

MUTUAL FUNDS

ANNUAL REPORT 2022-2023



ASSETLINE

Assetline Capital (Pvt) Limited

**ASSETLINE MUTUAL FUNDS
ANNUAL REPORT 2022-2023**

Table of Contents	Page
01. Corporate Information	01
02. Assetline Capital (Private) Limited - Corporate Profile	02
03. Profile of Assetline Mutual Funds	03
04. Board of Directors of Assetline Capital (Private) Limited	04
05. Key Management Personnel of Assetline Capital (Private) Limited	08
06. Chief Executive Officer's Report	09
07. Fund Manager's Report	11
08. Fund Performance – Assetline Income Fund (AINF)	20
09. Independent Auditors' Report and Audited Financial Statements (AINF)	23
10. Fund Performance – Assetline Income Plus Growth Fund (AIGF)	24
11. Independent Auditors' Report and Audited Financial Statements (AIGF)	27
12. Summary of Transactions between Assetline Mutual Funds and its Related Parties	28
13. Declaration by Trustee and Management Company	29

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. N. D. P. R. Kalyanaratne

TRUSTEE & CUSTODIAN

Deutsche Bank AG

Colombo branch

Level 21

One Galle Face Tower

1A, Centre Road, Galle Face

Colombo 2

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

Colombo branch

Level 21

One Galle Face Tower

1A, Centre Road, Galle Face

Colombo 2

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 Managing Company 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, hire purchase, loans, insurance broking and corporate services. Further, the Group has subsidiaries that have ventured into logistics, information technology, leisure and agriculture.

Since its inception in 2001, ACPL has been involved in capital market operations, initially as a margin provider. ACPL expanded its scope in 2013 by offering investment management to high-net-worth individuals and corporate entities, and the initial business was eventually transferred to another group company. The Company entered the unit trust industry in July 2014 with the launch of Assetline Mutual Funds (AMF).

Assetline Mutual Funds' Assetline Income Fund (AINF) and Assetline Income Plus Growth Fund (AIGF) cater to investors' varied risk-return appetites. AINF is designed for investors with a short term investment horizon, with a focus on Fixed Income Securities. AIGF seeks to maximize portfolio performance by investing prudently in listed equities and long term fixed income securities.

03. Profile of Assetline Mutual Funds

Profile of Assetline Mutual Funds

The Assetline Income Fund is an open-ended Money Market Scheme investing in Bank Deposits, corporate debt instruments and government securities for tenures of 397 days or less and managed by Assetline Capital (Private) Limited (“the Manager” or “ACPL”). It is designed to cater to investors with a low to moderate risk and a short-term investment horizon.

The Assetline Income Plus Growth Fund is an open-ended balance scheme (“Scheme”) investing in equity and fixed income securities and managed by Assetline Capital (Private) Limited (“the Manager” or “ACPL”). It is a suitable for investors with a high-risk profile and medium to long-term investment 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, Executive Director and 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 the Chief Executive Officer. He brings in wealth of financial and treasury expertise to the company.

Mr. Perera has with nearly 25 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 Institute of Bankers of Sri Lanka and holds ACI (Paris) Dealing Certificate. He has the Post Graduate Executive Diploma in Bank Management and Diploma in Treasury & Risk Management (IBSL) and is currently reading for 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 – Executive Director

Mr. Dhanika De Silva has been a Director of Assetline Capital (Private) Limited, from May 01, 2016. Mr. De Silva presently, holds directorship positions in nine other group companies within the David Pieris Group including the David Pieris Motor Company (Pvt)Ltd and currently, the Chief Officer Treasury Operations of David Pieris Holdings (Pvt) Ltd and heads the Group Treasury Operations.

Mr. De Silva joined David Pieris Motor Company Limited in 2006 as Manager, Treasury and Investment and subsequently was promoted to Divisional Manager - Planning and Development, Deputy General Manager - Planning and Development and General Manager Treasury Operations. 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 – Non-Executive Director

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.

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

Mr. Niwanka Seneviratne, Manager – Treasury

Mr. Niwanka Seneviratne joined the Company as Manager -Treasury of Assetline Capital (Private) Limited, in May 2022. He brings Government security trading and treasury expertise to the company. He counts over 12-year experience in Finance industry covering areas of Treasury management, Portfolio management, Government securities and corporate debt.

Prior joining Assetline Capital, Mr. Seneviratne worked as the Assistant Vice President – Treasury at Capital Alliance PLC and he is specialized in Fixed Income trading and customer portfolio management.

Mr. Seneviratne holds the Master of Business administration from the University of West London and bachelor's degree from Cardiff Metropolitan University (UK)

Mr. Didula Sahabandu, Manager Risk and Control

Mr. Didula Sahabandu joined the Company as Manager – Risk and Control of Assetline Capital (Private) Limited on January 23rd, 2023. Mr. Sahabandu is a banking professional with over 10 years' experience in covering Branch Operations, Litigation and recoveries, Credit risk Management, Compliance, Human resources, Leasing.

Prior to joining Assetline Capital, he worked as a Legal Officer in the litigation and recoveries department of DFCC Bank PLC, and he has also worked for Nations Trust Bank PLC for over 9 years, where he gained experience in branch operations, compliance, credit risk management, leasing, and his last position there was as Manager - Special Asset Management unit.

Mr. Sahabandu is an Attorney at Law of the Supreme Court of Sri Lanka and holds a Bachelor of Laws (Honors) from the Faculty of Law, University of London. He is also a passed finalist of the Institute of Certified Management Accountants program (Australia). Currently he is reading for the Global Financial Compliance Program at Chartered Institute for Securities and Investment's.

Ms. Sathsarani Wijethunga, Compliance Officer

Mr. Sathsarani Wijethunga joined Assetline Capital (Pvt)Ltd as an Associate Operations in October 2016 and was designated as a Associate Compliance in April 2018. From April 2018 to January 2022, she worked with former Assetline Capital (Pvt)Ltd Compliance Officers and assisted in carrying out the Compliance functions of Managing Company.

She was appointed the Compliance Officer of the company from August 2022.

Ms. Wijethunga holds a Bachelor of Commerce (General) External degree from University of Sri Jayawaradanapura. She has also completed the Diploma in Treasury and Risk Management offered by the Institute of Bankers of Sri Lanka (IBSL) and the Certificate in Unit Trust awarded by Securities and Exchange commission of Sri Lanka.

Chief Executive Officer's Report

"A seed of prosperity has been planted below the dark cloud, lifetime opportunities ahead."

Dear Investors,

It is my pleasure to forward our annual report for the year ended 31st March 2023.

FY 22/23 was another challenging year for the economy but there had been unfolding opportunities for the investors on their merits. The civil unrest as a result of political instability, shortages of essential items, high inflations, fuel and gas queues at the beginning of the financial year eased off with the measures taken by the Government securing IMF Extended Fund Facility of \$ 2.9 billion.

Together with the moderate increase in the exports, notable improvement in worker remittances and tourism sector has helped to build up foreign currency reserves. Local currency depreciation witnessed after the free float in March 2022, was reversed towards the latter part of the financial year with the IMF Board approval, which also attributed to bring down the prices of essential goods. Historical high inflation and interest rates also declined thereafter. Although the market lending rates have come down, the government security rates are still at higher levels due to the risk premium due to the uncertainty of the domestic debt restructuring (DDR). Unpopular measures like tax increases, removing subsidies and cost reflected energy prices was introduced to improve revenue.

The challenge that the Government is going to face going forward is restoring investor confidence and meeting IMF reforms such as revenue based fiscal consolidation, restoration of public debt sustainability, strategies to restore price stability, policies to safeguard financial sector stability and structural reforms to address corruption.

During 2022, the economy contracted by 7.8% and as per IMF predictions is expected to contract by 3.1% in 2023 and thereafter move to a recovery path. The equity market has shown high volatility throughout the financial year due to the investors having different opinions on the DDR and how it effects to the financial sector and economic stability. ASPI ranged between 6,905 and 10,102 before it closed at 9,301 points having gained 5% during the financial year.

Both the funds were managed prudently, anticipating the uncertainty and elevated interest rates. Long term fixed income securities were selected by analyzing the interest rate cycle and realizing the equity gains. This strategy encouraged more investments into the Assetline Growth Fund during the latter part of the financial year.

At the end of financial year 22/23, Assetline Income Fund posted 21.25% financial year yield compared to last year's 5.49%, while Assetline Income Plus Growth Fund posted 11.93% financial year yield compared to the negative yield of 6.76%. posted in the previous year.

We expect that the Government will take correct measures to restore economic stability and avoid DDR becoming a burden to the sustainability of the financial sector. We hope that CBSL will relax the tightening monetary policy towards the end of 2023 allowing the interest rate to ease, whilst encouraging economic growth. These measures will drive the capital market, and cheaper funding will assist business expansions while reinstating better performances going forward. The unit trust industry will also expand with the new funds coming in with the deposit rates gradually declining as we have experienced in the past.

I would take this opportunity to thank my team who have continued to deliver their best in very challenging circumstances often going the extra mile and beyond their job requirement. 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 gratitude 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 Assetline Mutual Fund (AMF) Annual Report for the period 01st April 2022 to 31st March 2023. The financial year commenced against the backdrop of Sri Lanka's most challenging economic and financial environment of the last decade, with the default on sovereign debt payments, civil unrest, political instability, steep local currency depreciation, and historically high interest rates.

The stock market was the first to react, with ASPI falling by 2,388 points before stabilizing, the volatility continued during the first half of the review period resulting in most of the investors taking a risk averse approach to safeguards their investments. The policy makers increased the SDF and SLF rates by 900 basis points in three instances during the review period, which was the highest increase in its history. As a result, Government securities rates were increased significantly in the primary market as well as the secondary market, which led to the fund managers moving assets into long term fixed income securities. Expecting an upward trend in interest rates, the fund managers prudently maintained a high liquidity position to leverage the market at the top of the cycle.

In addition to the above obstacles the real returns of the investors was impacted throughout the review period by high inflation fueled by increase of commodity prices, currency devaluation and higher lending rates. Therefore, it was extremely challenging to balance the risk and return until the macro-economic factors were stabilized.

The economic environment showed marginal improvement in the latter part of the review period especially after the political stability was established, and the country requested for an Extended Fund Facility from the IMF. The government managed to initiate most of the reforms suggested by the IMF and obtain staff level agreement in September 2022 followed by the board approval in March 2023. The measures taken by CBSL to improve the market liquidity led to easing of interest rates and building of investor confidence. Meanwhile, several steps have been taken to curtail non-essential imports and strengthen the foreign reserves whilst trying to stabilize the exchange rate and maintain price stability, which were relaxed gradually. In addition, at the end of the review period, the stock market and Government securities both saw local and foreign interest and the economic activities normalized with the continuous supply of essential goods and services and the appreciation of the Rupee.

As per our economic expectation for 2023, there is a clear indication that macro-economic indicators are starting to be more positive with stable currency, easing of interest rates and inflation. Hence, we are optimistic that the country will recover to previous levels which will ensure the meeting of the fund objectives and provide stable returns our investors.

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 government securities, corporate debt, and bank fixed deposits with tenors of less than 397 days.

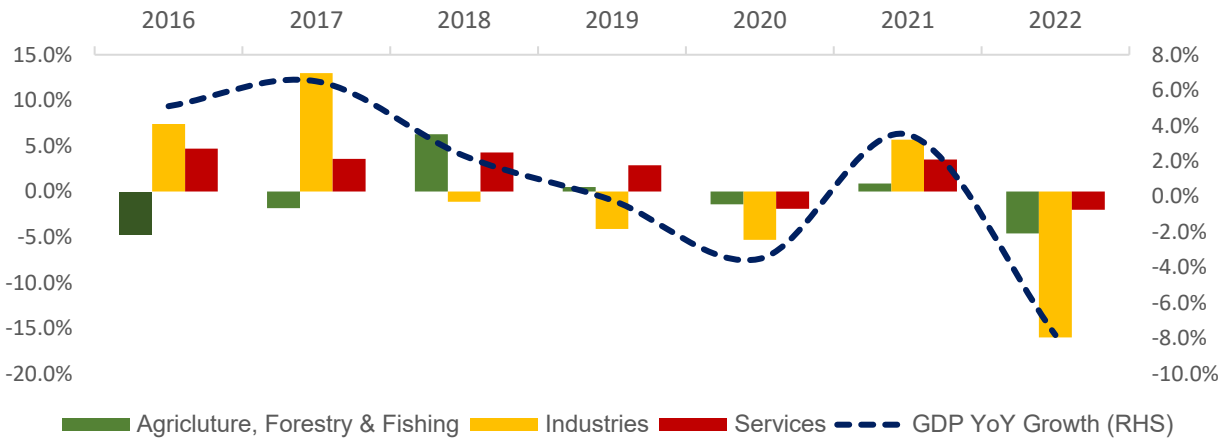
AIGF is designed for investors with a high-risk appetite and a long-term investment horizon. The asset classes include government securities, corporate debt, bank fixed deposits and equity.

As of 31st March 2023, AINF & AIGF posted financial year yields of 21.25% & 11.93% and the number of unit holders were 921 & 109 respectively. The NAV of AINF was Rs. 3.29 billion whilst AIGF was Rs. 2.24billion.

The investment strategy of AINF was to have a proportionate maturity ladder within the investment horizon, placing more emphasis on liquidity. This allowed higher reinvestment returns and provision to take advantage of further rate increases. The strategy of AIGF was to balance long and short maturities and limit the duration to mid-single digit level whilst minimizing interest rate sensitivity and capital erosion. The equities were shifted from defensive shares towards growth-oriented shares like manufacturing, imports, capital goods etc. by exiting from banking sector at a profit whilst realizing gains from other sectors where possible.

ECONOMIC EXPECTATIONS FOR 2023

GDP and Sectorial Growth from 2016 – 2022



Source: CBSL

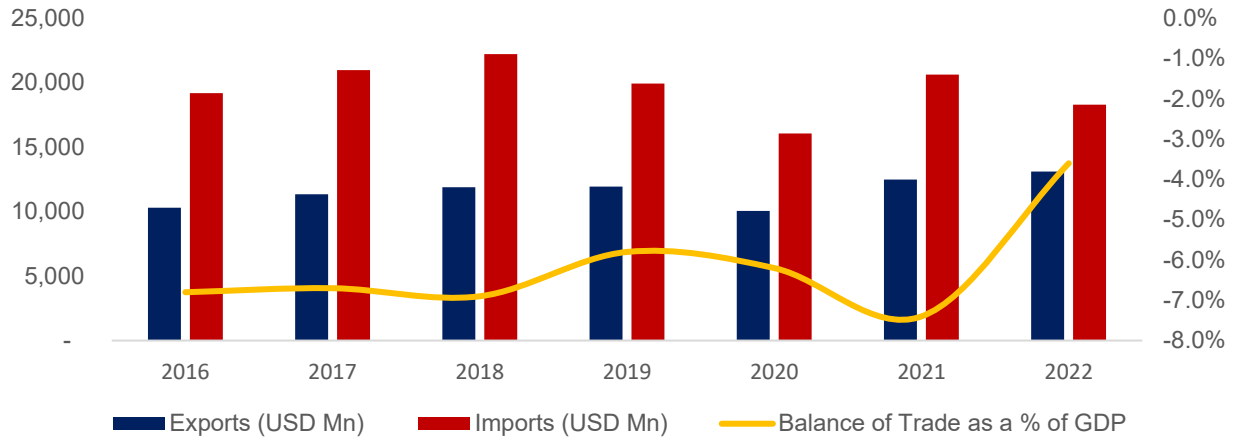
A gradual recovery in economy is expected in 2023

According to the Department of Census and Statistics' (DCS) estimates of GDP, the country saw its greatest economic decline in 2022, when a broad-based drop of 7.8%, year over year, was recorded. The economy is expected to gradually rebound toward the end of 2023, helped by improvements in domestic supply conditions, an uptick in investor and business confidence, improved foreign exchange inflows, an anticipated decline in market interest rates, and the effects of policy measures being put in place to improve the outlook for growth. The implementation of the economic program proposed in the IMF Extended Funding Facility (IMF-EFF) is projected to support the revival of activity over the medium term.

Source: *Monetary Policy Review – April 2023*

https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20230404_Monetary_Policy_Review_No_3_2023_e_Yg5k8.pdf

Balance of Trade as a % GDP



Source: CBSL

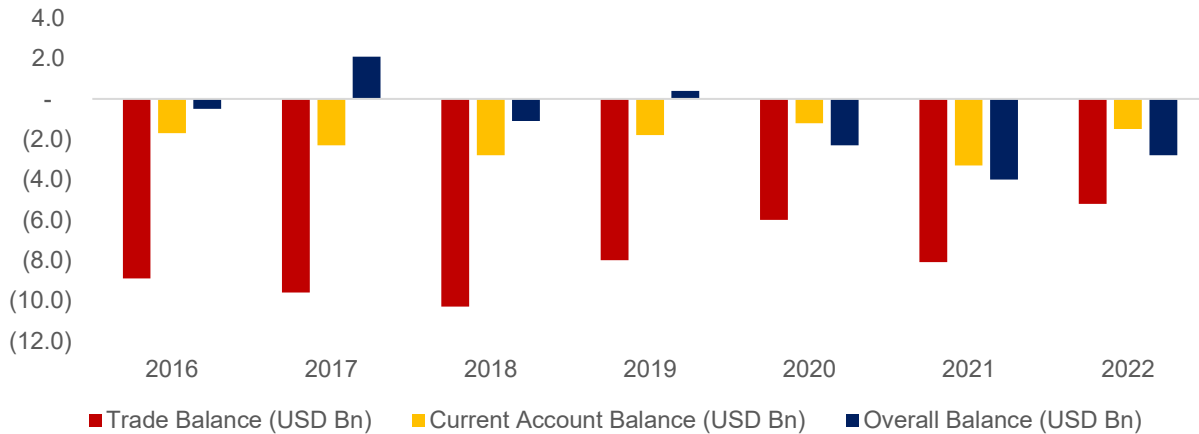
The external sector outlook improved with the finalization of the IMF-EFF, along with further financing assistance expected in the period ahead.

The IMF's Executive Board approved the EFF, amounting to about USD 3 billion, that entails an economic adjustment program to support Sri Lanka's near-term recovery and medium to long term sustainability. In addition to offering a detailed policy reform package with a precise implementation timeframe, the IMF program is projected to release a considerable amount of funds from other international financial institutions. These funds are intended to stabilize the economy and strengthen the country's growth potential. This should greatly lessen the balance of payments constraint in the coming years, together with the successful implementation of the debt restructuring process.

Source: *Monetary Policy Review – April 2023*

https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20230404_Monetary_Policy_Review_No_3_2023_e_Yq5k8.pdf

BOP Position



Source: CBSL

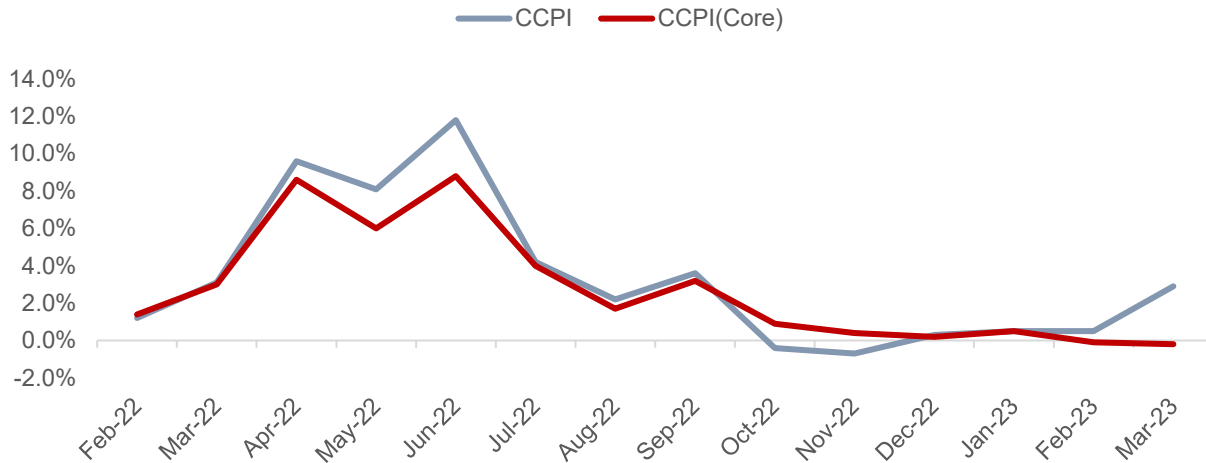
Expected improvement in gross official reserves.

According to estimates, the external current account deficit decreased significantly in 2022, mostly as a result of a decrease in the trade deficit brought on by strong export revenues and a significant decrease in import expenditure. Additionally, 2023 has seen a continued improvement in workers' remittances, and given the increase in migration for jobs abroad, this trend is anticipated to continue. With the increase in visitor arrivals during the month of March 2023, the tourism industry has seen a noticeable improvement. As of the end of March 2023, the Central Bank's gross official reserves—which include the swap facility from the People's Bank of China—were anticipated to be worth USD 2.7 billion.

Source: *Monetary Policy Review – April 2023*

https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20230404_Monetary_Policy_Review_No_3_2023_e_Yq5k8.pdf

CCPI Inflation of Headline and Core, YoY Basis



Source: Department of Census and Statistics

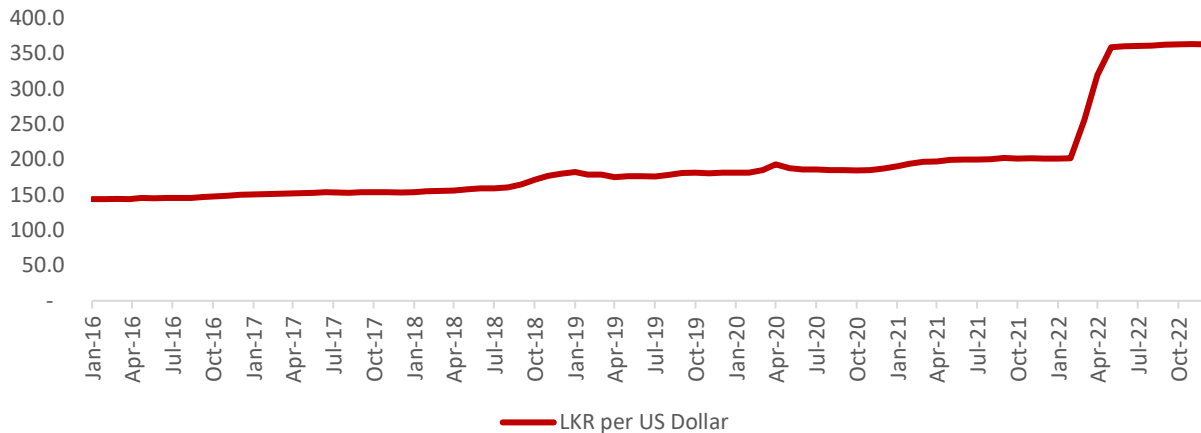
The expected faster disinflationary path of inflation will further stabilize inflation expectations.

Headline inflation (month-on-month) based on the Colombo Consumer Price Index (CCPI) renewed with the base year as 2021, continued on a decelerating trajectory up until March 2023. Despite the recent increase in electricity rates and anticipated second-round effects of earlier increases, headline inflation moderated in March 2023, primarily due to a significant decline in food inflation. Core inflation also slowed down up until March 2023, suggesting the economy's underlying demand pressures continuing to moderate. Furthermore, CCPI and CCPI (Core) inflation year-on-year as per the new base year have reduced from 50.6% and 43.6% to 50.3% and 39.1% respectively, during the month of March 2023. The anticipated disinflation process will be ensured in the coming months, supported also by stabilized inflation expectations, thanks to the suppressed aggregate demand as a result of strict monetary and fiscal policies and improved domestic supply circumstances.

Source: *Monetary Policy Review – April 2023*

https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20230404_Monetary_Policy_Review_No_3_2023_e_Yq5k8.pdf

Exchange Rate



Source: CBSL

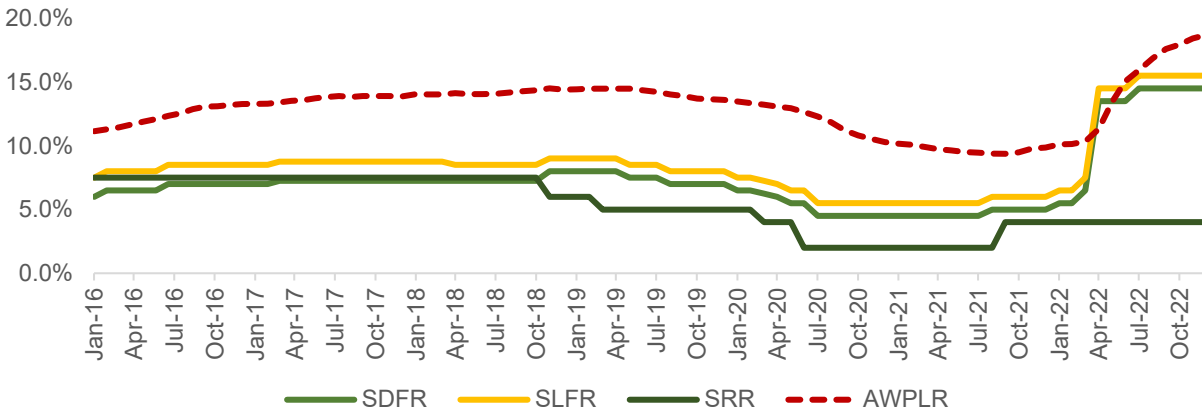
Foreign exchange liquidity has improved.

Beginning in early March 2023, the Central Bank stopped providing daily currency rate guidance and repealed the obligation for forced forex sales from converted export profits and worker remittances. These regulatory changes, along with a gradual increase in market liquidity and better market confidence, have all contributed to the exchange rate's substantial rise so far in 2023, despite some volatility.

Source: *Monetary Policy Review – April 2023*

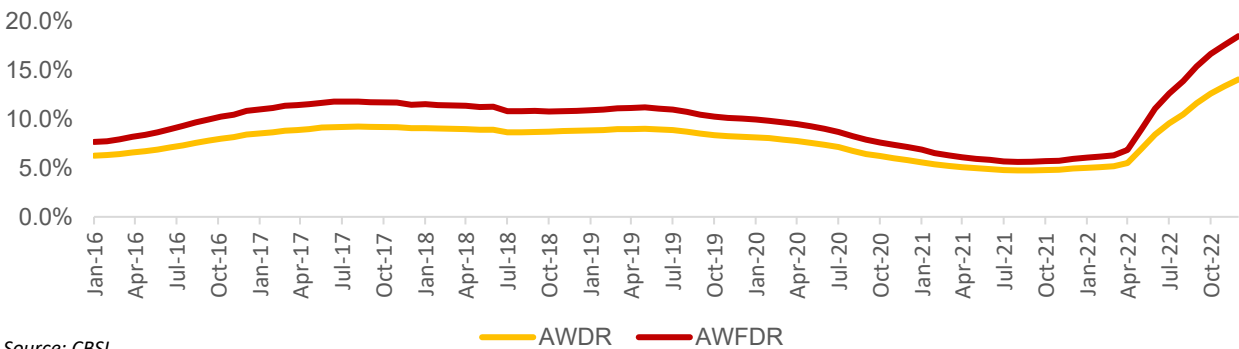
https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20230404_Monetary_Policy_Review_No_3_2023_e_Yq5k8.pdf

Policy Rates Movements Vs AWPLR



Source: CBSL

Movements in AWDR and AWFDR



Source: CBSL

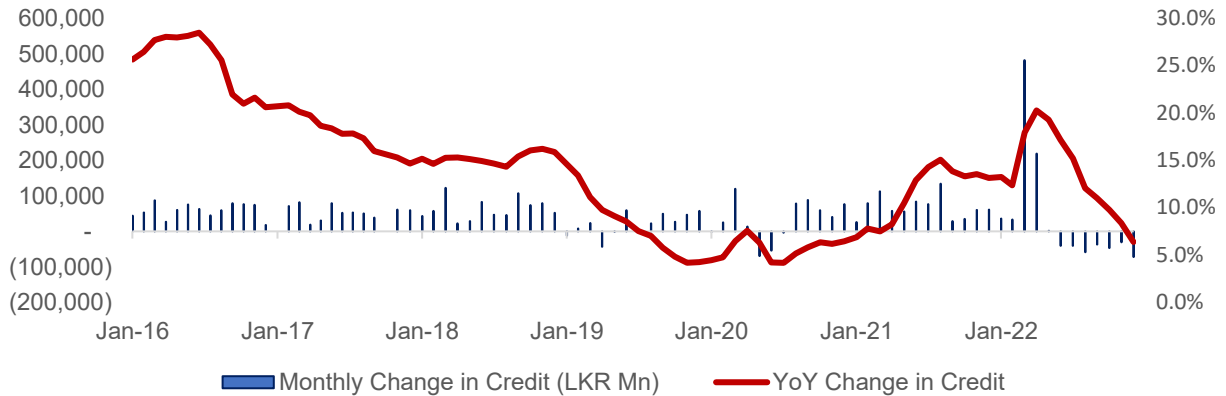
Market interest rates have continued to adjust downwards.

Despite the rise in policy interest rates at the beginning of March 2023, both deposit and lending interest rates have been on the decline ever since. This is largely due to the Central Bank's market guidance and the improved liquidity conditions of the domestic money market. The large risk premia attached to the government securities are anticipated to dissipate in the near term as a result of the public disclosure of the larger outline of the planned domestic debt restructuring operation. This will allow other market interest rates that are benchmarked to the yields on government securities to moderate further. As a result, it is anticipated that the gap between policy interest rates and market interest rates would continue to close. Although inflation is declining, forward-looking real interest rates are still positive, which keeps monetary conditions sufficiently tight to contain any unfavorable demand pressures in the coming months.

Source: *Monetary Policy Review – April 2023*

https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20230404_Monetary_Policy_Review_No_3_2023_e_Yq5k8.pdf

Total Credit to Private Sector



Source: CBSL

Continuing decline in private sector credit

Due to the restrictive monetary circumstances and the decrease in economic activity, outstanding credit provided to the private sector by commercial banks continued to decline. Even though it did so more slowly, monetary expansion also slowed down from its peaks.

Source: *Monetary Policy Review – January 2023*

https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20230125_Monetary_Policy_Review_No_1_2023_e_F62j1.pdf

08. Fund Performance – Assetline Income Fund (AINF)

The NAV of the Assetline Income Fund (AINF) as of 31st March 2023 was Rs. 3.29Bn. The fund generated a 21.25% financial year YTD yield for the financial year ended 31st March 2023 while the number of unit holders was 921.

The funds under management were Rs. 2.52 Bn as of 1st April 2022 and fluctuated within a range of Rs. 1.88Bn and Rs. 6.79Bn during the period.

The financial-year yield of AINF continued to increase from the month of April, reaching 21.25% on 31 March 2023, compared to 6.32% as of 01st April 2022. The increase in the yield was mainly driven by Central Bank policy rates hikes which was the highest ever in its history. Consequently, this fueled the Government Securities rate to increase, whilst banks also adjusted their FD rates upwards. This was a favorable outcome for the fund, since fund managers focused on liquidity rather than longer term investments which were repriced at higher rates in a tightening monetary policy environment.

Given our opinion of future interest rate movements and to mitigate risk of uncertainty,

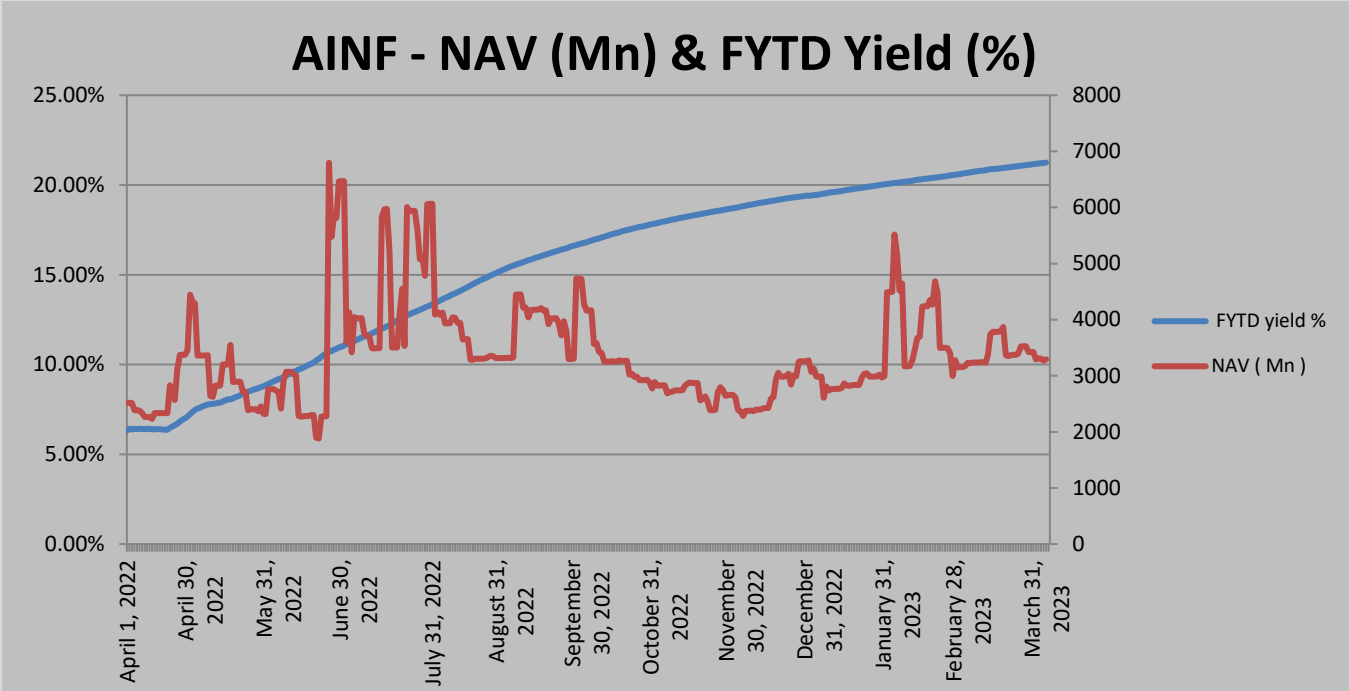
treasury bills were invested in mixed tenors up to one year. Government securities being the highest yielding asset class, part of the funds was also moved to FDs and liquidity was maintained in money market accounts.

The number of unit holders in AINF reduced by 3.76% to 921 from 957 during the one-year period.

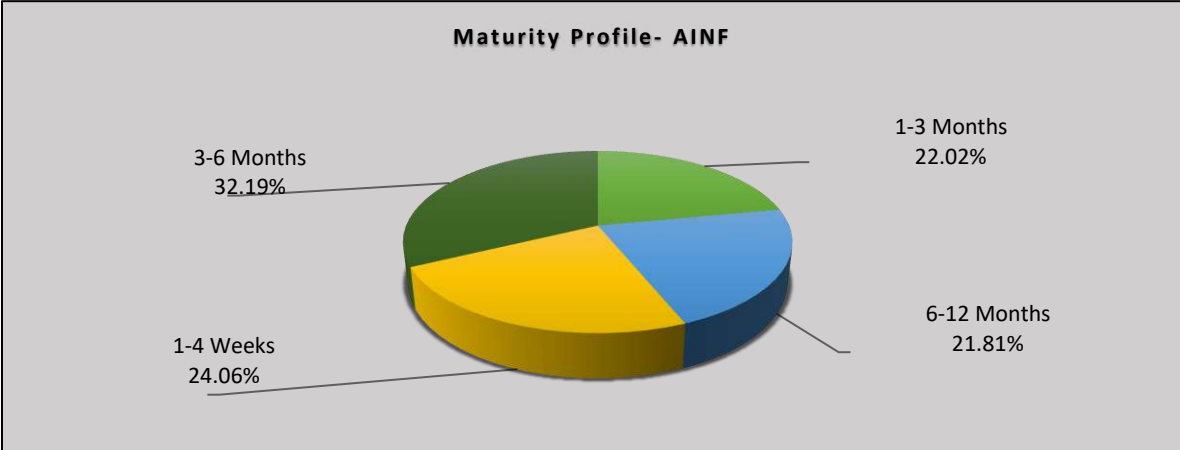
Fund managers paid more emphasis on providing liquidity for the unit holders and placed a higher portion in a 1-4-week maturity bucket (24.06%) whereas the balance portion was invested in mixed tenors of up to 1 year.

The AINF has an investment mix of money market savings accounts 17.13%, government securities 66.17% and fixed deposits 16.57%.

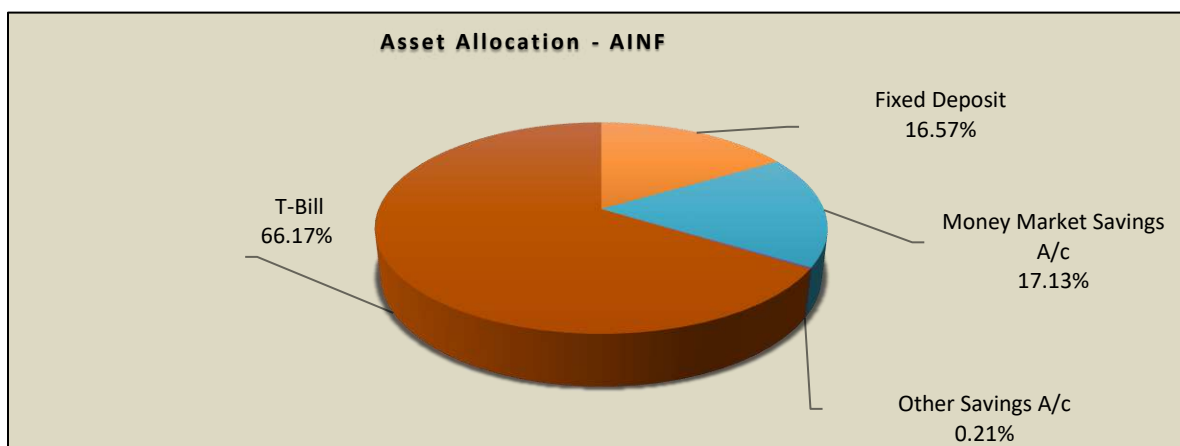
From the funds under management, 78.12% was invested in government securities and companies with a credit rating (Fitch) of A- or above; of which the majority was in government securities (66.17%) of the balance 2.92% were invested in counter parties with “AAA” followed by “A” (7.57%) respectively.



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



(Figure 2: Maturity profile of AINF as of 31st March 2023)



(Figure 3: Asset allocation of AINF as of 31st March 2023)

Rating	Fitch		ICRA		Total	
	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV
Government Securities	-	-	-	-	2,177,204,712.79	66.17%
AAA	-	-	96,089,065.45	2.92%	96,089,065.45	2.92%
A	249,140,195.04	7.57%	-	-	249,140,195.04	7.57%
A-	47,958,482.80	1.46%	-	-	47,958,482.80	1.46%
BBB+	6,247,060.01	0.19%	-	0.0%	6,247,060.01	0.19%
BBB-	515,952,837.06	15.68%	-	0.0%	515,952,837.06	15.68%
Other Finance Companies	-	-	200,359,178.08	6.09%	200,359,178.08	6.09%
Total	819,298,574.91	24.90%	296,448,243.53	9.01%	3,292,951,531.23	100%

ICRA– Ratings withdrawn by ICRA with exit of their operations in Sri Lanka with effect from 31.01.2023.

(Figure 4: Credit profile of AINF as of 31st March 2023)

Assetline Income Fund

FOR THE YEAR ENDED 31st MARCH 2023

Private & Confidential

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Assetline Income Fund (the Income Fund), which comprise the statement of financial position as at 31st March 2023, and the statement of comprehensive income, statement of changes in unit holders' 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 Income Fund as at 31st March, 2023 and its financial performance and its cash flows for the year then ended in accordance with the Sri Lanka Accounting Standards.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 13 of the financial statements, which indicates the Fund's exposure to the present 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. Our opinion is not modified in respect of this matter.

Other Information

The fund management company is responsible for the other information presented in the annual report together with financial statements. Our opinion on the financial statements does not cover this other information and accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. We have nothing to report in this respect.



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

The fund management company 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.

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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.



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

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

Report on Other Legal and Regulatory Requirements

The financial statements 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. 20th/06/2023

LW/ST/ca



ASSETLINE INCOME FUNDSTATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH,

	<i>Notes</i>	2023 Rs.	2022 Rs.
<u>INVESTMENT INCOME</u>			
Interest income from financial assets at amortised cost	(04)	682,589,254	209,081,033
Other Income		6,322	-
Total investment income		<u>682,595,576</u>	<u>209,081,033</u>
<u>EXPENSES</u>			
Management fee	(09 (g))	(16,844,224)	(17,231,236)
Trustee and custodian fee	(09 (g))	(9,023,725)	(8,698,381)
Audit fee		(239,999)	(209,999)
Professional fee		(37,000)	(32,000)
Other operating expenses		(64,553)	(247,250)
Total operating expenses		<u>(26,209,501)</u>	<u>(26,418,866)</u>
Net operating profit		<u>656,386,075</u>	<u>182,662,168</u>
Finance costs		(288,562)	-
Profit after deductions and before tax		<u>656,097,513</u>	<u>182,662,168</u>
Income tax expense	(10)	-	-
Increase in net assets attributable to unitholders		<u>656,097,513</u>	<u>182,662,168</u>

The Notes to the Financial Statements in pages (05) to (23) form an integral part of these Financial Statements.

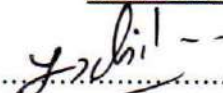




ASSETLINE INCOME FUNDSTATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH,

	<i>Notes</i>	2023 Rs.	2022 Rs.
<u>ASSETS</u>			
<u>Current assets</u>			
Cash and cash equivalents	(05)	6,863,695	7,054,392
Financial assets at amortised cost	(06)	3,286,087,842	2,539,315,221
Tax receivables		42,338,456	42,338,456
Total assets		<u>3,335,289,993</u>	<u>2,588,708,069</u>
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accrued expenses and other payables		2,555,500	1,920,692
Liabilities (excluding net assets attributable to unitholders)		<u>2,555,500</u>	<u>1,920,692</u>
<u>UNITHOLDERS' FUNDS</u>			
Net assets attributable to unitholders	(07)	3,332,734,493	2,586,787,377
Total unitholders' fund and liabilities		<u>3,335,289,993</u>	<u>2,588,708,069</u>
Net assets per unit(Rs.)	(07)	21.6971	17.8951

The Management Company of Assetline Income Fund is responsible for the preparation and presentation of these financial statements in accordance with the Sri Lanka Accounting

Signed for and on behalf of the Management Company by:

	<u>NAME</u>	<u>SIGNATURE</u>
DIRECTOR	1. <u>Dhanika de Silva</u>	
	2. <u>Nishan Perera</u>	
TRUSTEE	
DATE OF APPROVAL	<u>20.06.2023</u>	

The Notes to the Financial Statements in pages (05) to (23) form an integral part of these Financial Statements.



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

	<i>Notes</i>	2023 Rs.	2022 Rs.
Unitholders' fund at the beginning of the year		2,586,787,377	5,802,510,434
Increase in net assets attributable to unitholders		656,097,513	182,662,168
Received on unit creations		50,132,945,830	29,068,705,160
Paid on unit redemptions		(50,043,096,227)	(32,467,090,385)
Unitholders' fund at the end of the year	(07)	<u>3,332,734,493</u>	<u>2,586,787,377</u>

The Notes to the Financial Statements in pages (05) to (23) form an integral part of these Financial Statements.

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

	<i>Notes</i>	2023 Rs.	2022 Rs.
<u>Cash flows from operating activities</u>			
Proceeds from sale of Financial assets at amortised cost		138,946,754,970	133,971,980,313
Purchase of Financial assets at amortised cost		(139,448,344,027)	(130,798,760,262)
Other payables		-	(1,000)
Interest received		437,412,011	251,036,455
Management fees paid		(16,482,762)	(17,872,713)
Other expenses paid		(9,380,493)	(9,467,389)
Net cash in outflow from operating activities		<u>(90,040,301)</u>	<u>3,396,915,404</u>
<u>Cash flows from financing activities</u>			
Proceeds from subscription by unitholders	(07)	50,132,945,830	29,068,705,160
Payments for redemptions by unitholders	(07)	(50,043,096,227)	(32,467,090,385)
Net cash from financing activities		<u>89,849,604</u>	<u>(3,398,385,225)</u>
Net increase in cash and cash equivalents		<u>(190,697)</u>	<u>(1,469,821)</u>
Cash and cash equivalents at the beginning of the year		7,054,392	8,524,213
Net increase in cash and cash equivalents		(190,697)	(1,469,821)
Cash and cash equivalents at the end of the year	(05)	<u>6,863,695</u>	<u>7,054,392</u>

The Notes to the Financial Statements in pages (05) to (23) form an integral part of these Financial Statements.

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023****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. The Trustee of the Assetline Income Fund is Deutsche Bank AG.

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.

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023****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 amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial 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 amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial Assets at Amortized Cost (Debt Instruments)

The Fund measures financial assets at amortized 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, 2023**

- 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 amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in net assets attributable to unitholders when the asset is derecognized, modified or impaired.

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

c) Derecognition

A financial asset is primarily derecognized (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 recognized 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, 2023****b) Subsequent Measurement**

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

Loans and Borrowings (Financial liabilities at amortized cost)

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

Amortized 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 amortization is included as finance costs in the statement of profit or loss.

c) Derecognition

A financial liability is derecognized 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 recognized 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, 2023**

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 reorganization 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 recognized 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 amortized 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, 2023****2.6. Expenses**

All expenses, including management fees and trustee fees, are recognized 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 recognized 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.

ASSETLINE INCOME FUNDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023**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 maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize 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.

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023**- 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 summarizes the Fund's exposure to interest rate risks.

31st March 2023	Floating interest rate	Fixed interest rate Rs.	Non- interest bearing Rs.	Total Rs.
<u>Financial assets</u>				
Cash and cash equivalents (Note 5)	-	-	6,863,695	6,863,695
Financial assets measured at amortized cost (Note 6)	-	3,286,087,842	-	3,286,087,842
<u>Financial liabilities</u>				
Accrued expenses and other payables	-	-	(2,537,503)	(2,537,503)
Net exposed	-	3,286,087,842	4,326,192	3,290,414,034

31st March 2022	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash and cash equivalents (Note 5)	-	-	7,054,392	7,054,392
Financial assets measured at amortized 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

Contd..... (13)

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2023**3.2 Summarized sensitivity analysis**

The following table summarizes 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>	
	2023 Rs.	2022 Rs.
+1%	32,860,878	25,393,152
-1%	(32,860,878)	(25,393,152)

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)

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023**- Debt securities (Contd...)

<i>Debt securities by rating category</i>	2023	2022
AAA (ICRA)	-	16.69%
AA+ (Fitch)	-	-
AA- (Fitch)	-	24.49%
AA (Fitch)	-	-
A+ (Fitch)		42.70%
A (Fitch)	7.57%	-
A- (Fitch)	1.46%	-
BBB+ (Fitch)	0.19%	0.26%
BBB-(Fitch)	15.68%	-
B-(Fitch)	2.92%	
Assetline Finance Limited(AFL)	6.09%	
	33.83%	84.15%
<u>Government of Sri Lanka</u>		
Treasury Bills- C (Fitch)	66.17%	15.85%
	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 FUNDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH,(04) INTEREST INCOME FROM FINANCIAL ASSETS AT AMORTISED COST

	2023 Rs.	2022 Rs.
Interest Income from Fixed Deposits	143,390,410	113,134,808
Interest Income from Money Market Savings	199,827,743	71,106,058
Interest Income from Commercial Paper	-	4,290,411
Interest on treasury bills	335,109,425	13,942,146
Interest on repurchase agreements	4,261,676	6,607,610
Total Interest income from fixed income securities	<u>682,589,254</u>	<u>209,081,033</u>

(05) CASH AND CASH EQUIVALENTS

	2023 Rs.	2022 Rs.
Cash at Bank	6,863,695	7,054,392
	<u>6,863,695</u>	<u>7,054,392</u>

(06) FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2023 Rs.	2022 Rs.
- Fixed Deposit [See Note (a) below]	545,099,447	1,769,757,809
- Money Market Savings [See Note (b) below]	563,783,671	365,931,558
- Repurchase agreements	-	353,786,058
- Treasury bills [See Note (c) below]	2,177,204,723	49,839,796
Total Financial Assets at amortised cost	<u>3,286,087,842</u>	<u>2,539,315,221</u>

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH 2023

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

31st March 2023	<i>Cost</i>	<i>Market Value</i>
People's Bank	100,000,000	120,756,849
Bank Of Ceylon	109,767,014	127,894,359
National Savings Bank	82,627,515	96,089,064
Assetline Finance Limited	200,000,000	200,359,176
	<u>492,394,529</u>	<u>545,099,447</u>

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

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH 2023

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

31st March 2023	Cost	Market Value
	Rs.	Rs.
National Development Bank PLC.	46,142,841	46,142,842
Pan Asia Bank	512,292,571	515,952,837
DFCC Bank PLC	1,687,993	1,687,993
	<u>560,123,405</u>	<u>563,783,671</u>
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
	<u>364,666,480</u>	<u>365,931,558</u>

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

31st March 2023	Cost	Market Value
	Rs.	Rs.
Investment in Government Security - Treasury Bills	1,924,775,301	2,177,204,723
	<u>1,924,775,301</u>	<u>2,177,204,723</u>
31st March 2022	Cost	Market Value
	Rs.	Rs.
Investment in Government Security -Treasury Bills	49,004,450	49,839,796
	<u>49,004,450</u>	<u>49,839,796</u>

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH 2023**(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 (Rs.)
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
Net Assets per unit as at 31st March 2022 (Rs.)		17.8951
Opening balance	142,186,896	2,586,787,378
Subscriptions	2,626,624,485	50,132,945,830
Redemptions	(2,617,160,545)	(50,043,096,227)
Increase in net assets attributable to unitholders	-	656,097,513
At 31 March 2023	151,650,836	3,332,734,494
Net Assets per unit as at 31st March 2023 (Rs.)		21.6971

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 2023**(08) REMUNERATION OF AUDITORS**

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

	2023	2022
	Rs.	Rs.
Audit and other assurance services		
Audit of financial statements	215,000	205,000
Total remuneration for audit and other assurance services	<u>215,000</u>	<u>205,000</u>
Taxation services		
Tax compliance services	37,000	35,000
Total remuneration for taxation services	<u>37,000</u>	<u>35,000</u>

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 01.05.2016 onwards)
- Mr. N.D.P.S.R. Kalyanaratne - Non-Executive Director (From 16.06.2020 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 2023**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	556,276	12,069,581	-
Mr. G.L.W.N. Perera	127	127	2,747	-
Mr. N.D.P.S.R. Kalyanaratne	94	94	2,043	-

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 2023

<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	462,983	163,147	3,539,809	-
DPMC Assetline Holdings(Private) Limited	22,679,844	3,065,424	66,510,800	-

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023**

March 2023

Unitholder	No of units held opening	No of units held closing	Fair value of investment	Dividend paid or payable by the fund
Other related parties:				
David Pieris Holdings (Pvt) Ltd	18,741,788	25,620,453	555,889,532	-
Assetline Corporate Services (Private) I	292,601	129,040	2,799,790	-
Assetline Insurance Brokers (Private) L	4,749,272	407,198	8,835,013	-
Assetline Securities (Private) Limited	4,653,743	-	-	-
David Pieris Automobiles (Private) Lin	-	22,022,138	477,816,534	-
David Pieris Motor Company (Private)	13,559,142	-	-	-
David Pieris Trust	304,319	300,435	6,518,572	-
DP Logistics (Private) Limited	3,187,274	4,910,965	106,553,707	-
Hill Cottage Nuwara Eliya (Private) Lir	227,418	284,783	6,178,963	-
David Pieris Racing & Leisure (Private)	1,157,714	6,684,047	145,024,447	-
D P Infotech (private) Limited	1,041,853	586,862	12,733,194	-
Mr. D.P. PIERIS	39,690,413	22,552,585	489,325,697	-
Mrs. E.M. PIERIS	9,352,918	25,373,464	550,530,575	-
Dee Investments (Pvt.) Ltd.	8,696,665	-	-	-
Mr. J.D. Pieris	6,587	6,845,810	148,534,224	-
Mr. E.D. Pieris	1,242,924.18	18,130,420	393,377,534	-
Assetline Lands (Private) Limited	-	6,457,901	140,117,733	-
David Pieris Aviation (Private) Limited	-	393,695	8,542,046	-
David Pieris Leisure (Pvt) Ltd	-	4,716,939	102,343,907	-
Affiniti Innovations (Pvt) Ltd	-	79,334	1,721,315	-
Thelwadana Mudiyansele Jayantha Kumara Ratnayake	-	328,480	7,127,070	-
Ambalangodage Dihain Harshika De S	-	14,727	319,525	-
Galhenage Yasanthi Poornima Perera R	-	51,953	1,127,239	-

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 2023	Charge for the year ended 31 March 2022	Balance outstanding 31 March 2023	Balance outstanding 31 March 2022
Management fees	16,844,224	17,231,236	1,456,141	1,094,679
Trustee and custodian fees	9,023,725	8,698,381	802,362	559,014
	25,867,949	25,929,617	2,258,504	1,653,694

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH 2023**(1) INCOME TAX EXPENSES**

Assetline Income Fund is a Unit Trust licensed by the Securities and Exchange Commission of Sri Lanka. Unit Trust is defined as "Pass Through Vehicle" and is not taxed as an entity in accordance with the Inland Revenue Act, No. 24 of 2017 and the amendments thereto.

Reconciliation between current tax expense and the accounting profit.

	2022/2023	2021/2022
Profit before tax	656,097,513	182,662,168
Less: Exempted Income	<u>(656,097,513)</u>	<u>(182,662,168)</u>
	<u>-</u>	<u>-</u>

(1) CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

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

12 RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE SEC RETURN

	<u>As at 31</u> <u>March 2023</u>	<u>As at 31</u> <u>March 2022</u>
Net Asset Value as per Financial Statements	3,332,734,493	2,586,787,377
Less :		
Income Tax Receivable	<u>(42,338,456)</u>	<u>(42,338,456)</u>
Net Asset Value as per SEC Return	<u><u>3,290,396,036</u></u>	<u><u>2,544,448,921</u></u>

ASSETLINE INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

(13) 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,

Sri Lanka's credit rating has dropped internationally due to its failure to repay foreign loans, as a result of the prevailing economic crisis & the shortage of foreign exchange reserves. This has had an adverse impact on the country's financial and capital markets.

The Central Bank of Sri Lanka had raised policy interest rates as one of the responses to this crisis, however, currently which is on a declining trend with the recent policy rate cuts imposed by the Central Bank, as economy is showing some signs of a recovery.

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 recent past, the fund had locked most of its investments in high interest yielding fixed income instruments, as a result it will be able to earn higher interest returns at the moment.

If the present outlook of the economy continues to sustain with the support of the IMF, which will ease out the burden on the banking and financial institution system of the country and work in favor of the financial markets.

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

The NAV of the Assetline Income Plus Growth Fund (AIGF) as of 31st March 2023 was Rs. 2.239Bn. The fund generated an 11.93% financial year YTD yield for the period ended 31st March 2023 while the number of unit holders was 109.

AIGF's financial year yield experienced fluctuations within a range of -419.36% and 68.09% for the period due to the high volatility and performance of the equity and Government securities markets.

Historically high interest rates, economic crisis, higher Inflation, liquidity shortage and monetary tightening created a bearish sentiment in the equity market.

Increased income from FIS due to the prevailing high interest rates led the fund managers to prudently manage the portfolio with a mix of Government securities, which generated a higher return. In keeping with the investment objective of the fund asset allocation was maintained at 39.84:60.16 between equity and FIS at the financial year ended on 31st March 2023. The equities were shifted from defensive shares towards growth-oriented shares like manufacturing, imports, pharma etc by exiting from banking sector at a profit. As of 31st March 2023, key sectors of portfolio's investments stand as 20.16% in banking sector, 7.71% in Capital goods, 6.35% in utilities, 2.51% in Consumer durables, 0.50 % in food

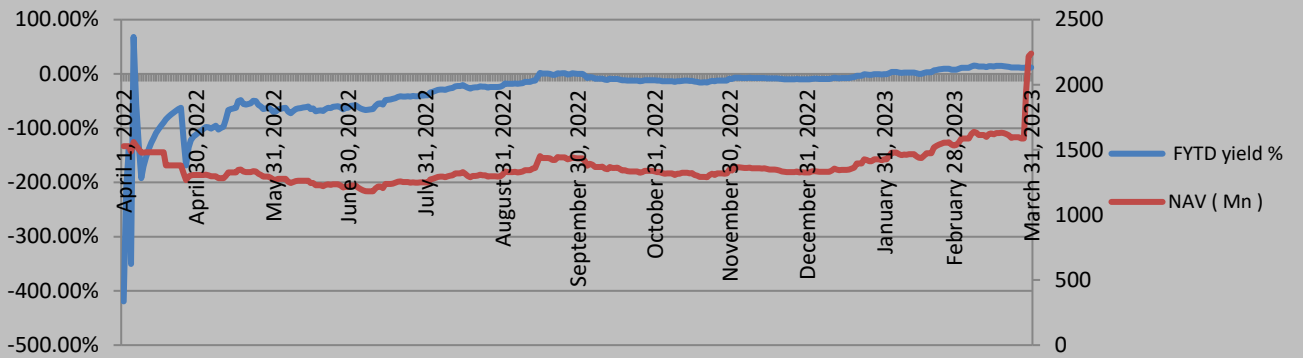
beverage & tobacco, 1.49% in materials and 1.39% telecommunication services sectors companies which met with the fund's growth projections were also key focus area for investment. Higher volatility and deteriorating macro conditions forced the investors into bearish sentiment, and the fund managers realized the available gains before the market fell further.

A portion of fixed income securities was maintained for Liquidity purposes in money market accounts (4.20%) and fixed deposits (2.81%) with attractive returns in order to balance out the volatility of the equity market.

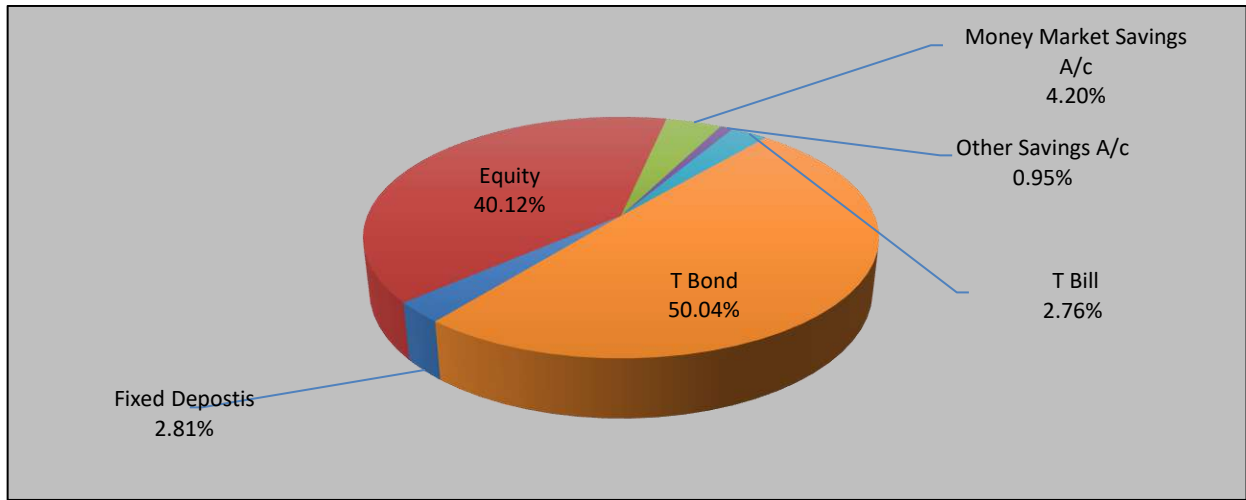
The Fixed Income Securities (FIS) portfolio had an investment mix of fixed deposits and money market savings accounts whilst equity and government securities investments stood at 40.12% & 52.80% respectively.

The maturities of fixed income securities ranged from short term to long term with 5.27% of the investments in the "1-4" weeks category and 1.04% of the investments maturing in the "3-6" months category. 2.98% of the NAV was invested in fixed income securities with counterparties with "A-" rating and above, while 4.99% was with counterparties with a credit rating of "BBB-"

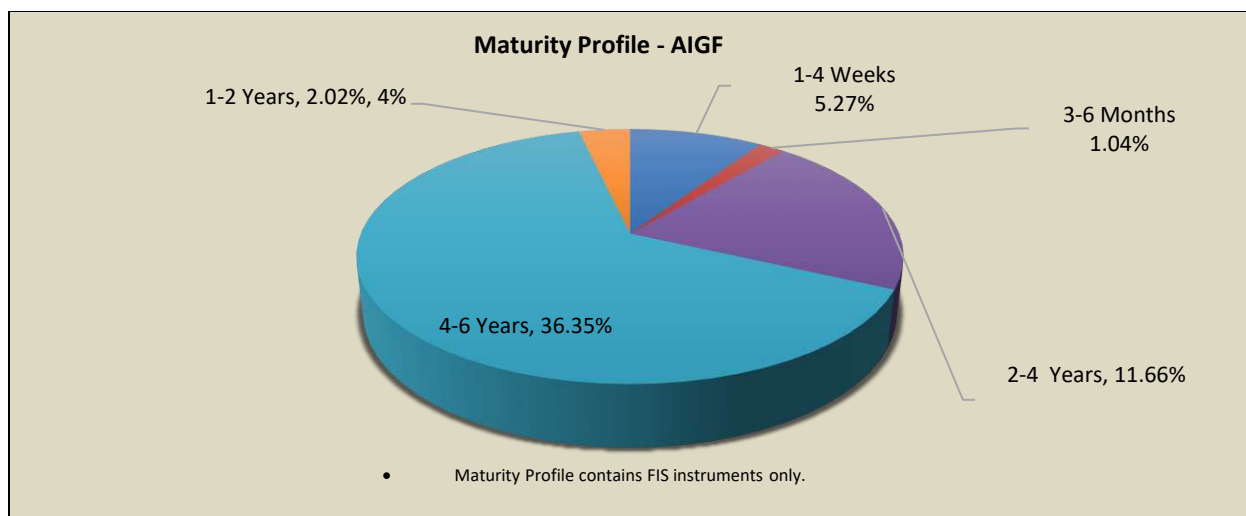
AIGF - NAV (Mn) & FYTD Yield (%)



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



(Figure 2 : FIS Maturity profile of AIGF as at 31st March 2023)



(Figure 3 : Asset allocation of AIGF as at 31st March 2023)

Rating	Fitch		ICRA		Total	
	Amount	As a % of NAV	Amount	As a % of NAV	Amount	As a % of NAV
Government Securities	-	-	-	-	1,182,601,196.17	52.80%
A	63,053,364.24	2.82%	-	-	63,053,364.24	2.82%
A-	3,616,359.62	0.16%	-	-	3,616,359.62	0.16%
BBB+	21,347,521.40	0.95%	-	-	21,347,521.40	0.95%
BBB-	90,461,735.04	4.04%	-	-	90,461,735.04	4.04%
Total	178,478,980.30	7.97%	-	-	1,361,080,176.47	60.77%

(Figure 4 : Credit profile of AIGF – Fixed Income Securities as at 31st March 2023)

Assetline Income Plus Growth Fund

FOR THE YEAR ENDED 31st MARCH 2023



Private & Confidential

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

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

We have audited the financial statements of Assetline Income Plus Growth Fund (the Income Plus Growth Fund), which comprise the statement of financial position as at 31st March, 2023, and the statement of comprehensive income, statement of changes in unit holders' 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 Income Plus Growth Fund as at 31st March, 2023 and its financial performance and its cash flows for the year then ended in accordance with the Sri Lanka Accounting Standards.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 17 of the financial statements, which indicates the Fund's exposure to the present 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.

Other Information

The fund management company is responsible for the other information presented in the annual report together with financial statements. Our opinion on the financial statements does not cover this other information and accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. We have nothing to report in this respect.



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

The fund management company 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.

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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our



auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

The financial statements 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.. 20th/06/2023

LW/ST/ca



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

	<i>Notes</i>	2023 Rs.	2022 Rs.
<u>Income</u>			
Interest income from financial assets at amortised cost	(05)	48,039,408	22,126,582
Other Income		-	287,400
Dividend income		36,705,581	54,349,329
Net gains/ (losses) on financial assets measured at fair value through profit or loss	(06)	110,421,833	(164,043,889)
Total investment income		<u>195,166,822</u>	<u>(87,280,578)</u>
<u>Expenses</u>			
Management fee	(13 (f))	(13,695,751)	(16,757,697)
Trustee & Custodian fee	(13 (f))	(3,798,516)	(4,305,629)
Audit fee		(239,999)	(209,999)
Professional fee		(37,000)	(32,000)
Brokerage Charges		(11,404,572)	(8,211,766)
Other operating expenses		(12,885)	(24,010)
Total operating expenses		<u>(29,188,723)</u>	<u>(29,541,100)</u>
Operating profit/Loss		<u>165,978,099</u>	<u>(116,821,678)</u>
Finance costs		(35,257)	-
Profit/loss after deductions and before tax		165,942,842	(116,821,678)
Income tax expense	(14)	-	-
Increase/decrease in net assets attributable to unit holders		<u>165,942,842</u>	<u>(116,821,678)</u>

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



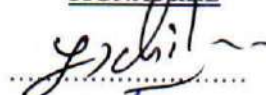
ASSETLINE INCOME PLUS GROWTH FUND**STATEMENT OF FINANCIAL POSITION****AS AT 31ST MARCH,**

	Notes	2023 Rs.	2022 Rs.
<u>ASSETS</u>			
<u>Current assets</u>			
Cash and cash equivalents	(07)	21,376,779	644,031
Financial assets at amortised cost	(08)	157,102,199	474,275,689
Financial assets measured at fair value through profit or loss	(09)	2,081,163,571	1,042,848,671
Other Receivables	(10)	2,675,000	29,412,920
Tax receivables		1,622,001	1,622,001
Total assets		2,263,939,550	1,548,803,312
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accrued expenses and other payables		22,535,047	2,025,139
Liabilities (excluding net assets attributable to unitholders)		22,535,047	2,025,139
<u>UNITHOLDERS' FUNDS</u>			
Net assets attributable to unitholders	(11)	2,241,404,503	1,546,778,173
Total unitholders' fund and liabilities		2,263,939,550	1,548,803,312
Net assets per unit(Rs.)	(11)	17.8671	15.9626

The Management Company of Assetline Income Plus Growth Fund is responsible for the preparation and presentation of these financial statements in accordance with the Sri Lanka Accounting Standards .

Signed for and on behalf of the Management Company by:

	<u>NAME</u>
DIRECTOR }	1..... Dhanika De Silva
	2..... Wishan Perera
TRUSTEE
DATE OF APPROVAL	20.06.2023

SIGNATURE



DEUTSCHE BANK AG
Colombo Branch



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,**

	<i>Notes</i>	2023 Rs.	2022 Rs.
Unitholders' fund at the beginning of the year		1,546,778,173	1,561,660,336
Increase in net assets attributable to unitholders		165,942,842	(116,821,678)
Received on unit creations		640,031,000	102,047,524
Paid on unit redemptions		(111,347,511)	(108,009)
Unitholders' fund at the end of the year	(11)	<u>2,241,404,503</u>	<u>1,546,778,173</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

	<i>Notes</i>	2023 Rs.	2022 Rs.
<u>Cash flows from operating activities</u>			
Proceeds from sale of financial instruments held at fair value through profit or loss		636,794,134	756,495,592
Purchase of financial assets at fair value through profit or loss		(422,497,134)	(558,659,360)
Proceeds from sale of Financial assets at amortised cost		7,887,774,785	8,363,921,202
Purchase of Financial assets at amortised cost		(8,683,713,318)	(8,714,786,972)
Dividends received		63,443,501	57,666,923
Interest received		39,397,715	21,361,262
Other Income received		-	287,400
Management fees paid		(13,687,417)	(16,641,824)
Other expenses paid		(15,463,006)	(12,723,913)
Net cash outflow from operation activities		<u>(507,950,740)</u>	<u>(103,079,689)</u>
<u>Cash flows from financing activities</u>			
Proceeds from subscription by unitholders	(11)	640,031,000	102,047,524
Payments for redemptions by unitholders	(11)	(111,347,512)	(108,009)
Net cash inflow from financing activities		<u>528,683,488</u>	<u>101,939,515</u>
Net increase in cash and cash equivalents		<u>20,732,748</u>	<u>(1,140,174)</u>
Cash and cash equivalents at the beginning of the year		644,031	1,784,206
Net increase in cash and cash equivalents		20,732,748	(1,140,174)
Cash and cash equivalents at the end of the year	(7)	<u>21,376,779</u>	<u>644,031</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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023****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. The Trustee of the Assetline Income Plus Growth Fund is Deutsche Bank AG.

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.

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023****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, 2023**

- 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, 2023***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, 2023***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

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2023***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, 2023***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, 2023****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, 2023***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 2023</i> <i>Rs.</i>	<i>Fair Value 2022</i> <i>Rs.</i>
Equity securities held for trading	898,562,373	1,042,848,671
Total	898,562,373	1,042,848,671

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, 2023**

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

<i>31st March 2023</i>	<i>Floating interest rate Rs.</i>	<i>Fixed interest rate Rs.</i>	<i>Non- interest bearing Rs.</i>	<i>Total Rs.</i>
<i>Financial assets</i>				
Cash and cash equivalents (Note 7)	-	-	21,376,779	21,376,779
Financial Assets held at fair value through profit or loss (Note 9)	-	-	2,081,163,570	2,081,163,570
Financial assets measured at amortised cost - (Note 8)	-	157,102,199	-	157,102,199
<i>Financial liabilities</i>				
Accrued expenses and other payables	-	-	(22,535,047)	(22,535,047)
Net exposure	-	157,102,199	2,080,005,302	2,237,107,501

Cash flow and fair value interest rate risk

<i>31st March 2022</i>	<i>Floating interest rate Rs.</i>	<i>Fixed interest rate Rs.</i>	<i>Non- interest bearing Rs.</i>	<i>Total Rs.</i>
<i>Financial assets</i>				
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
<i>Financial liabilities</i>				
Accrued expenses and other payables	-	-	(2,025,139))	(2,025,139)
Net exposure	619,091	474,275,689	1,041,467,563	1,515,743,253

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, 2023

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>2023</i>	<i>2022</i>
+10%	208,116,357	104,284,867
-10%	(208,116,357)	(104,284,867)

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>2023</i>	<i>2022</i>
+1%	1,571,022	4,742,757
-1%	(1,571,022)	(4,742,757)

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, 2023

<i>Debt securities by rating category</i>	2023	2022
AAA (ICRA)	-	31.78%
AA+ (Fitch)	-	-
AA- (Fitch)	-	39.51%
AA (Fitch)	-	-
A+ (Fitch)	-	28.58%
A (ICRA)	4.62%	-
A- (Fitch)	0.27%	-
BBB+ (Fitch)	1.57%	0.13%
BBB - (Fitch)	6.63%	-
	13.28%	100%
<u>Government of Sri Lanka</u>		
Treasury Bills-C(Fitch)	4.54%	-
Treasury Bonds-CC(Fitch)	82.18%	-
	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, 2023*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, 2023****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 2023</i>	<i>Level 1 Rs.</i>	<i>Level 2 Rs.</i>	<i>Level 3 Rs.</i>	<i>Total Rs.</i>
<u>Financial assets</u>				
Financial assets held at fair value through profit or loss	-	-	-	-
Equity Securities	898,562,373	-	-	898,562,373
Financial assets designated at fair value through profit or loss:				
Debt Securities	1,182,601,197	-	-	1,182,601,197
Total	2,081,163,570	-	-	2,081,163,570

<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>
<u>Financial assets</u>				
Financial assets held at fair value through profit or loss	1,042,848,671	-	-	1,042,848,671
Equity Securities				
Financial assets designated at fair value through profit or loss:				
Debt Securities	-	-	-	-
Total	1,042,848,671		-	1,042,848,671

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

	2023	2022
	Rs.	Rs.
Interest income from fixed deposits	23,868,187	10,951,659
Interest income from money market savings	24,171,221	11,037,015
Interest income from commercial paper	-	137,908
Total interest income from fixed income securities	<u>48,039,408</u>	<u>22,126,582</u>

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

	2023	2022
	Rs.	Rs.
Net gain/(loss) on financial assets held for trading	49,574,351	(166,653,389)
Net gain/ (loss) on financial assets designated as at fair value through profit or loss	60,847,482	2,609,500
	<u>110,421,833</u>	<u>(164,043,889)</u>
Net realised gains / (loss) on financial assets at fair value through profit or loss [See Note (a) Below]	111,332,823	36,458,483
Net unrealised gain/(loss) on financial assets at fair value through profit or loss [See Note (b) Below]	(910,991)	(200,502,372)
	<u>110,421,833</u>	<u>(164,043,889)</u>

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

Gain/(Loss) on disposal of equity securities	62,901,727	33,848,983
Interest income on Treasury Bills	19,200,345	2,609,500
Interest income on Treasury Bonds	29,230,751	-
	<u>111,332,823</u>	<u>36,458,483</u>

(b) Net unrealised gain / (loss) on financial assets at fair value through profit or loss

Unrealised gain / (loss) of equity securities	(13,327,376)	(200,502,372)
Unrealised gain / (loss) of Treasury Bills	(519,966)	-
Unrealised gain / (loss) of Treasury Bonds	12,936,352	-
	<u>(910,991)</u>	<u>(200,502,372)</u>

(07) CASH AND CASH EQUIVALENTS

	2023	2022
	Rs.	Rs.
Cash at Bank	21,376,779	644,031
	<u>21,376,779</u>	<u>644,031</u>

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

	2023	2022
	Rs.	Rs.
Fixed deposits [See Note (a) below]	63,024,105	378,374,901
Money Market Savings [See Note (b) below]	94,078,094	95,900,787
	<u>157,102,199</u>	<u>474,275,689</u>

(a) Fixed Deposits

	31st March 2023	Cost	Market value
		<u>Rs.</u>	<u>Rs.</u>
People's Bank		52,190,917	63,024,105
		<u>52,190,917</u>	<u>63,024,105</u>
	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
		<u>368,959,452</u>	<u>378,374,901</u>

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS****AS AT 31ST MARCH,****(b) Money Market Savings**

	31st March 2023	Cost	Market value
		Rs.	Rs.
National Development Bank PLC		1,540,850	1,540,850
Pan Asia Banking Corporation PLC		89,796,135	2,075,509
DFCC Bank PLC		2,075,509	90,461,735
		<u>93,412,494</u>	<u>94,078,094</u>
	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>95,176,482</u>	<u>95,900,787</u>

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

	2023	2022
	Rs.	Rs.
<u>Financial assets held for trading</u>		
Equity securities [See Note (a) below]	898,562,374	1,042,848,671
Total financial assets held for trading	<u>898,562,374</u>	<u>1,042,848,671</u>
<u>Designated at fair value through profit or loss:</u>		
Treasury Bills [See Note (b) below]	61,919,244	-
Treasury Bonds [See Note (b) below]	1,120,681,953	-
Total designated at fair value through profit or loss	<u>1,182,601,197</u>	<u>-</u>
Total financial assets held at fair value through profit or loss	<u>2,081,163,571</u>	<u>1,042,848,671</u>

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS****AS AT 31ST MARCH 2023****a) Investment in equity shares:**

31st March 2023

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	730,710	64,231,911	46,473,156	2.07%
COMB-X-0000 COMMERCIAL BANK OF CEYLON PLC	1,000,638	68,781,367	54,134,516	2.42%
HNB -N-0000 HATTON NATIONAL BANK PLC	925,285	118,183,150	119,824,408	5.35%
NDB -N-0000 NATIONAL DEVELOPMENT BANK PLC	5,147,031	313,583,142	231,101,692	10.31%
		564,779,570	451,533,772	
<u>Capital Goods</u>				
ACL -N-0000 ACL CABLES PLC	250,000	21,055,908	20,575,000	0.92%
HAYL-N-0000 HAYLEYS PLC	500,000	38,934,346	36,000,000	1.61%
HHL -N-0000 HEMAS HOLDINGS PLC	712,094	45,010,137	46,286,110	
JKH -N-0000 JOHN KEELLS HOLDINGS PLC	450,000	62,662,500	63,000,000	2.81%
RCL -N-0000 ROYAL CERAMICS LANKA PLC	250,000	8,266,597	6,900,000	0.31%
		175,929,488	172,761,110	
<u>Consumer Durables & Apparels</u>				
HELA-N-0000 HELA APPAREL HOLDINGS LIMITED	7,027,589	91,228,279	56,220,712	2.51%
		91,228,279	56,220,712	
<u>Food Beverage & Tobacco</u>				
SUN -N-0000 SUNSHINE HOLDINGS PLC	250,000	11,204,087	11,250,000	0.50%
		11,204,087	11,250,000	
<u>Materials</u>				
LLUB-N-0000 CHEVRON LUBRICANTS LANKA PLC	250,000	24,398,027	22,900,000	1.02%
PARQ-N-0000 SWISSTEK (CEYLON) PLC	750,000	16,366,578	10,575,000	0.47%
		40,764,605	33,475,000	
<u>Telecommunication Services</u>				
DIAL-N-0000 DIALOG AXIATA PLC	3,000,278	33,944,197	31,202,891	1.39%
		33,944,197	31,202,891	
<u>Energy</u>				
WIND-N-0000 WINDFORCE LIMITED	8,613,266	155,039,729	142,118,889	6.34%
		155,039,729	142,118,889	
Total value of Equity securities		1,072,889,955	898,562,374	

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2023**

31st March 2022

Company	Number of shares	Cost Rs.	Market value Rs.	Percentage of net assets
<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%
		672,887,380	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>Utilities</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		1,203,848,877	1,042,848,671	

b) Investment in Treasury Bills & Treasury Bonds

31st March 2023

	Cost	Market value
Investment in government security -Treasury Bills	51,984,405	61,919,244
Investment in government security -Treasury bonds	1,062,486,650	1,120,681,953
	1,114,471,055	1,182,601,197

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

	2023	2022
	Rs.	Rs.
Dividends receivable	2,675,000	29,412,920
	<u>2,675,000</u>	<u>29,412,920</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:

	<i>Number of units</i>	<i>Net assets attributable to unitholders (Rs)</i>
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>96,798,469</u>	<u>1,546,778,173</u>
Net Assets per unit as at 31st March 2022 (Rs.)		15.9626
Opening balance	96,798,469	1,546,778,173
Subscriptions	35,816,374	640,031,000
Redemptions	7,257,566	(111,347,512)
Increase in net assets attributable to unitholders	-	165,942,842
As at 31st March 2023	<u>139,872,410</u>	<u>2,241,404,503</u>
Net Assets per unit as at 31st March 2023 (Rs.)		17.8671

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, 2023**(12) REMUNERATION OF AUDITORS**

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

	2023 Rs.	2022 Rs.
Audit and other assurance services:		
Audit of financial statements	215,000	205,000
Total remuneration for audit and other assurance services	215,000	205,000
Taxation services:		
Tax compliance services	37,000	35,000
Total remuneration for taxation services	37,000	35,000

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 01.05.2016 onwards)
- Mr. N.D.P.S.R. Kalyanaratne - Non-Executive Director (From 16.06.2020 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 13 [b (i)] above 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,***c) Key management personnel unit holdings***

Key management personnel of Assetline Capital (Private) Limited doesn't held units in the fund as at 31 March 2023.

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

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

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 2023

<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>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	
Assetline Capital (Pvt) Ltd	10,002,679	6,050,266	108,586,553	-
DPMC Assetline Holdings(Private) Limited	1,474,526	1,474,526	26,463,900	-
<i>Other related parties:</i>				
David Pieris Motor Company (Lanka) Limited	81,318,104	81,318,104	1,459,448,536	-
Assetline Insurance Brokers (Private) Limited	3,150,294	515,352	9,249,224	-
David Pieris Holdings (Private) Limited	-	35,814,269	642,773,002	-

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2023**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:

	<i>Charge for the year ended 31st March 2023</i>	<i>Charge for the year ended 31st March 2022</i>	<i>Balance Outstanding 31st March 2023</i>	<i>Balance Outstanding 31st March 2022</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Management fees	13,695,751	16,757,697	1,407,089	1,398,756
Trustee & custodian fee	3,798,516	4,305,629	394,609	359,344
	<u>17,494,267</u>	<u>21,063,326</u>	<u>1,801,698</u>	<u>1,758,100</u>

(14) INCOME TAX EXPENSES

Assetline Income Plus Growth Fund is a Unit Trust licensed by the Securities and Exchange Commission of Sri Lanka. Unit Trust is defined as "Pass Through Vehicle" and is not taxed as an entity in accordance with the Inland Revenue Act, No. 24 of 2017 and the amendments thereto.

Reconciliation between current tax expense and the accounting profit.

	2022/2023	2021/2022
Profit before tax	165,942,842	116,821,678
Less: Exempted Income	165,942,842	(116,821,678)
	<u>-</u>	<u>-</u>
Income Tax Expense	<u>-</u>	<u>-</u>

(15) CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

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

(16) RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENT AND THE SEC RETURN

	As at 31 March 2023 Rs.	As at 31 March 2022 Rs.
Net Asset Value as per Financial Statements	2,241,404,503	1,546,778,173
Less :		
Income Tax Receivable	(1,622,001)	(1,622,001)
Net Asset Value as per SEC Return	<u>2,239,782,502</u>	<u>1,545,156,172</u>

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2023**(17) 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,

Sri Lanka's credit rating has dropped internationally due to its failure to repay foreign loans, as a result of the prevailing economic crisis & the shortage of foreign exchange reserves. This has had an adverse impact on the country's financial and capital markets.

The Central Bank of Sri Lanka had raised policy interest rates as one of the responses to this crisis, however, currently which is on a declining trend with the recent policy rate cuts imposed by the Central Bank, as economy is showing some signs of a recovery.

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 recent past, the fund had locked most of its investments in high interest yielding fixed income instruments, as a result it will be able to earn higher interest returns at the moment. On the other hand, the ongoing changes in the stock market and a possible haircut in the face of the current economic crisis in Sri Lanka could put some risk on the fund's investments in it. However, with the policy interest rates coming down it is expected that the equity market will remain resilient.

If the present outlook of the economy continues to sustain with the support of the IMF, which will ease out the burden on the banking and financial institution system of the country and work in favor of 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 remain intact.

**12. Summary of Transactions between Assetline Mutual Funds and its Related Parties
(For the period from 01 April 2022 to 31 March 2023)**

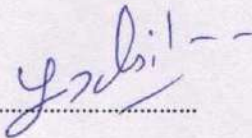
Fund	Related Party	Total Value of Unit Subscriptions by Related Parties (LKR)	Total Value of Unit Redemptions by Related Parties (LKR)
Assetline Income Fund	Officers of Management Company	41,199,532.24	39,806,343.31
	Assetline Capital (Private) Limited	295,594,400.00	301,110,000.00
	Assetline Corporate Services (Private) Limited	49,890,000.00	50,875,000.00
	Assetline Insurance Brokers (Private) Limited	583,025,000.00	665,980,000.00
	Assetline Securities (Private) Limited	-	84,460,489.63
	David Pieris Automobiles (Private) Limited	3,985,000,000.00	3,580,661,776.72
	David Pieris Holdings (Private) Limited	6,717,000,000.00	6,555,023,598.19
	David Pieris Motor Company (Lanka) Limited	10,989,000,000.00	11,025,735,761.87
	David Pieris Motor Company (Private) Limited	2,148,000,000.00	2,489,583,557.03
	David Pieris Racing and Leisure (Private) Limited	628,110,000.00	536,612,463.11
	David Pieris Trust	-	80,000.00
	Dee Investments (Private) Limited	131,931,000.00	292,118,731.94
	DPMC Assetline Holdings (Private) Limited	311,750,000.00	671,530,000.00
	Hill Cottage Nuwara Eliya (Private) Limited	14,850,000.00	13,490,000.00
	Mr. D.P. Pieris	14,011,309,200.00	14,385,038,968.31
	Mr. E.D. Pieris	2,478,768,000.00	2,216,283,750.00
	Mr. J.D. Pieris	2,161,252,850.00	2,043,680,300.00
	Mrs. E.M. Pieris	3,419,425,559.00	3,108,289,000.00
	Affiniti Innovations (Private) Limited	23,000,000.00	21,950,000.00
	Assetline Lands (Private) Limited	368,650,000.00	247,810,000.00
	David Pieris Aviation (Private) Limited	61,000,000.00	55,100,000.00
	David Pieris City Developments (Private) Limited	30,000,000.00	30,479,368.24
	David Pieris Leisure (Private) Limited	141,620,000.00	39,801,598.69
	DP Global Ventures (Private) Limited	69,000,000.00	69,296,339.97
	DP Infotech (Private) Limited	264,900,000.00	275,744,979.49
	DP Logistics (Private) Limited	979,500,000.00	1,003,537,456.51
	Mr.T.M.J.K. Ratnayake	43,956,000.00	39,216,000.00
Mrs. G.Y.P.P. Ratnayake	27,700,000.00	27,120,000.00	
Pulsar Shipping Agencies (Private) Limited	102,000,000.00	109,762,650.97	
Assetline Income Plus Growth Fund	Officers of Management Company	-	11,127,309.27
	Assetline Capital (Private) Limited	-	60,000,000.00
	Assetline Insurance Brokers (Private) Limited	-	40,000,000.00
	David Pieris Holdings (Private) Limited	640,000,000.00	-

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
Authorized Signatory

Deutsche Bank AG
Trustee

Date: 23rd June 2023