed income securities and money market accounts to have a correct mix of stable income and upward interest rate adjustments, whilst the equity portfolio strategy of AIGF was more focused on banking & diversified companies which is defensive to market volatility and are providing attractive dividend yields to offset the low returns generated from fixed income. Further the fund invested in the renewable energy sector with ESG investment objective. The stock selection was made with a 5 years' or more time horizon. However, anticipating upward trend in market interest rates, the investment committee decided to reduce the equity portfolio specially in the banking sector to minimize mark-to-market impact.

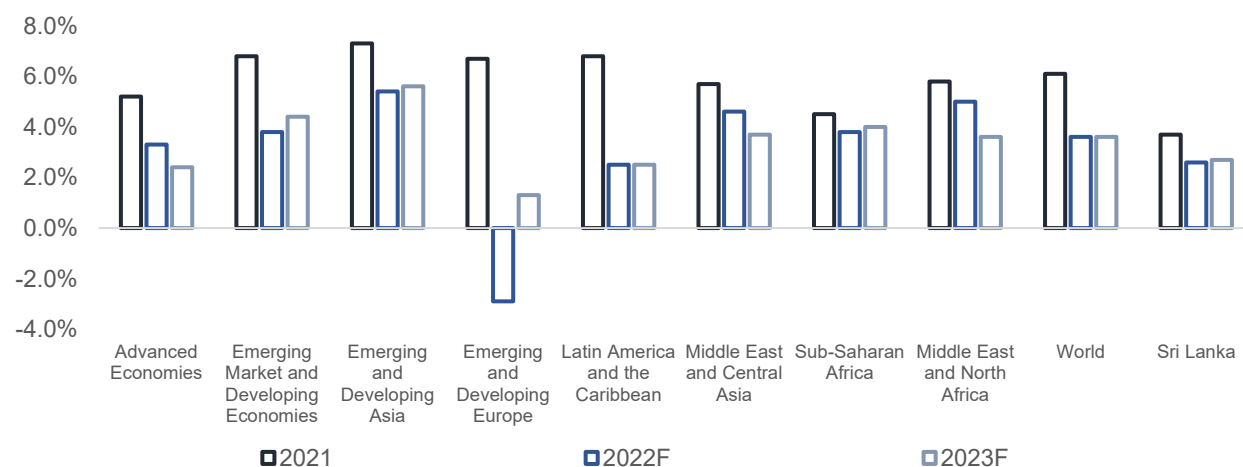
ECONOMIC EXPECTATIONS FOR 2022

Global economic growth to moderate, while inflation to remain higher

As per the April 2022 update of the World Economic Outlook (WEO) of the International Monetary Fund (IMF), the global economy is expected to slow from 6.1% in 2021 to 3.6% in 2022 and 2023. Beyond 2023, global growth is forecast to decline to about 3.3% over the medium term. This forecast assumes that the conflict remains confined to Ukraine, the pandemic's health and economic impacts abate over the course of 2022. Inflation is expected to remain elevated for longer than in the previous forecast, driven by war-induced commodity price increases and broadening price pressures. For 2022, inflation is projected at 5.7% for advanced economies and 8.7% for emerging market and developing economies.

Source: [World Economic Outlook – April 2022](#),

Region Wise: Real GDP Growth



Source: IMF

Sri Lanka

Supply side factors and aggregate demand pressure caused for continuous rise in inflation

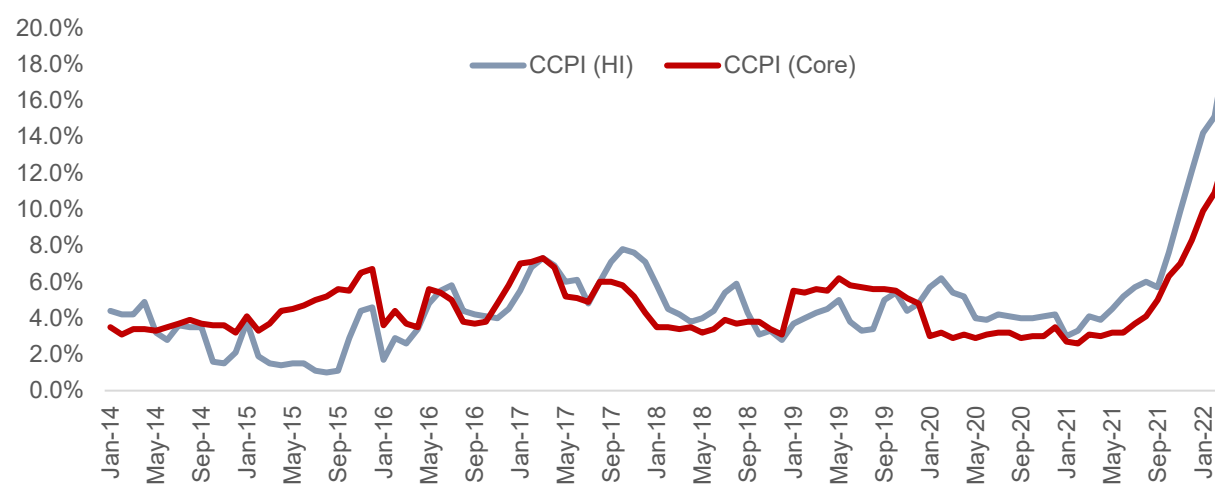
Inflation, which remained moderate during early 2021, accelerated somewhat in recent months due to supply side disruptions. The surge in global commodity prices prompted the Government to remove maximum retail prices on several essential commodities. The emerging developments indicate that

inflationary pressures would continue in the near term driven by elevated prices of global commodities and their direct and second round impact on domestic prices, in addition to the price impact that could arise with the depreciation of the Sri Lanka rupee requiring the Central Bank to take further proactive measures.

Source: *Monetary Policy Review – April 2022, Page 01*

https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20220308_monetary_policy_review_no_3_of_2022_detailed_version_e.pdf

CCPI Inflation of Headline and Core, YoY Basis



Source: Department of Census and Statistics

Market interest rates are trending upwards

Market interest rates have been gradually adjusting upwards in response to tight monetary policy measures adopted thus far. However, adjustments in deposit rates remain inadequate to attract deposits into the banking system from the excessive currency in circulation. Yields on government securities have also increased notably compared to other market rates given the higher government borrowing requirement thus creating anomalies in the market interest rate structure.

Source: *Monetary Policy Review – April 2022, Page 02*

https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20220308_monetary_policy_review_no_3_of_2022_detailed_version_e.pdf

Further tighten monetary conditions

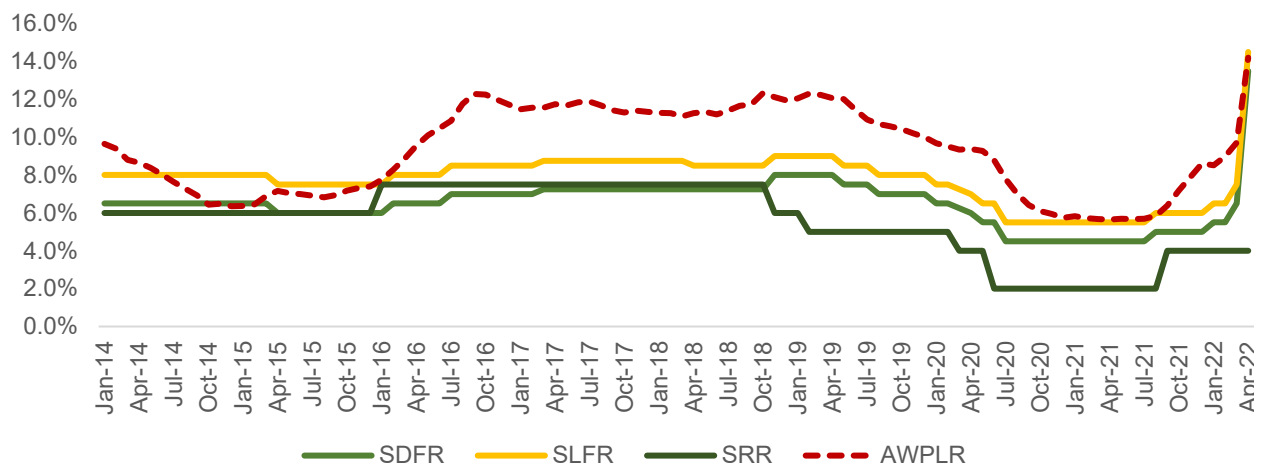
Considering the severity of the external shocks, rising inflationary pressures and continued imbalances in the economy, the Monetary Board was of the view that a comprehensive set of policy measures, along with other initiatives that have an impact on the overall economy, is essential to safeguard stability on all fronts and to counter economic headwinds. Accordingly, with effect from 08th April 2022, the Board decided to increase the policy interest rates, i.e., the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR), of the Central Bank by 700 basis points each, to 13.5% and 14.5%, respectively. Moreover, the Monetary Board also decided to remove caps imposed on lending interest

rates applicable to credit cards, pre-arranged temporary overdrafts, and pawning facilities to facilitate the effective transmission of the policy adjustment.

Source: *Monetary Policy Review – April 2022, Page No 02*

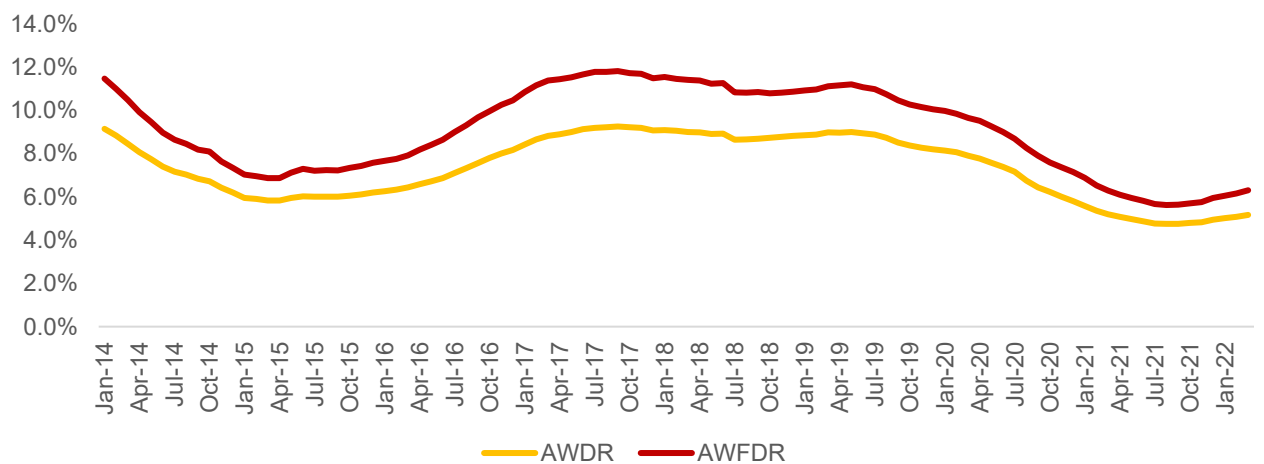
https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20220308_monetary_policy_review_no_3_of_2022_detailed_version_e.pdf

Policy Rates Movements Vs AWPLR



Source: CBSL

Movements in AWDR and AWFDR



Source: CBSL

Fund Management Team, Assetline Capital (Pvt) Ltd, Management Company

08. Fund Performance – Assetline Income Fund (AINF)

The NAV of the Assetline Income Fund (AINF) as at 31st March 2022 was Rs. 2.54 Bn. The fund generated a 5.49% financial year YTD yield, and the number of unit holders stands at 957 as at the same date.

The funds under management was Rs. 5.77 Bn as of 1st April 2021 and fluctuated within a range of Rs. 2.12 Bn and Rs. 7.91 Bn during the period ended 31st March 2022.

AINF's financial year YTD yield experienced fluctuations within a range of 4.73% and 5.49% for the period ended 31st March 2022.

We witnessed two policy rates hikes within the last 3 months of the financial year and the inflation (NCPI) figures (Y-o-Y) reached double digits by November 2021. While the macroeconomic conditions in the Country worsened further and fueled more policy tightening. Accordingly fund managers were more focused on the interest rate movement and most of the maturities were re-invested in shorter tenures in expectation of higher re-investment rate.

Despite having these challenges during the review period, AINF was able to maintain an average YTD of 5.10%. Due to the deteriorating macro-economic conditions, our view of future

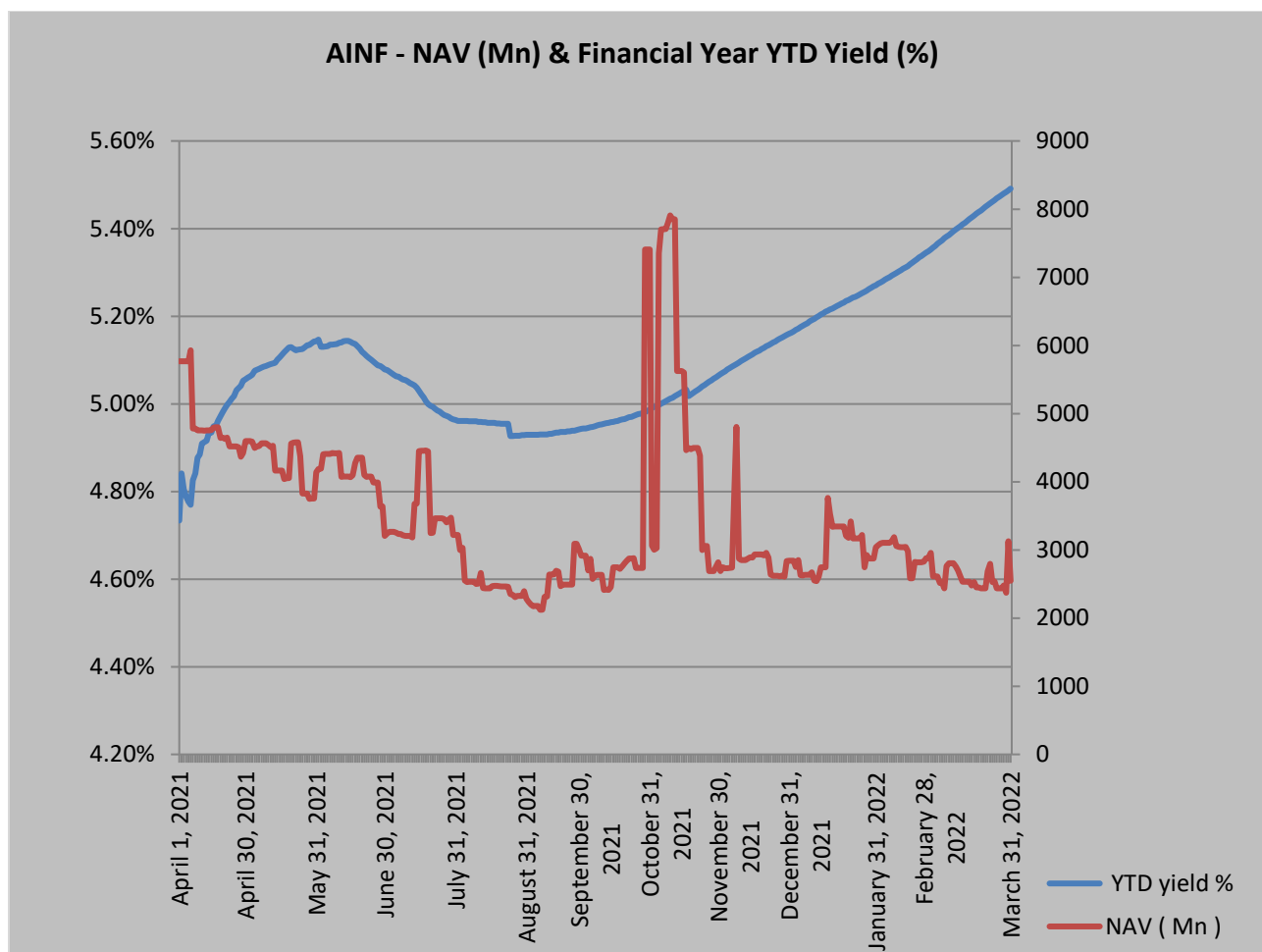
interest rates and to mitigate risk of uncertainty, funds were invested in leading banks with sound credit ratings. Money market accounts giving the highest returns were selected to hold the excess liquidity with the intention of making prudent investments, gradually, when interest rates start to rise.

The number of unit holders in AINF reduced by 2.5% to 957 from 981 during the 12-month period.

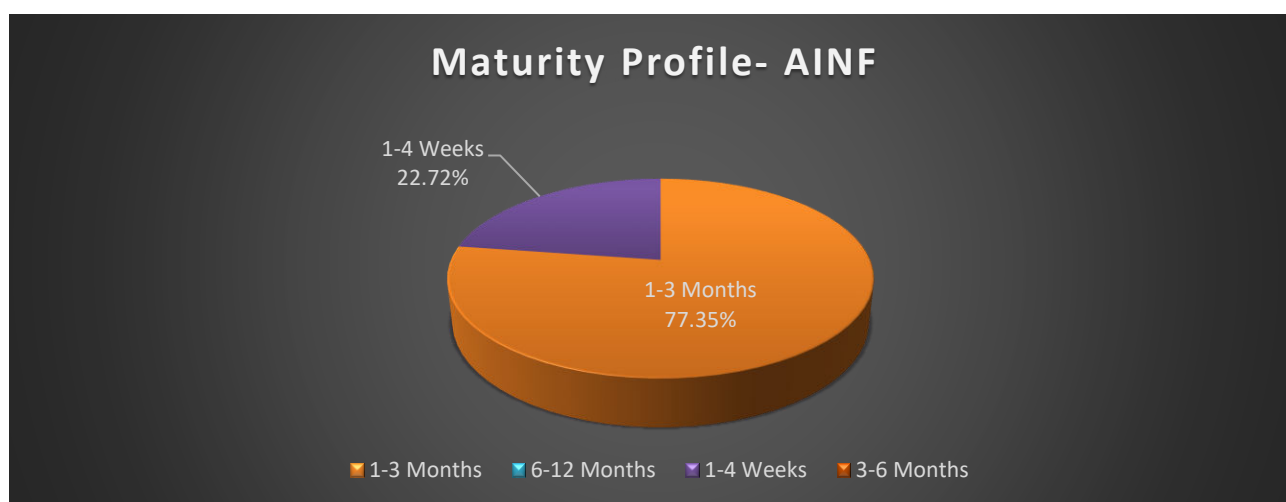
Fund managers paid more emphasis to shorter tenure investments placing a higher portion (77.35%) in a 1-3 months maturity bucket whereas the balance portion consisted of money market and investments with 1-4 weeks maturity.

The AINF has an investment mix of fixed deposits, REPO and money market savings accounts, with 69.55% of the funds invested in Fixed Deposits.

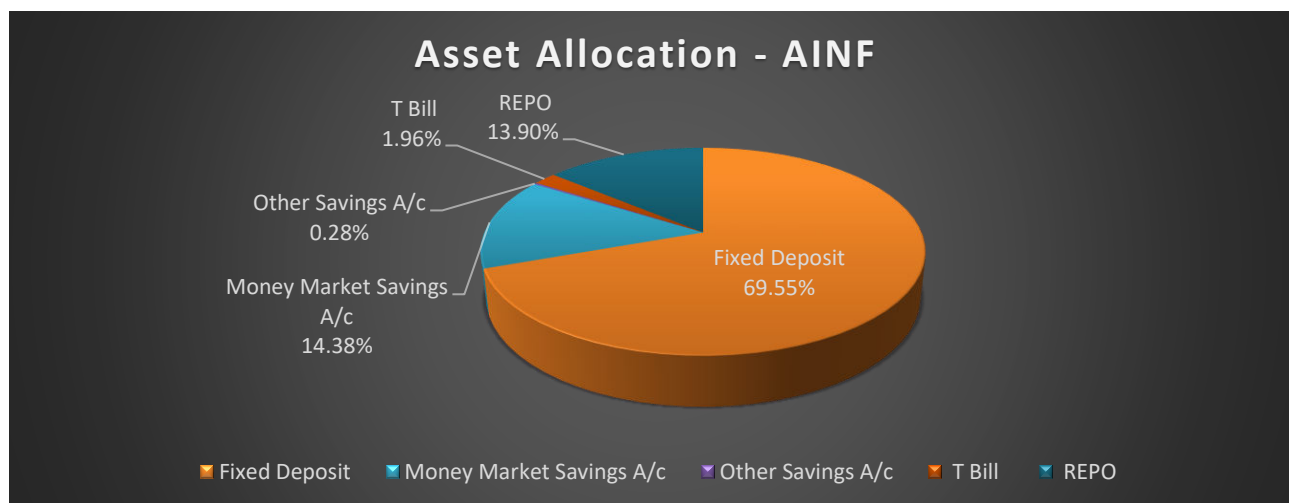
From the funds under management the majority were with banks rated "A+" (Fitch) credit rating 42.74% and 38.41% of funds were invested in banks with "AA-" (Fitch) followed by "AAA" (ICRA) and "BBB+" (Fitch), which accounted for 16.71% and 0.26% respectively.



(Figure 1: NAV and Financial Year YTD Yield 2022 AINF)



(Figure 2: Maturity profile of AINF as of 31.03.2022)



(Figure 3: Asset allocation of AINF as at 31st March 2022)

Rating	Fitch		ICRA		Total	
	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV
AAA	-	0.00%	425,108,923.50	16.71%	425,108,923.50	16.71%
AA-	977,338,648.78	38.41%	-	0.00%	977,338,648.78	38.41%
A+	1,087,418,942.35	42.74%	-	0.00%	1,087,418,942.35	42.74%
A	82,451.72	0.00%	-	0.00%	82,451.72	0.00%
BBB+	6,580,860.54	0.26%	-	0.00%	6,580,860.54	0.26%
Total	2,071,420,903.39	81.41%	425,108,923.50	16.71%	2,496,529,826.89	98.12%

(Figure 4: Credit profile of AINF excluding investments in government securities as of 31.03.2022)

Assetline Income Fund

FOR THE YEAR ENDED 31st MARCH 2022



Private & Confidential

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF ASSETLINE INCOME FUND

Report on the Audit of the Financial Statements**1. Opinion**

We have audited the financial statements of Assetline Income Fund, which comprise the statement of financial position as at 31st March, 2022, and the statement of comprehensive income, statement of changes in unit holder's fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view of, the financial position of the Company as at 31st March, 2022 and its financial performance and its cash flows for the year then ended in accordance with the Sri Lanka Accounting Standards.

2. Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Code of Ethics issued by CA Sri Lanka, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Emphasis of Matter

We draw attention to Note 12 of the financial statements, which indicates the Fund's exposure to ongoing increase in inflation, interest rate movements and other impact from the current economic crisis of the country. This will have direct impact to the Fund's ability to recoup its investments in banks and financial institutions and stock market. Our opinion is not modified in respect of this matter.

4. Other Information

The Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our Opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained on the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

6. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.




We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

7. Report on Other Legal and Regulatory Requirements

- (I.) As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:
- a) The basis of opinion and scope and limitations of the audit are as stated above.
 - b) In our opinion:
 - We have obtained all the information and explanations that were required for the audit and as far as it appears from our examination, proper accounting records have been kept by the Fund.
 - The financial statements of the Fund, comply with the requirements of section 151 of the Companies Act.
- (II.) The financial statements of Assetline Income Fund is complied with the requirements of the Unit Trust Code issued by Securities and Exchange Commission of Sri Lanka and the Trust Deed.


B. R. DE SILVA & CO.
Chartered Accountants
Colombo 05.

Date... 8th/06/2022

LW/KU/sn (20/04)



ASSETLINE INCOME FUND**STATEMENT OF COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31ST MARCH 2022

		2022 Rs.	2021 Rs.
<u>Investment Income</u>			
Interest income from financial assets at amortised cost	(04)	209,081,033	218,594,987
Total investment income		<u>209,081,033</u>	<u>218,594,987</u>
<u>Expenses</u>			
Management fee	09 (g)	(17,231,236)	(14,506,733)
Trustee and custodian fee	09 (g)	(8,698,381)	(7,374,272)
Audit fee		(209,999)	(201,105)
Professional fee		(32,000)	(35,293)
Other operating expenses		(247,250)	(302,149)
Total operating expenses		<u>(26,418,866)</u>	<u>(22,419,552)</u>
Net operating profit		<u>182,662,168</u>	<u>196,175,435</u>
<u>Finance cost</u>			
		-	-
Profit after deductions and before tax		182,662,168	196,175,435
Income tax expense		-	-
Increase in net assets attributable to unitholders		<u>182,662,168</u>	<u>196,175,435</u>

The Notes to the Financial Statements in pages (05) to (21) form an integral part of these Financial Statements.

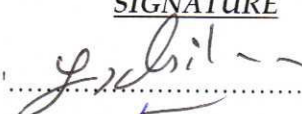




ASSETLINE INCOME FUNDSTATEMENT OF FINANCIAL POSITIONAS AT 31ST MARCH 2022

	Notes	2022 Rs.	2021 Rs.
<u>ASSETS</u>			
<u>Current assets</u>			
Cash and cash equivalents	(05)	7,054,392	8,524,213
Financial assets at amortised cost	(06)	2,539,315,221	5,754,490,693
Income tax receivables		42,338,456	42,338,456
Total assets		2,588,708,069	5,805,353,362
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accrued expenses and other payables		1,920,692	2,842,928
Liabilities (excluding net assets attributable to unitholders)		1,920,692	2,842,928
<u>UNITHOLDERS' FUNDS</u>			
Net assets attributable to unitholders	(07)	2,586,787,377	5,802,510,434
Total unitholders' fund and liabilities		2,588,708,069	5,805,353,362

The Manager is responsible for these Financial Statements and these Financial Statements were approved by the Manager.

Signed for and on behalf of the Manager by:

	<u>NAME</u>	<u>SIGNATURE</u>
DIRECTOR	1. Dhanika De Silva	
	2. Wishan Perera	
TRUSTEE	
DATE OF APPROVAL	08.06.2022

The Notes to the Financial Statements in pages (05) to (21) form an integral part of these Financial Statements.



ASSETLINE INCOME FUND**STATEMENT OF CHANGES IN UNITHOLDERS' FUND**
FOR THE YEAR ENDED 31ST MARCH 2022

	<i>Notes</i>	2022 Rs.	2021 Rs.
Unitholders' fund at the beginning of the year		5,802,510,434	2,042,643,033
Increase in net assets attributable to unitholders		182,662,168	196,175,435
Received on unit creations		29,068,705,160	26,152,204,072
Paid on unit redemptions		(32,467,090,385)	(22,588,512,106)
Unitholders' fund at the end of the year	(07)	<u><u>2,586,787,377</u></u>	<u><u>5,802,510,434</u></u>

The Notes to the Financial Statements in pages (05) to (21) form an integral part of these Financial Statements.



ASSETLINE INCOME FUND**STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED 31ST MARCH 2022

	<i>Notes</i>	2022 Rs.	2021 Rs.
Cash flows from operating activities			
Proceeds from sale of Financial assets at amortised cost		133,971,980,313	100,316,860,824
Purchase of Financial assets at amortised cost		(130,798,760,262)	(104,085,697,609)
Other payables		(1,000)	-
Interest received		251,036,455	226,816,111
Management fees paid		(17,872,713)	(13,755,000)
Other expenses paid		(9,467,389)	(7,543,578)
Net cash in outflow from operating activities		3,396,915,404	(3,563,319,252)
Cash flows from financing activities			
Proceeds from subscription by unitholders	(07)	29,068,705,160	26,152,204,072
Payments for redemptions by unitholders	(07)	(32,467,090,385)	(22,588,512,106)
Net cash from financing activities		(3,398,385,225)	3,563,691,966
Net increase in cash and cash equivalents		(1,469,821)	372,712
Cash and cash equivalents at the beginning of the year			
		8,524,213	8,151,501
Net increase in cash and cash equivalents		(1,469,821)	372,712
Cash and cash equivalents at the end of the year	(05)	7,054,392	8,524,213

The Notes to the Financial Statements in pages (05) to (21) form an integral part of these Financial Statements.



ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022****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 120, 120A Pannipitiya Road, Battaramulla.

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 and other money market securities with tenures less than 1 year.

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

2. BASIS OF PREPARATION AND 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 periods presented, unless otherwise stated.

2.1. Basis of preparation**2.1.1. Statement of Compliance**

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Unit Trust Code of 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. Directive of the Securities and Exchange Commission of all assets invest only in short term liquid fixed income securities with a maturity period less than 366 calendar days shall continue to be valued on a cost plus accrued interest method.

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.

Contd..... (06)



ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022****2.1.2. Comparative Information**

The accounting policies have been consistently applied by the Fund with those of the previous financial year. Further comparative information is reclassified wherever necessary to comply with the current presentation in the Financial Statements.

2.2. Significant Accounting Policies

The following are the significant accounting policies consistently applied by the Fund in preparing its Financial Statements.

2.2.1. Financial Instruments

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

2.2.1.1 Financial Assets**a) Initial Recognition and Subsequent Measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them.

b) Subsequent Measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial Assets at Amortised Cost (Debt Instruments)

The Fund measures financial assets at amortised cost if both of the following conditions are met:

Contd..... (07)



ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022**

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in net assets attributable to unitholders when the asset is derecognised, modified or impaired.

The Fund's financial assets at amortised cost include cash and cash equivalent, Fixed deposits and money market savings.

c) Derecognition

A financial asset is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
Or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

2.2.1.2 Financial Liabilities**a) Initial Recognition and Measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Fund's

financial liabilities include Management fee, Trustee fees, Custodian fee and professional fee payables.

Contd..... (08)



ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022****b) Subsequent Measurement**

The measurement of financial liabilities depends on their classification, as described below:

Loans and Borrowings (Financial liabilities at amortised cost)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.2.2. 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 recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.2.3. Impairment of Financial Assets

The Fund assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Contd..... (09)



ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2022

Evidence of impairment may include indications that the default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

2.4. Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, at bank and bank overdrafts. The 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.

2.5. Investment Income

Interest income is recognized in profit or loss for all financial assets that are measured at amortised cost or loss using the effective interest method

The effective interest method is a method of calculating the amortized 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.

Contd..... (10)



ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022****2.6. 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	- 0.50% 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 + Applicable Government Taxes

2.7 Income tax

The Unit Trust act as pass through agent and a beneficiary of Trust (instead of the Trust) is liable to tax on the income of the Trust in terms of Section 57 of the Inland Revenue Act No.24 of 2017.

2.8. 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.

2.9. 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.

2.10. 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.

2.11. New accounting standards and interpretations

There are no Accounting standards which have been issued by the Institute of Chartered Accountants of Sri Lanka but not yet effective, having a material impact on the financial statements of the Fund.

Contd..... (11)



ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2022**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 security 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 risks 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) 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.

Contd..... (12)



ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022****- 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.

31st March 2022	Floating interest rate	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
<u>Financial assets</u>				
Cash and cash equivalents (Note 5)	-	-	7,054,392	7,054,392
Financial assets measured at amortised cost (Note 6)	-	2,539,315,221	-	2,539,315,221
<u>Financial liabilities</u>				
Accrued expenses and other payables	-	-	(1,920,692)	(1,920,692)
Net exposed	-	2,539,315,221	5,133,700	2,544,448,921

31st March 2021	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash and cash equivalents (Note 5)	-	-	8,524,213	8,524,213
Financial assets measured at amortised cost (Note 6)	-	5,754,490,693	-	5,754,490,693
<u>Financial liabilities</u>				
Accrued expenses and other payables	-	-	(2,842,928)	(2,842,928)
Net exposed	-	5,754,490,693	5,681,285	5,760,171,978

Contd..... (13)



ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022****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 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.

<i>Change in interest rate of the Financial assets at amortized cost</i>	<i>Impact on operating profit / net assets attributable to unitholders' Interest rate risk</i>	
	<i>2022 Rs.</i>	<i>2021 Rs.</i>
+1%	25,393,152	57,544,907
-1%	(25,393,152)	(57,544,907)

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 financial assets.

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

- 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. (These ratings were calculated by percentage of total assets)

Contd..... (14)



ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022****- Debt securities (Contd...)**

<i>Debt securities by rating category</i>	2022	2021
Risk Free Investments	15.85%	-
AAA (ICRA)	16.69%	7.93%
AA+ (Fitch)	-	-
AA- (Fitch)	24.49%	7.37%
AA (Fitch)	-	-
A+ (Fitch)	42.70%	80.93%
A (ICRA)	-	3.76%
A- (Fitch)	-	-
BBB+ (Fitch)	0.26%	0.01%
Total	100%	100%

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 been 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**
FOR THE YEAR ENDED 31ST MARCH 2022**(04) INTEREST INCOME FROM FINANCIAL ASSETS AT AMORTISED COST**

	2022 Rs.	2021 Rs.
Interest Income from Fixed Deposits	113,134,808	143,889,086
Interest Income from Money Market Savings	71,106,058	54,798,120
Interest Income from Commercial Paper	4,290,411	19,907,781
Interest on treasury bills	13,942,146	-
Interest on repurchase agreements	6,607,610	-
Total Interest income from fixed income securities	209,081,033	218,594,987

(05) CASH AND CASH EQUIVALENTS

	2022 Rs.	2021 Rs.
Cash at Bank	7,054,392	8,524,213
	7,054,392	8,524,213

(06) FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2022 Rs.	2021 Rs.
- Fixed Deposit [See Note (a) below]	1,769,757,809	1,643,950,873
- Money Market Savings [See Note (b) below]	365,931,558	3,893,950,230
- Commercial Paper	-	216,589,589
- Repurchase agreements [See Note (c) below]	353,786,058	-
- Treasury bills [See Note (d) below]	49,839,796	-
Total Financial Assets at amortised cost	2,539,315,221	5,754,490,693



ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2022****(a) Financial Assets measured at amortised cost : Fixed Deposits**

31st March 2022	Cost	Market Value
	Rs	Rs
DFCC Bank PLC	250,147,945	262,393,669
National Savings Bank	410,474,001	425,108,921
National Development Bank PLC.	439,002,399	459,019,723
People's Bank	412,408,904	421,451,935
Bank Of Ceylon	200,000,000	201,783,561
	1,712,033,249	1,769,757,809

31st March 2021		
Bank Of Ceylon	216,093,620	216,311,193
DFCC Bank PLC	383,077,289	405,824,466
National Development Bank PLC.	334,714,849	357,743,686
National Savings Bank	430,393,041	456,431,804
People's Bank	200,000,000	207,639,724
	1,564,278,799	1,643,950,873

(b) Financial Assets measured at amortised cost : Money Market Savings

31st March 2022	Cost	Market Value
	Rs.	Rs.
National Development Bank PLC.	1,556,268	2,085,588
DFCC Bank PLC	363,110,212	363,845,970
	364,666,480	365,931,558

31st March 2021	Cost	Market value
	Rs.	Rs.
National Development Bank PLC	2,027,926,134	2,030,889,810
Sampath Bank - Pelawatte Branch	141,757	141,909
Deutsche Bank AG	435,543	436,068
DFCC Bank PLC	1,856,141,997	1,862,482,444
	3,884,645,431	3,893,950,231

(c) Financial Assets measured at amortised cost : Repurchase agreements

31st March 2022	Cost	Market Value
	Rs	Rs
Commercial Bank of Ceylon PLC	350,000,000	353,786,058
	350,000,000	353,786,058

(d) Financial Assets measured at amortised cost : Treasury bills

31st March 2022	Cost	Market Value
National Development Bank PLC.	49,004,450	49,839,796
	49,004,450	49,839,796



ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH 2022**(07) NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

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

	Number of units	Net assets attributable to unitholders
Opening balance	126,379,439	2,042,643,033
Subscriptions	1,590,190,636	26,152,204,072
Redemptions	(1,377,010,422)	(22,588,512,106)
Increase in net assets attributable to unitholders	-	196,175,435
At 31 March 2021	339,559,653	5,802,510,434
Opening balance	339,559,653	5,802,510,434
Subscriptions	1,666,243,735	29,068,705,160
Redemptions	(1,863,616,491)	(32,467,090,385)
Increase in net assets attributable to unitholders	-	182,662,168
At 31 March 2022	142,186,896	2,586,787,377

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.



ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH 2022**(08) REMUNERATION OF AUDITORS**

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

	2022	2021
	Rs.	Rs.
Audit and other assurance services		
Audit of financial statements	205,000	195,000
Total remuneration for audit and other assurance services	205,000	195,000
Taxation services		
Tax compliance services	35,000	30,000
Total remuneration for taxation services	35,000	30,000

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

(09) 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.

- Ms. R.M.A.S. Parakrama - Non-Executive Chairperson (From 01.02.2017 onwards)
- Mr. A.Y.D. De Silva - Executive Director (From 16.01.2019 onwards)
- Mr. N.D.P.S.R. Kalyanaratne - Non-Executive Director (From 01.06.2020 onwards)
- Mr. G.L.W.N. Perera - Director and Chief Executive Officer (From 10.02.2022 onwards)
- Mr. Ramli Mohomad -Non-Executive Director (From 10.02.2022 onwards)

ii) Other key management personnel

There were no other key management persons other than persons given in 09 [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**
FOR THE YEAR ENDED 31ST MARCH 2022**c) Key management personnel unitholdings**

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

<i>Unitholder</i>	<i>No of units held opening</i>	<i>No of units held closing</i>	<i>Fair value of investment</i>	<i>Dividend paid or payable by the fund</i>
R.M.A.S. Parakrama	742,748	742,748	13,303,219	-

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

There were no other key management persons other than persons given in 09 [b (i)] above with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial year.

f) Related party unitholding

The Management Company of the Fund Assetline Capital (Pvt) Ltd. DPMC Assetline Holdings (Private) Limited, the immediate parent company of the Management Company and other related parties of the Management Company, held units in the Fund as follows:

31 March 2022

<i>Unitholder</i>	<i>No of units held opening</i>	<i>No of units held closing</i>	<i>Fair value of investment</i>	<i>Dividend paid or payable by the fund</i>
Assetline Capital (Pvt) Ltd	2,061,524	462,983	8,292,403	-
DPMC Assetline Holdings (Private) Limited	3,259,203	22,679,844	406,214,151	-



ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2022**

31 March 2022

Unitholder	No of units held opening	No of units held closing	Fair value of investment	Dividend paid or payable by the fund
<i>Other related parties:</i>				
David Pieris Holdings (Pvt) Ltd	14,381,516	18,741,788	335,680,420	-
Assetline Corporate Services (Private) Limited	201,960	292,601	5,240,715	-
Assetline Insurance Brokers (Private) Limited	9,798,419	4,749,272	85,063,266	-
Assetline Securities (Private) Limited	181,584	4,653,743	83,352,262	-
David Pieris Automobiles (Private) Limited	10,022,876	-	-	-
David Pieris Motor Company (Lanka) Limited	60,208,800	-	-	-
David Pieris Motor Company (Private) Limited	28,015,331	13,559,142	242,855,075	-
David Pieris Trust	304,434	304,319	5,450,595	-
DP Logistics (Private) Limited	7,575,772	3,187,274	57,086,629	-
Hill Cottage Nuwara Eliya (Private) Limited	156,452	227,418	4,073,232	-
David Pieris Racing & Leisure (Private) Limited	76,173,403	1,157,714	20,735,579	-
D P Infotech (private) Limited	976,015	1,041,853	18,660,421	-
Mr. D.P. PIERIS	97,439,477	39,690,413	710,887,051	-
Mrs. E.M. PIERIS	20,963,394	9,352,918	167,518,249	-
Dee Investments (Pvt.) Ltd.	4,379,380	8,696,665	155,764,226	-
Mr. J.D. Pieris	-	6,587	117,977	-
Mr. E.D. Pieris	322,905	1,242,924	22,261,766	-

g) Transactions held 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 2022	Charge for the year ended 31 March 2021	Balance outstanding 31 March 2022	Balance outstanding 31 March 2021
Management fees	17,231,236	14,506,733	1,094,679	1,736,156
Trustee and custodian fees	8,698,381	7,374,272	559,014	870,772
	25,929,617	21,881,005	1,653,694	2,606,928

(10) CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

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

(11) RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE SEC RETURN

	As at 31 March 2022	As at 31 March 2021
Net Asset Value as per Financial Statements	2,586,787,377	5,802,510,434
Less :		
Income Tax Receivable	(42,338,456)	(42,338,456)
Net Asset Value as per SEC Return	2,544,448,921	5,760,171,978



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2022

(12) EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no material events occurring after the balance sheet date that requires adjustments or disclosure in the Financial Statements except for the following,

Inflation and the economic crisis in Sri Lanka are rising rapidly. This is due to the shortage of foreign exchange reserves in the country and other related crises such as the depreciation of the rupee, the energy crisis, the shortage of petroleum, the shortage of essential food and medicine, as well as the unstable political situation. Due to this situation, Sri Lanka's credit rating has dropped internationally due to its failure to repay foreign loans. This has had an adverse impact on the country's financial and capital markets. The recent suspension of trading on the Colombo Stock Exchange (CSE) for several days due to the recent fall in price indices also points to the negative aspects of the economic crisis.

At the same time, the difficulty of importing the raw materials required for large scale businesses in the country to carry out their operations can have a detrimental effect on the profitability of the business and may adversely affect the share price of each business.

The Central Bank of Sri Lanka has now raised policy interest rates as one of the responses to this crisis.

The objective of the fund is to maximize the total return of the fund by investing in fixed income securities. As interest rates have risen at present, the fund will be able to earn higher interest returns on future investments.

However, this growing crisis in the country as a whole continues to worsen in the near future. It can be very detrimental to the banking and financial institution system of the country and to the capital and financial markets. As a result, the Fund's ability to recoup its investments in banks and financial institutions and stock market may be affected.



10. Fund Performance – Assetline Income Plus Growth Fund (AIGF)

The NAV of the Assetline Income Plus Growth Fund (AIGF) as of 31st March 2022 was 1.55 Bn. The fund generated a -6.76% YTD yield for the period ended as of 31st March 2022 while the number of unit holders was 114.

AIGF's financial year YTD yield experienced fluctuations within a range of -43.23% and 103.45% for the period ended 31st March 2022 due to the volatility of the equity market.

Historically low interest rates and the expected economic recovery post COVID 19 has created a bullish sentiment in the equity market till mid-January 2022 where ASPI reached 13,462 which is the highest ever performance historically.

However, with reversing expansionary policy and uncertainty created through the debt unsustainability and foreign exchange crisis in the country, negative sentiment dragged the index down 34% compared to the highest ever performance reported on 19th January 2022. This resulted in fund managers reducing the equity portfolio to minimize risk.

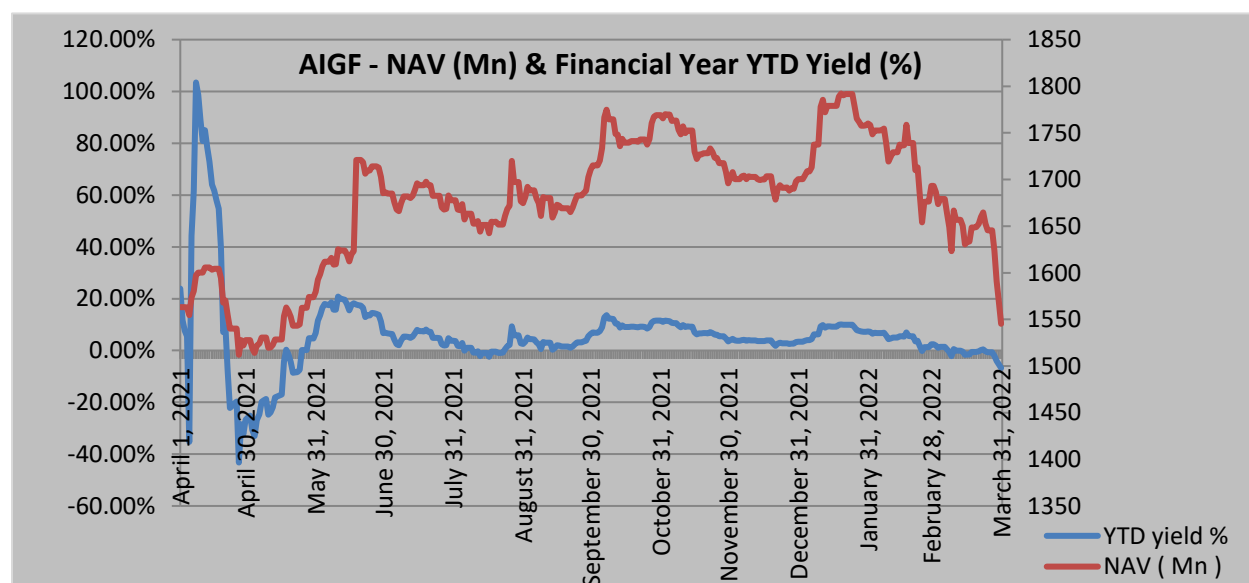
The fund managers prudently invested in shares which generate a high dividend. In addition to income investing, growth and value investment strategies were used when selecting shares for the fund.

A higher portion of the interest-bearing funds were kept in money market accounts to take advantage of equity market opportunities.

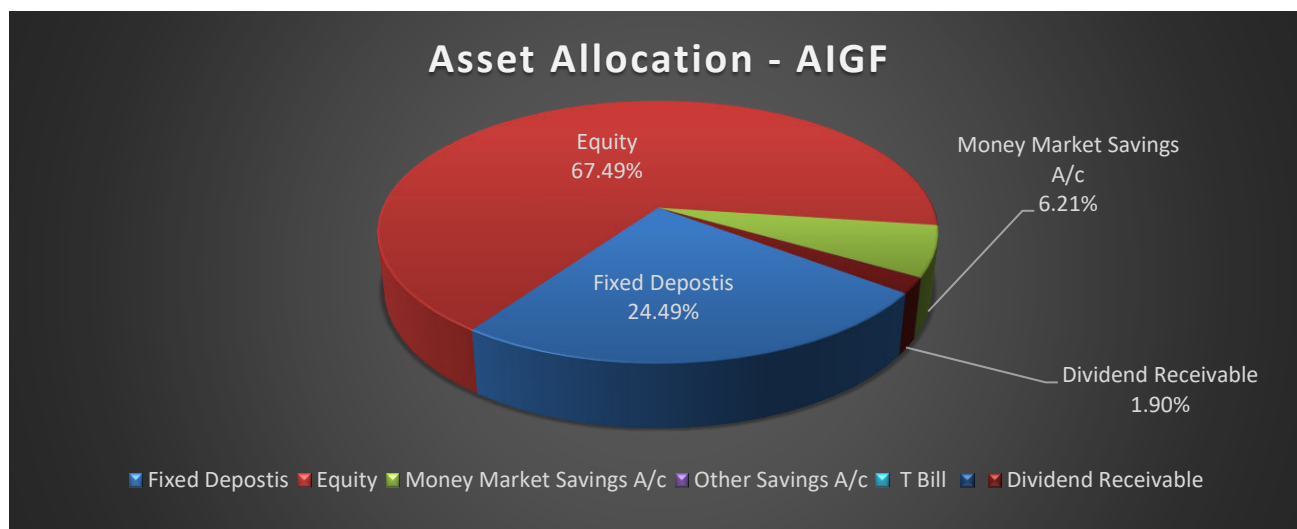
The FIS portfolio has an investment mix of fixed deposits and money market savings accounts whilst equity investments stood at 67.49% of the NAV as at 31st March 2022.

The maturities of FIS were mostly invested in short tenure with 21.21% of the investments in the "1-3" months category and 8.15% of the investments maturing in the "1-4" weeks categories.

12.15% from the NAV is invested in FIS with counterparties having "AA-" rating and above, while 9.77% is with counterparties having credit rating (ICRA) of "AAA".



(Figure 1: AIGF NAV and Financial YTD yield as of 31.03.2022)



(Figure 3 : Asset allocation of AIGF as at 31st March 2022)

Rating	Fitch		ICRA		Total	
	Amount	As a % of NAV	Amount	As a % of NAV	Amount	As a % of NAV
AAA	-	-	150,927,397.26	9.77%	150,927,397.26	9.77%
AA-	187,661,920.58	12.15%	-	0.00%	187,661,920.58	12.15%
A+	135,719,396.58	8.78%	-	0.00%	135,719,396.58	8.78%
BBB+	611,003.75	0.04%	-	0.00%	611,003.75	0.04%
Total	323,992,320.91	20.97%	150,927,397.26	9.77%	474,919,718.17	30.74%

(Figure 4 : Credit profile of AIGF – Fixed Income Securities as at 31st March 2022)

Assetline Income Plus Growth Fund

FOR THE YEAR ENDED 31st MARCH 2022



Private & Confidential

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF ASSETLINE INCOME PLUS GROWTH FUND

Report on the Audit of the Financial Statements**1. Opinion**

We have audited the financial statements of Assetline Income Plus Growth Fund, which comprise the statement of financial position as at 31st March, 2022, and the statement of comprehensive income, statement of changes in unit holder's fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view of, the financial position of the Company as at 31st March, 2022 and its financial performance and its cash flows for the year then ended in accordance with the Sri Lanka Accounting Standards.

2. Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Code of Ethics issued by CA Sri Lanka, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Emphasis of Matter

We draw attention to Note 16 of the financial statements, which indicates the Fund's exposure to ongoing increase in inflation, interest rate movements and other impact from the current economic crisis of the country. This will have direct impact to the Fund's ability to recoup its investments in banks and financial institutions and stock market. Our opinion is not modified in respect of this matter.

4. Other Information

The Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our Opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained on the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

6. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.




We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. Report on Other Legal and Regulatory Requirements

- (I.) As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:
- a) The basis of opinion and scope and limitations of the audit are as stated above.
 - b) In our opinion:
 - We have obtained all the information and explanations that were required for the audit and as far as it appears from our examination, proper accounting records have been kept by the Fund.
 - The financial statements of the Fund, comply with the requirements of section 151 of the Companies Act.
- (II.) The financial statements of Assetline Income Plus Growth Fund is complied with the requirements of the Unit Trust Code issued by Securities and Exchange Commission of Sri Lanka and the Trust Deed.


B. R. DE SILVA & CO.
Chartered Accountants
Colombo 05.

Date... 8th/06/2022

LW/KU/sn (20/04)



ASSETLINE INCOME PLUS GROWTH FUND**STATEMENT OF COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31ST MARCH 2022

	<i>Notes</i>	2022 Rs.	2021 Rs.
<u>Income</u>			
Interest income from financial assets at amortised cost	(05)	22,126,582	15,113,781
Other Income		287,400	-
Dividend income		54,349,329	54,907,000
Net gains/ (losses) on financial assets held at fair value through profit or loss	(06)	(164,043,889)	72,901,929
Total investment income		<u>(87,280,578)</u>	<u>142,922,710</u>
<u>Expenses</u>			
Management fee	13 (f)	(16,757,697)	(7,812,372)
Trustee & Custodian fee	13 (f)	(4,305,629)	(2,180,220)
Audit fee		(209,999)	(193,862)
Professional fee		(32,000)	(35,293)
Brokerage Charges		(8,211,766)	(15,787,483)
Other operating expenses		(24,010)	(27,389)
Total operating expenses		<u>(29,541,100)</u>	<u>(26,036,619)</u>
Operating profit		<u>(116,821,678)</u>	<u>116,886,091</u>
Finance cost		-	-
Profit after deductions and before tax		(116,821,678)	116,886,091
Income tax expense		-	-
Increase in net assets attributable to unit holders		<u>(116,821,678)</u>	<u>116,886,091</u>

The Notes to the Financial Statements in pages (05) to (28) form an integral part of these Financial Statements.



ASSETLINE INCOME PLUS GROWTH FUNDSTATEMENT OF FINANCIAL POSITIONAS AT 31ST MARCH 2022

	Notes	2022 Rs.	2021 Rs.
<u>ASSETS</u>			
<u>Current assets</u>			
Cash and cash equivalents	(07)	644,031	1,784,206
Financial assets at amortised cost	(08)	474,275,689	120,035,098
Financial assets held at fair value through profit or loss	(09)	1,042,848,671	1,207,338,292
Other Receivables	(10)	29,412,920	232,730,514
Income tax receivables		1,622,001	1,622,001
Total assets		1,548,803,312	1,563,510,111
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accrued expenses and other payables		2,025,139	1,849,775
Liabilities (excluding net assets attributable to unitholders)		2,025,139	1,849,775
<u>UNITHOLDERS' FUNDS</u>			
Net assets attributable to unitholders	(11)	1,546,778,173	1,561,660,336
Total unitholders' fund and liabilities		1,548,803,312	1,563,510,111

The Manager is responsible for these Financial Statements and these Financial Statements were approved by the Manager.

Signed for and on behalf of the Manager by:

	<u>NAME</u>
DIRECTOR }	1. Dhanika De Silva
	2. Wishan Perera

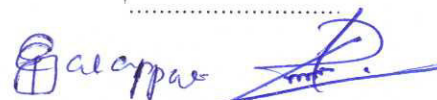
TRUSTEE

DATE OF APPROVAL 08.06.2022

SIGNATURE

y. z. z. bilal

 Y. Z. Z. Bilal
 Colombo Branch


 B. R. De Silva

The Notes to the Financial Statements in pages (05) to (28) form an integral part of these Financial Statements.



ASSETLINE INCOME PLUS GROWTH FUND**STATEMENT OF CHANGES IN UNITHOLDERS' FUND**
FOR THE YEAR ENDED 31ST MARCH 2022

	<i>Notes</i>	2022 Rs.	2021 Rs.
Unitholders' fund at the beginning of the year		1,561,660,336	148,167,424
Increase in net assets attributable to unitholders		(116,821,678)	116,886,091
Received on unit creations		102,047,524	1,322,153,713
Paid on unit redemptions		(108,009)	(25,546,892)
Unitholders' fund at end of the year	(11)	<u><u>1,546,778,173</u></u>	<u><u>1,561,660,336</u></u>

The Notes to the Financial Statements in pages (05) to (28) form an integral part of these Financial Statements.



ASSETLINE INCOME PLUS GROWTH FUND**STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED 31ST MARCH 2022

	Notes	2022 Rs.	2021 Rs.
<u>Cash flows from operating activities</u>			
Proceeds from sale of financial instruments held at fair value through profit or loss		756,495,592	185,858,991
Purchase of financial assets at fair value through profit or loss		(558,659,360)	(1,520,283,454)
Proceeds from sale of Financial assets at amortised cost		8,363,921,202	11,296,596,768
Purchase of Financial assets at amortised cost		(8,714,786,972)	(11,268,936,877)
Dividend received		57,666,923	22,176,485
Interest received		21,361,262	14,274,171
Other Income received		287,400	-
Management fees paid		(16,641,824)	(6,653,592)
Other expenses paid		(12,723,913)	(17,952,231)
Net cash outflow from operation activities		(103,079,689)	(1,294,919,739)
<u>Cash flows from financing activities</u>			
Proceeds from subscription by unitholders	(11)	102,047,524	1,322,153,713
Payments for redemptions by unitholders	(11)	(108,009)	(25,546,892)
Net cash inflow from financing activities		101,939,515	1,296,606,821
Net increase in cash and cash equivalents		(1,140,174)	1,687,082
Cash and cash equivalents at the beginning of the year		1,784,206	97,124
Net increase in cash and cash equivalents		(1,140,174)	1,687,082
Cash and cash equivalents at the end of the year	(7)	644,031	1,784,206

The Notes to the Financial Statements in pages (05) to (28) form an integral part of these Financial Statements.



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2022**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 17th June 2014. The Fund commenced its commercial operations on 11th July 2014. The registered office of the Management Company is located at No 120, 120A Pannipitiya Road, Battaramulla.

The objective of the Fund is to maximize 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. BASIS OF PREPARATION AND 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 periods presented, unless otherwise stated.

2.1. Basis of preparation**2.1.1. Statement of Compliance**

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Unit Trust Code of 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.

Contd..... (06)



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2022**2.1.2. Comparative Information**

The accounting policies have been consistently applied by the Fund with those of the previous financial year. Further comparative information is reclassified where ever necessary to comply with the current presentation in the Financial Statements.

2.2. Significant Accounting Policies

The following are the significant accounting policies consistently applied by the Fund in preparing its Financial Statements.

2.2.1. Financial Instruments

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

2.2.1.1 Financial Assets**a) Initial Recognition and Subsequent Measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them.

b) Subsequent Measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial Assets at Amortised Cost (Debt Instruments)

The Fund measures financial assets at amortised cost if both of the following conditions are met:

Contd..... (07)



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2022

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in net assets attributable to unitholders when the asset is derecognised, modified or impaired.

The Fund's financial assets at amortised cost include cash and cash equivalent, Fixed deposits and money market savings.

Financial Assets at Fair value through Profit or Loss (FVPL)**- Financial Assets held for trading**

The fund classified financial assets as held for trading when they have been purchased primarily for short-term profit making through trading activities. Held-for trading assets are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net gain or loss on financial assets measured at fair value through profit or loss net trading income. Interest income from financial assets held for trading is recorded under net interest income while dividend income is recorded in net trading income when the right to payment has been established. Included in this classification are debt securities and equity investment that have been acquired principally for the purpose of selling in the near term.

The fund has classified equity securities as held for trading financial assets

- Financial Assets designated at fair value through profit or loss

Financial assets in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under SLFRS 9. Management only designated an instrument at FVPL upon initial recognition when the following criteria is met. Such designation is determined on an instrument-by-instrument basis.

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them in a different basis.

Contd..... (08)



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022***Financial Assets designated at fair value through profit or loss (Contd....)*

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on financial asset designated at FVPL is accrued in interest income using the EIR, taking into account any discount/premium and qualifying transaction costs being integral part of the instrument.

c) Derecognition

A financial asset is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
- Or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.2.1.2 Financial Liabilities**a) Initial Recognition and Measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Fund's

financial liabilities include Management fee, Trustee fees, Custodian fee and professional fee payables.

b) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Contd..... (09)



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2022*Loans and Borrowings (Financial liabilities at amortised cost)*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.2.2. 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 recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.2.3. Impairment of Financial Assets

The Fund assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other

Contd..... (10)



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022****Impairment of Financial Assets cost)**

financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.5.4 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.

2.5.5 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include 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.

2.5.6 Investment Income

Interest income is recognised in profit or loss for all financial assets that are measured at amortised cost 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 4.

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

Contd..... (11)



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2022*Investment Income (Contd...)*

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.

2.5.7 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 % 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 + Applicable Government Taxes
Exit Fees	- For withdrawals within 1 year : 1% For withdrawals after 1 year : Nil

2.5.8 Income tax

The Unit Trust act as pass through agent and a beneficiary of Trust (instead of the Trust) is liable to tax on the income of the Trust in terms of Section 57 of the Inland Revenue Act No.24 of 2017.

2.5.9 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.

2.5.10 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.

2.6 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.

Contd..... (12)



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2022**2.7 New accounting standards and interpretations**

There are no Accounting standards which have been issued by the Institute of Chartered Accountants of Sri Lanka but not yet effective, having a material impact on the financial statements of the Fund.

3 FINANCIAL RISK MANAGEMENT

The Fund's activities expose them 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. The Investment committee of assetline Capital (Pvt) Ltd. 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 risks to which it is exposed. These methods are explained below.

a) Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for 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. 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 and fixed income securities. Minimum 3% is expected to be in short term investments.

Contd..... (13)



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST MARCH, 2022***Price risk (Contd....)*

The Fund's policy also limits individual equity securities to no more than 15% 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 31st March, the fair value of equities exposed to price risk were as follows:

	<i>Fair Value 2022</i> Rs.	<i>Fair Value 2021</i> Rs.
Equity securities held for trading	1,042,848,671	1,207,338,292
Total	1,042,848,671	1,207,338,292

a) 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.

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.

Contd..... (14)



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST MARCH, 2022**

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

31st March 2022	Floating interest rate Rs.	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
<u>Financial assets</u>				
Cash and cash equivalents (Note 7)	-	-	644,031	644,031
Financial Assets held at fair value through profit or loss (Note 9)	-	-	1,042,848,671	1,042,848,671
Financial assets measured at amortised cost - (Note 8)	-	474,275,689	-	474,275,689
<u>Financial liabilities</u>				
Accrued expenses and other payables	-	-	(2,025,139)	(2,025,138)
Net exposure	619,091	474,275,689	1,041,467,563	1,515,743,253

Cash flow and fair value interest rate risk

31st March 2021	Floating interest rate Rs.	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
<u>Financial assets</u>				
Cash and cash equivalents (Note 7)	-	-	1,784,206	1,784,206
Financial Assets held at fair value through profit or loss (Note 9)	-	-	1,207,338,292	1,207,338,292
Financial assets measured at amortised cost (Note 8)	-	120,035,098	-	120,035,098
<u>Financial liabilities</u>				
Accrued expenses and other payables	-	-	(1,849,775)	(1,849,775)
Net exposure	-	120,035,098	1,207,272,723	1,327,307,821

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.

Contd..... (15)



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022**

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 risk 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.

<i>Change in price of the fund's investment in trading stock.</i>	<i>Impact on operating profit / net assets attributable to unitholders' Interest rate risk</i>	
	<i>2022</i>	<i>2021</i>
+10%	104,284,867	120,733,829
-10%	(104,284,867)	(120,733,829)

Summarised sensitivity analysis

<i>Change in interest rate Financial assets at amortised cost</i>	<i>Impact on operating profit / net assets attributable to unitholders' Interest rate risk</i>	
	<i>2022</i>	<i>2021</i>
+1%	4,742,757	1,200,351
-1%	(4,742,757)	(1,200,351)

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 financial assets.

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

- 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. (These ratings were calculated by percentage of total assets except equity investment & dividend receivable)

Contd..... (16)



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2022

<i>Debt securities by rating category</i>	2022	2021
Risk free investment	-	-
AAA (ICRA)	31.78%	-
AA+ (Fitch)	-	-
AA- (Fitch)	39.51%	26.00%
AA (Fitch)	-	-
A+ (Fitch)	28.58%	54.00%
A (ICRA)	-	20.00%
A- (Fitch)	-	-
BBB+ (Fitch)	0.13%	-
<i>Debt securities by rating category</i>	100%	100%

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

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.

Contd..... (17)



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2022*Fair Value Measurement (Contd.....)*

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 09)
- Financial assets / liabilities held for trading (See Note 09)

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 transaction costs.

The Fund values its investments in accordance with the accounting policies set out in note 2.2.1.1 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.

Contd..... (18)



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022****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

<i>As at 31st March 2022</i>	<i>Level 1 Rs.</i>	<i>Level 2 Rs.</i>	<i>Level 3 Rs.</i>	<i>Total Rs.</i>
Financial assets				
Financial assets held at fair value through profit or loss	-	-	-	-
Equity Securities	1,042,848,671	-	-	1,042,848,671
Financial assets designated at fair value	-	-	-	-
through profit or loss:				
Debt Securities	-	-	-	-
Total	1,042,848,671	-	-	1,042,848,671

<i>As at 31st March 2021</i>	<i>Level 1 Rs.</i>	<i>Level 2 Rs.</i>	<i>Level 3 Rs.</i>	<i>Total Rs.</i>
Financial assets				
Financial assets held at fair value through profit or loss	-	-	-	-
Equity Securities	1,207,338,292	-	-	1,207,338,292
Financial assets designated at fair value	-	-	-	-
through profit or loss:				
Debt Securities	-	-	-	-
Total	1,207,338,292		-	1,207,338,292



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH 2022**(05) INTEREST INCOME FROM FINANCIAL ASSETS AT AMORTISED COST****Interest income from financial assets at amortised cost**

	2022	2021
	Rs.	Rs.
Interest Income from Fixed Deposits	10,951,659	4,907,128
Interest Income from Money market savings	11,037,015	7,827,761
Interest Income from Commercial Paper	137,908	2,378,892
Total Interest income from fixed income securities	<u>22,126,582</u>	<u>15,113,781</u>

(06) NET GAIN OR LOSS ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	Rs.	Rs.
Net gain/ (loss) on financial assets held for trading	(166,653,389)	72,901,929
Net gain/ (loss) on financial assets designated as at fair value through profit or loss	<u>2,609,500</u>	<u>-</u>
	<u>(164,043,889)</u>	<u>72,901,929</u>

Net realised gains / (loss) on financial assets at fair value through profit or loss [See Note (a) Below]	36,458,483	33,396,595
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	(200,502,372)	39,505,334
	<u>(164,043,889)</u>	<u>72,901,929</u>

(a) Net realised gains on financial assets at fair value through profit or loss:

Gain/(Loss) on disposal of equity securities	33,848,983	33,396,595
Interest income on Treasury Bills	2,609,500	-
	<u>36,458,483</u>	<u>33,396,595</u>

(07) CASH AND CASH EQUIVALENTS

	2022	2021
	Rs.	Rs.
Cash at Bank	644,031	1,784,206
	<u>644,031</u>	<u>1,784,206</u>



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
AS AT 31ST MARCH 2022**(08) FINANCIAL ASSETS MEASURED AT AMORTISED COST**

	2022	2021
	Rs.	Rs.
Fixed deposits [See Note (a) below]	378,374,901	68,624,574
Money Market Savings [See Note (b) below]	95,900,787	27,031,632
Commercial Paper [See Note (c) below]	-	24,378,892
Total Interest income from fixed income securities	474,275,689	120,035,098

(a) Financial Assets measured at amortised cost : Fixed Deposits

31st March 2022	Cost	Market value
	Rs.	Rs.
DFCC Bank PLC	36,880,000	39,818,610
Sampath Bank PLC	30,000,000	33,892,193
People's Bank	152,079,452	153,736,701
National Savings Bank	150,000,000	150,927,397
	368,959,452	378,374,901

31st March 2021	Cost	Market value
	Rs.	Rs.
DFCC Bank PLC	35,000,000	37,207,383
Sampath Bank PLC	30,000,000	31,417,191
	65,000,000	68,624,574



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
AS AT 31ST MARCH 2022**(b) Financial Assets measured at amortised cost : Money Market Savings**

31st March 2022	Cost	Market value
	Rs.	Rs.
National Development Bank PLC	1,610,169	1,684,126
DFCC Bank PLC	93,566,313	94,216,661
	<u>95,176,483</u>	<u>95,900,787</u>

31st March 2021	Cost	Market value
	Rs.	Rs.
National Development Bank PLC	6,010,691	6,036,165
DFCC Bank PLC	20,259,474	20,995,467
	<u>26,270,165</u>	<u>27,031,632</u>

(c) Financial Assets measured at amortised cost : Commercial Paper

31st March 2021	Cost	Market value
	Rs.	Rs.
Assetline Leasing Company Limited	22,000,000	24,378,892
	<u>22,000,000</u>	<u>24,378,892</u>

Market value for financial assets measured at amortised cost are based on the market rate prevailed in the money market.

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

	2022	2021
	Rs.	Rs.
Financial assets held for trading		
Equity securities [See Note (a) below]	1,042,848,671	1,207,338,292
Total financial assets held for trading	<u>1,042,848,671</u>	<u>1,207,338,292</u>
Designated at fair value through profit or loss:		
Total designated at fair value through profit or loss	<u>-</u>	<u>-</u>
Total financial assets held at fair value through profit or loss	<u>1,042,848,671</u>	<u>1,207,338,292</u>



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2022****a) Investment in equity shares:**

31st March 2022

Company	Number of Shares	Cost Rs.	Market Value Rs.	Percentage of Net Assets Rs.
<u>Banks</u>				
COMB-N-0000 COMMERCIAL BANK OF CEYLON PLC	690,101	61,592,326	43,269,333	2.80%
COMB-X-0000 COMMERCIAL BANK OF CEYLON PLC	935,463	65,203,259	56,969,697	3.69%
HNB -N-0000 HATTON NATIONAL BANK PLC	887,564	114,411,050	96,966,367	6.28%
NDB -N-0000 NATIONAL DEVELOPMENT BANK PLC	2,355,519	189,963,363	131,202,408	8.49%
NTB -N-0000 NATIONS TRUST BANK PLC	1,199,249	75,952,451	54,086,130	3.50%
SAMP-N-0000 SAMPATH BANK PLC	3,643,494	165,764,930	166,872,025	10.80%
		672,887,379	549,365,960	
<u>Capital Goods</u>				
ACL -N-0000 ACL CABLES PLC	50,500	5,757,000	2,878,500	0.19%
HAYL-N-0000 HAYLEYS PLC	255,000	9,757,320	19,609,500	1.27%
HHL -N-0000 HEMAS HOLDINGS PLC	1,000,000	72,963,133	46,200,000	2.99%
JKH -N-0000 JOHN KEELLS HOLDINGS PLC	1,375,904	188,467,595	199,506,080	12.91%
RCL -N-0000 ROYAL CERAMICS LANKA PLC	75,000	1,168,751	3,052,500	0.20%
		278,113,799	271,246,580	
<u>Consumer Durables & Apparels</u>				
HELA-N-0000 HELA APPAREL HOLDINGS LIMITED	2,356,200	35,343,000	30,394,980	1.97%
TJL -N-0000 TEXTURED JERSEY LANKA PLC	315,301	9,879,247	12,548,980	0.81%
		45,222,247	42,943,960	
<u>Food Beverage & Tobacco</u>				
SUN -N-0000 SUNSHINE HOLDINGS PLC	100,000	5,196,833	3,660,000	0.24%
MELS-N-0000 MELSTACORP LIMITED	74,910	2,282,841	3,078,801	0.20%
		7,479,674	6,738,801	
<u>Materials</u>				
PARQ-N-0000 SWISSTEK (CEYLON) PLC	100,000	4,599,488	2,210,000	0.14%
TKYO-N-0000 TOKYO CEMENT COMPANY (LANKA) PLC	99,990	6,562,363	3,389,661	0.22%
		11,161,851	5,599,661	
<u>Telecommunication Services</u>				
DIAL-N-0000 DIALOG AXIATA PLC	3,000,278	33,944,197	30,002,780	1.94%
		33,944,197	30,002,780	
<u>Energy</u>				
WIND-N-0000 WINDFORCE LIMITED	8,613,266	155,039,729	136,950,929	8.86%
		155,039,729	136,950,929	
Total value of Equity securities		1,203,848,876	1,042,848,671	



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2022**

31st March 2021

Company	Number of shares	Cost Rs.	Market value Rs.	Percentage of net assets
<u>Banks</u>				
COMB-N-0000 Commercial Bank of Ceylon PLC	664,823	59,597,892	56,842,367	3.64%
COMB-X-0000 Commercial Bank of Ceylon PLC	1,949,842	135,515,684	153,257,581	9.82%
DFCC-N-0000 DFCC Bank PLC	2,364,384	169,239,148	140,917,286	9.03%
HNB -N-0000 Hatton National Bank PLC	981,855	126,391,419	123,713,730	7.93%
HNB -X-0000 Hatton National Bank PLC	826,666	81,829,623	80,351,935	5.15%
NDB -N-0000 National Development Bank PLC	1,100,412	95,830,338	88,913,290	5.70%
NTB -N-0000 Nations Trust Bank PLC	1,128,824	72,001,608	62,423,967	4.00%
SAMP-N-0000 Sampath Bank PLC	3,643,494	165,764,930	196,019,977	12.57%
		906,170,642	902,440,133	
<u>Capital Goods</u>				
HAYL-N-0000 Hayleys PLC	500,000	19,132,000	30,400,000	1.95%
HHL -N-0000 Hemas Holdings PLC	200,000	17,020,000	16,680,000	1.07%
JKH -N-0000 John Keells Holdings PLC	1,069,999	147,221,156	158,894,852	10.19%
RCL -N-0000 Royal Ceramics Lanka PLC	60,000	9,350,000	15,420,000	0.99%
		192,723,156	221,394,852	
<u>Consumer Durables & Apparels</u>				
TJL -N-0000 Textured Jersey Lanka PLC	615,759	19,293,423	24,630,360	1.58%
		19,293,423	24,630,360	
<u>Food Beverage & Tobacco</u>				
MELS-N-0000 Melstacorp Limited	300,000	9,142,344	13,200,000	0.85%
		9,142,344	13,200,000	
<u>Materials</u>				
TKYO-N-0000 Tokyo Cement Company (Lanka) PLC	99,990	6,562,363	6,669,333	0.43%
		6,562,363	6,669,333	
<u>Telecommunication Services</u>				
DIAL-N-0000 Dialog Axiata PLC	3,000,278	33,944,197	39,003,614	2.50%
		33,944,197	39,003,614	
Total value of Equity securities		1,167,836,125	1,207,338,292	



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
AS AT 31ST MARCH 2022**(10) OTHER RECEIVABLE**

	2022 Rs.	2021 Rs.
Dividend Receivable	29,412,920	32,730,514
Advance for IPO	-	200,000,000
	<u>29,412,920</u>	<u>232,730,514</u>

(11) NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

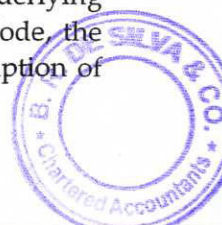
	Number of units	Net assets attributable to unitholders (Rs)
Opening balance	10,358,410	148,167,424
Subscriptions	82,280,228	1,322,153,713
Redemptions	(1,517,779)	(25,546,892)
Increase in net assets attributable to unitholders	-	116,886,091
As at 31st March 2021	<u>91,120,859</u>	<u>1,561,660,336</u>
Opening balance	91,120,859	1,561,660,336
Subscriptions	5,683,869	102,047,524
Redemptions	(6,259)	(108,009)
Increase in net assets attributable to unitholders	-	(116,821,678)
As at 31st March 2022	<u>96,798,470</u>	<u>1,546,778,173</u>

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 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.



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2022**(12) REMUNERATION OF AUDITORS**

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

	2022 Rs.	2021 Rs.
Audit and other assurance services:		
Audit of financial statements	205,000	195,000
Total remuneration for audit and other assurance services	205,000	195,000
Taxation services:		
Tax compliance services	35,000	30,000
Total remuneration for taxation services	35,000	30,000

It is the Fund's policy to employ B.R. De Silva & Co. on assignments additional to their statutory duties where B.R. De Silva & Co.'s expertise and experience with the Fund are important. These assignments are principally tax compliance services or where B.R. De Silva & Co. 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 include persons who were directors of Assetline Capital (Private) Limited at any time during the financial year.

- Ms. R.M.A.S. Parakrama - Non-Executive Chairperson (From 01.02.2017 onwards)
- Mr. A.Y.D. De Silva -Executive Director (From 16.01.2019 onwards)
- Mr. N.D.P.S.R. Kalyanaratne - Non-Executive Director (From 01.06.2020 onwards)
- Mr. G.L.W.N. Perera - Director and Chief Executive Officer (From 10.02.2022 onwards)
- Mr. Ramli Mohomad -Non-Executive Director (From 10.02.2022 onwards)

ii) Other key management personnel

There were no other key management personnel other than persons given in 12 [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
FOR THE YEAR ENDED 31ST MARCH 2022****c) Key management personnel unit holdings**

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

31st March 2022

Unit holder	No of units held opening Rs.	No of units held closing Rs.	Fair value of investment	Dividend paid or payable by the fund
Ms. R.M.A.S. Parakrama	654,840	654,840	10,452,953	-

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 held within the Fund

There were no other key management persons other than persons given in 09 [b (i)] above with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial year.

f) Related party unitholding

Assetline Capital (Private) Limited the Management Company of the Fund, DPMC Assetline Holdings (Private) Limited, the immediate parent company of management company and other related parties of the Management Company, held units in the Fund as follows:

31st March 2022

Unitholder	No of units held opening	No of units held closing	Fair value of investment Rs.	Dividend paid or payable by the fund
Assetline Capital (Pvt) Ltd	9,886,864	10,002,679	159,668,771	-
DPMC Assetline Holdings(Private) Limited	1,474,526	1,474,526	23,537,262	-
David Pieris Motor Company (Lanka) Limited	75,752,747	81,318,104	1,298,048,364	-
Assetline Insurance Brokers (Private) Limited	3,150,294	3,150,294	50,286,878	-



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2022**f) Transactions held 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 31st March 2022	Charge for the year ended 31st March 2021	Balance Outstanding 31st March 2022	Balance Outstanding 31st March 2021
	Rs.	Rs.	Rs.	Rs.
Management fees	16,757,697	7,812,372	1,398,756	1,282,883
Trustee & custodian fee	4,305,629	2,180,220	359,344	331,813
	<u>21,063,326</u>	<u>9,992,592</u>	<u>1,758,101</u>	<u>1,614,696</u>

(14) CONTINGENT ASSETS , LIABILITIES AND COMMITMENTS

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

(15) RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE SEC RETURN

	As at 31 March 2022 Rs.	As at 31 March 2021 Rs.
Net Asset Value as per Financial Statements	1,546,778,173	1,561,660,336
Less :		
Income Tax Receivable	(1,622,001)	(1,622,001)
Net Asset Value as per SEC Return	<u>1,545,156,172</u>	<u>1,560,038,335</u>



ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2022**(16) EVENTS OCCURRING AFTER THE REPORTING PERIOD**

There were no material events occurring after the balance sheet date that requires adjustments or disclosure in the Financial Statements except for the following,

Inflation and the economic crisis in Sri Lanka are rising rapidly. This is due to the shortage of foreign exchange reserves in the country and other related crises such as the depreciation of the rupee, the energy crisis, the shortage of petroleum, the shortage of essential food and medicine, as well as the unstable political situation. Due to this situation, Sri Lanka's credit rating has dropped internationally due to its failure to repay foreign loans. This has had an adverse impact on the country's financial and capital markets. The recent suspension of trading on the Colombo Stock Exchange (CSE) for several days due to the recent fall in price indices also points to the negative aspects of the economic crisis.

At the same time, the difficulty of importing the raw materials required for large scale businesses in the country to carry out their operations can have a detrimental effect on the profitability of the business and may adversely affect the share price of each business.

The Central Bank of Sri Lanka has now raised policy interest rates as one of the responses to this crisis.

The objective of the fund is to maximize the total return of the fund by investing in listed equity securities and fixed income securities. As interest rates have risen at present, the fund will be able to earn higher interest returns on future investments. On the other hand, the ongoing changes in the stock market in the face of the current economic crisis in Sri Lanka could put some risk on the fund's investments in it.

If this growing crisis in the country as a whole continues to worsen in the near future. It can be very detrimental to the banking and financial institution system of the country and to the capital and financial markets. As a result, the Fund's ability to recoup its investments in banks and financial institutions and stock market may be affected.



12. Summary of Transactions between Assetline Mutual Funds and its Related Parties

(For the period from 01 April 2021 to 31 March 2022)

Fund	Related Party	Total Value of Unit Subscriptions by Related Parties (LKR)	Total Value of Unit Redemptions by Related Parties (LKR)
Assetline Income Fund	Officers of Management Company	4,387,000.00	399,423.01
	Immediate Family Members of Officers of Management Company	20,169,640.00	20,157,224.86
	Assetline Capital (Private) Limited	227,670,000.00	258,845,000.00
	Assetline Corporate Services (Private) Limited	59,715,000.00	60,293,728.23
	Assetline Insurance Brokers (Private) Limited	336,459,000.00	420,309,014.40
	Assetline Securities (Private) Limited	94,200,000.00	16,158,100.00
	D P Global Ventures (Private) Limited	53,800,000.00	53,866,557.73
	D P Infotech (Private) Limited	232,700,000.00	232,188,202.94
	D P Logistics (Private) Limited	1,240,000,000.00	1,280,000,000.00
	David Pieris Automobiles (Private) Limited	2,072,000,000.00	2,250,870,406.47
	David Pieris Holdings (Private) Limited	2,649,000,000.00	2,593,000,000.00
	David Pieris Motor Company (Lanka) Limited	2,707,000,000.00	3,724,754,705.70
	David Pieris Motor Company (Private) Limited	1,788,000,000.00	1,940,226,065.10
	David Pieris Racing and Leisure (Private) Limited	568,000,000.00	1,837,100,000.00
	David Pieris Trust	-	2,000.00
	Dee Investments (Private) Limited	74,105,000.00	65,000.00
	DPMC Assetline Holdings (Private) Limited	5,610,498,000.00	5,281,240,442.79
	Hill Cottage Nuwara Eliya (Private) Limited	16,775,000.00	15,355,482.21
	Mr. D.P. Pieris	5,217,092,500.00	6,197,180,816.93
	Mr. E.D. Pieris	4,178,530,000.00	4,140,251,230.80
	Mr. J.D. Pieris	826,425,000.00	828,402,000.00
	Mrs. E.M. Pieris	1,007,258,000.00	1,212,309,000.00
Assetline Income Plus Growth Fund	Assetline Capital (Private) Limited	2,000,000.00	-
	David Pieris Motor Company (Lanka) Limited	100,000,000.00	-

13. Declaration by Trustee and Management 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 and Assetline Income Plus Growth Fund, hereby declare that;

1. The requirements of the Guidelines for Trustee and Management 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

DEUTSCHE BANK AG
Colombo Branch


.....
Authorized Signatories
Trustee
Authorized Signatory
Deutsche Bank AG
Trustee

Date: 9th June 2022