

MUTUAL FUNDS

ANNUAL REPORT

2024-2025



ASSETLINE

Assetline Capital (Pvt) Limited

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ANNUAL REPORT 2024-2025**

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01. Corporate Information

Assetline Mutual Funds: *Assetline Income Fund*

Assetline Income Plus Growth Fund

MANAGEMENT COMPANY & REGISTRAR

Assetline Capital (Private) Limited

Registered Office & Principal Place of Business:

No. 120, 120A
Pannipitiya Road
Battaramulla
Sri Lanka

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. A.Y.D. De Silva (Chairman)
Mr. G. L. W. N. Perera
Mr. N. D. P. S. R. Kalyanaratne
Mr. A. G. De Alwis
Mr. A. N. S. Aluthgamage

TRUSTEE & CUSTODIAN

Deutsche Bank AG
Colombo branch
Level 21
One Galle Face Tower
1A, Centre Road, Galle Face
Colombo 2
Sri Lanka

AUDITORS

Ernst & Young
Rotunda Towers
No. 109, Galle Road,
Colombo 03.
Ernst & Young
Sri Lanka

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 for its clients based on their individual risk profiles.

The Mission

- Increase client wealth through prudent decision making and capitalising 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, duly approved by the Securities and Exchange Commission of Sri Lanka (SEC). It operates as a part of the David Pieris Group through its ultimate holding entity, David Pieris Holdings (Private) Limited. The David Pieris Group, via its subsidiary DPMC Assetline Holdings (Private) Limited, has strategically diversified into financial services encompassing leasing, loans, margin trading, insurance brokering and a range of corporate solutions. Beyond financial services, the Group maintains a strong presence across several key sectors including automotive, logistics, renewable energy, information technology, leisure, real estate, investment property, logistics, shipping and marine services.

Established in 2001, ACPL began its journey in the capital markets as a provider of margin trading facilities. In 2013, the company expanded its portfolio by venturing into investment management services for corporate clients and high-net-worth individuals with the original margin trading operations being transitioned to another Group entity.

In July 2014, ACPL marked a significant milestone with the launch of Assetline Mutual Funds (AMF), entering the unit trust industry. The AMF product suite includes the Assetline Income Fund (AINF) and the Assetline Income Plus Growth Fund (AIGF) which are designed to meet the varying risk-return objectives of investors. AINF focuses on short-term fixed income investments for conservative investors, while AIGF takes a more strategic approach by investing in long-term fixed income instruments and listed equities, aiming to deliver enhanced portfolio returns over time.

03. Profile of Assetline Mutual Funds

The Assetline Income Fund, is an open-ended money market scheme that invests in government securities, bank deposits and corporate debt instruments with maturities of 397 days or less. It is designed to cater to investors with short investment horizons and low to moderate risk profiles.

The Assetline Income Plus Growth Fund, is an open-ended balanced scheme, which invests in both equity and fixed income securities. It is suitable for investors with medium to long-term investment horizons with a high-risk tolerance.

	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	• For withdrawals within 1 Year: 1% • For withdrawals after 1 Year: NIL

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



Mr. Dhanika De Silva – Non-Independent, Executive Chairman

Mr. Dhanika De Silva has served as the Chairman of the Board of Assetline Capital (Private) Limited since September 25, 2024 and has been a Director of the company since May 1, 2016. Mr. De Silva also holds directorships in nine other companies within the David Pieris Group, including David Pieris Motor Company (Private) Limited. In addition, he serves as the Chief Officer of Treasury Operations at David Pieris Holdings (Private) Limited, where he leads Group Treasury Operations.

Mr. De Silva began his career with David Pieris Motor Company in 2006 as Manager – Treasury and Investment. He was subsequently promoted to Divisional Manager – Planning and Development, Deputy General Manager – Planning and Development and later to General Manager – Treasury Operations. Prior to joining David Pieris Motor Company, he worked as an Executive Officer in the Treasury Dealing Room at Commercial Bank of Ceylon PLC.

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



Mr. Wishan Perera, Executive Director and Chief Executive Officer

Mr. Wishan Perera joined Assetline Capital (Private) Limited as Divisional Manager on June 1, 2016 and is currently designated as the Chief Executive Officer. He brings a wealth of financial and treasury expertise to the company.

Mr. Perera has over 25 years of experience in fund management, treasury management, investment management, treasury audits, bank operations and credit. Prior to joining Assetline Capital, he served as Chief Manager – Treasury at Axis Bank Colombo, where he headed overall operations for over two years, enhancing his expertise in asset and liability management as well as risk management. He also worked at Seylan Bank PLC, where he gained extensive experience in fund management, FX operations and speculative trading. He held the position of Dealer in the Primary Dealer Unit of the bank, actively involved in government securities (G-Sec) trading.

Mr. Perera is an Associate Member of both the Chartered Institute for Securities & Investment (UK) and the Institute of Bankers of Sri Lanka. He also holds an ACI (Paris) Dealing Certificate, a Postgraduate Executive Diploma in Bank Management, a Diploma in Treasury and Risk Management (IBSL), and a CISI Level 3 Certificate in Wealth and Investment Management.



Mr. Sidath Kalyanaratne – Non-Executive Director

Mr. Sidath Kalyanaratne was appointed as a Director of Assetline Capital (Private) Limited on June 16, 2020. He currently serves as the Group Head of New Initiatives and Research at the David Pieris Group of Companies and holds directorships in ten other companies within the Group. He also chairs the Risk Management Committee of Assetline Capital and serves on several key committees of David Pieris Holdings (Private) Limited, including the Group Internal Audit Committee, Group Risk Management Committee, Group Strategic Committee and Group Investment Committee.

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

Mr. Kalyanaratne is a Chartered Financial Analyst (CFA) charterholder (USA), an Associate Member of the Chartered Institute of Management Accountants (CIMA), UK and the Certified Practising Accountants (CPA), Australia. He holds a degree in Electrical Engineering from the University of Moratuwa.



Mr. Gokula De Alwis - Independent Non-Executive Director

Mr. Gokula De Alwis has been an Independent Non-Executive Director of the Board of Assetline Capital (Private) Limited since January 16, 2024.

Mr. De Alwis is a dynamic leader with a proven record of over 35 working in diverse sectors, including Manufacturing, Import and Trading, Logistics, Information Technology and E-commerce.

Currently, he is a Tax Consultant providing advisory and consultancy services to both corporates and high-net-worth individuals.

He holds a Certificate in Strategic Finance from Harvard University Business School, Boston, MA, a Certificate in General Management from the National University of Singapore (NUS) Business School and in Advance Taxation from the Department of Inland Revenue, Sri Lanka



Mr. Nalinda Aluthgamage - Non-Executive Director

Mr. Nalinda Aluthgamage has been a Non-Executive Director on the Board of Assetline Capital (Private) Limited since October 2024. A qualified accountant with over 14 years of experience in finance, accounting, risk management and internal controls, Mr. Aluthgamage is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA), a Member of ACCA and holds a Diploma in Information Systems Security Control & Audit (DISSCA) from ICA India. He also earned a B.Sc. in Accounting (Special) from the University of Sri Jayewardenepura.

Currently, Mr. Aluthgamage serves as Group Financial Controller at David Pieris Group of Companies, where he oversees financial planning, reporting and compliance. He also holds key directorships, including Executive Director at David Pieris Racing & Leisure (Pvt) Ltd and David Pieris City Developments (Pvt) Ltd, as well as Non-Executive Director at Pulsar Shipping Agencies (Pvt) Ltd and Pulsar Marine Services (Pvt) Ltd.

Previously, he led the Group Compliance, Risk Review & Control Division where he was instrumental in establishing risk-based audit programmes and ensuring robust risk management practices. Before joining David Pieris Group, he honed his expertise at KPMG Sri Lanka, managing assurance engagements for a diverse client base.

His dedication to professional excellence is complemented by his active participation in CA Sri Lanka committees and he is widely recognised for his contributions to the accounting profession, serving as a driving force in advancing financial excellence.

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

Mr. Niwanka Seneviratne

Divisional Manager Treasury and Business Head - Portfolio Management

Mr. Niwanka Seneviratne joined Assetline Capital (Private) Limited in May 2022 as Manager – Treasury. He brings valuable expertise in government securities trading and treasury operations to the company, with over 14 years of experience in the finance industry. His background spans treasury management, portfolio management, government securities and corporate debt.

Prior to joining Assetline Capital, Mr. Seneviratne served as Assistant Vice President – Treasury at Capital Alliance PLC, where he specialised in fixed income trading and customer portfolio management.

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

Mr. Janitha Jayawardana

Head of Compliance, Risk & Control

Mr. Janitha Jayawardana joined Assetline Capital (Private) Limited in August 2023 as Manager – Risk and Control. He is a banking professional with nearly 13 years of experience in the banking and finance sector, including 8 years of specialisation in treasury operations, treasury risk and market risk management.

Prior to joining Assetline Capital, Mr. Jayawardana served as Executive Officer – Treasury and Market Risk Management at Seylan Bank PLC. He has also held positions at Union Bank of Colombo PLC, National Development Bank PLC and Pan Asia Banking Corporation PLC.

Mr. Jayawardana holds a Bachelor of Science in Management (External Degree) from the University of Sri Jayewardenepura. He has obtained a Certificate in Treasury and Foreign Exchange Operations from the Central Bank of Sri Lanka (CBSL) and completed the Certificate in Banking and Finance from the Institute of Bankers of Sri Lanka (IBSL). He is currently pursuing a Diploma in Bank Integrated Risk Management at IBSL.

Mr. Hasitha Samarasinghe

Manager - Treasury Front Office and Business Head – Unit Trust

Mr. Samarasinghe joined Assetline Capital (Pvt) Ltd in 2022 as an Assistant Manager – Treasury Front Office, bringing over 13 years of experience in the banking and finance industry. Prior to his role at Assetline Capital, he worked at National Development Bank PLC, where he accumulated 6 years of expertise in Treasury and 7 years in International Trade Finance.

He holds a Master of Business Administration (MBA) from the University of Gloucestershire, UK, a Postgraduate Diploma in Strategic Management and Leadership from IDM Colombo Campus and a Diploma in Treasury and Risk Management from the Institute of Bankers of Sri Lanka (IBSL). Additionally, he has earned a Diploma in Portfolio & Investment Management from IBSL and holds a Lean Six Sigma Yellow Belt Certification.

Ms. Erandika Dissanayake*Assistant Manager - Treasury Front Office*

Ms. Dissanayake joined Assetline Capital (Private) Limited in 2024. Prior to this, she worked at ACS Capital (Private) Limited, where she gained three years of experience in capital markets as an Investment Advisor. She also served as the Fund Manager at Allianz Insurance Lanka Limited, managing both Life and General Insurance portfolios for three years. Additionally, she developed her expertise in government securities trading and treasury operations while working as a Fixed Income Dealer at NatWealth Securities (Private) Limited.

Ms. Dissanayake holds a Master of Business Administration (MBA) from Cardiff Metropolitan University, UK, and a bachelor's degree in Banking and Finance from Northumbria University, UK. She also holds a Diploma in Treasury and Risk Management from the Institute of Bankers of Sri Lanka (IBSL) and a Certificate in Capital Markets from the Securities and Exchange Commission of Sri Lanka.

Ms. Sathsarani Wijethunga*Compliance Officer*

Ms. Wijethunga joined Assetline Capital (Private) Limited in October 2016 as an Associate – Operations and was designated as an Associate – Compliance in April 2018. She was appointed Compliance Officer of the company in August 2022.

Ms. Wijethunga holds a Bachelor of Commerce (General) External Degree from the University of Sri Jayewardenepura. 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 the Securities and Exchange Commission of Sri Lanka.

06. Chief Executive Officer's Report

“Resilience through uncertainty, growth through strategy.”

Dear Investors,

It is with great pride and gratitude that I present to you the Annual Report of Assetline Capital (Private) Limited for the financial year ended 31st March 2025.

The year under review stands as a testament to the power of disciplined investment management, sound policy and strategic foresight in navigating a volatile and complex macroeconomic landscape—both domestically and globally. Our journey has not been without challenges, but the outcomes speak volumes about the resilience of our team and the strength of the strategies employed to protect and grow the wealth entrusted to us by our valued unit holders.

Navigating Economic Challenges with Confidence

Sri Lanka continued on its delicate path to recovery following the debt crisis and macroeconomic instability of recent years. The year 2024/25 saw meaningful progress in economic stabilization efforts, although challenges remained, particularly given the evolving political and global economic climate.

Domestically, the political environment was shaped by the lead-up to a pivotal election cycle. Uncertainty around future fiscal policy, governance continuity and investor sentiment loomed large. However, the continued commitment of the incumbent administration to the IMF's Extended Fund Facility (EFF) targets and structural reforms provided much-needed confidence. Key milestones were achieved, including progress in external debt restructuring negotiations, enhanced fiscal discipline and the maintenance of cost-reflective pricing mechanisms—despite a slight relaxation in electricity tariffs.

Encouragingly, Sri Lanka recorded a current account surplus and a Balance of Payments (BOP) surplus, supported by robust tourism earnings, steady worker remittances and reduced imports. These developments contributed to the stabilization of the rupee, growth in gross official reserves and improved overall macroeconomic resilience.

Inflation remained within a controlled range and the Central Bank of Sri Lanka maintained a cautiously accommodative monetary policy stance. Meanwhile, government revenue collection improved significantly, underpinned by broader tax compliance and reforms, enabling a primary fiscal surplus to be sustained for the second consecutive year.

Global Headwinds and Strategic Vigilance

While domestic conditions showed signs of healing, the global economic environment became increasingly uncertain. The re-emergence of protectionist policies and trade tensions—particularly driven by the Trump campaign's rhetoric and the re-escalation of U.S.–China tariffs—threatened global trade flows. Fears of a global economic slowdown, uncertainties surrounding dollar inflows, pressures on interest and exchange rates and shifting capital flows added further complexity to investment decision-making.

These global uncertainties required us to remain nimble, vigilant and grounded in strong fundamentals. We focused on macroeconomic monitoring, tactical portfolio adjustments and liquidity preservation to safeguard against external shocks while remaining ready to seize emerging opportunities.

Performance and Strategy of Our Funds

Assetline Income Fund (Money Market Fund):

Our money market strategy prioritised capital preservation and optimal liquidity while enhancing returns through selective deployment in high-quality government and corporate securities. We actively managed interest rate risk and reinvestment exposure in a declining interest rate environment. The fund delivered a stable and competitive yield during the year, reflecting our commitment to “safety-first” returns, even amidst downward pressure on interest rates.

Assetline Income Plus Growth Fund (Balanced Fund):

This fund benefited from our dual-pronged strategy—balancing fixed income allocations with selective equity exposure. In early FY 2024/25, we adopted a moderate risk-off stance in fixed income, focusing on medium-term government securities with the expectation of higher reinvestment returns. Anticipating that pre-election volatility would subside regardless of the incoming political leadership, we tactically increased our equity exposure by focusing on fundamentally strong stocks.

Following the election, political stability was restored, and the new government reaffirmed its commitment to the IMF programme, triggering a strong rebound in market momentum. This recovery, supported by improving corporate earnings, enhanced investor sentiment and increased market participation, enabled us to gradually realize capital gains of Rs. 381 million, the highest annual gain recorded by the fund since inception.

By carefully timing our asset allocations and prudently realizing capital gains, the Income Plus Growth Fund delivered another outstanding year, exceeding benchmarks and reaffirming our active management credentials.

Achievements in a Complex Year

In a year marked by both progress and uncertainty, our funds demonstrated resilience and strong performance. The Assetline Income Plus Growth Fund delivered a financial year yield of 12.30%, following the exceptional 50.21% recorded in FY 2023/24—reflecting our tactical equity positioning and timely capital gains realization. Meanwhile, the Assetline Income Fund maintained its stability, achieving a yield of 9.34% despite the challenges of a declining interest rate environment. These results underscore our disciplined investment approach and our ability to adapt to dynamic market conditions.

Looking Ahead: Challenges and Opportunities

The path ahead will likely present new challenges, marked by potential volatility and economic shifts. A key determinant of Sri Lanka's continued progress will be policy consistency and the government's ability to remain aligned with the IMF programme. Meeting IMF targets will be essential not only for sustaining international confidence but also for building long-term economic stability.

Globally, trade-related risks are re-emerging. Renewed tariffs from major economies and shifting supply chains could pose headwinds for Sri Lanka's export-driven sectors. Domestically, capital market volatility, as well as interest rate and exchange rate pressures, may impact investor sentiment and fund flows, making market navigation increasingly complex.

However, we remain optimistic. Sri Lanka appears to be at a pivotal turning point. With sovereign credibility gradually being restored, steady progress in debt restructuring and a more stable macroeconomic environment, we believe the foundation for long-term capital growth is stronger than ever. These factors present meaningful opportunities for disciplined, forward-looking investors.

To navigate this evolving landscape, we will adopt a multi-pronged strategic approach. Our Dynamic Asset Allocation model will enable us to swiftly respond to market developments, shifting between asset classes where value emerges. We will reinforce our Risk Management discipline, continuously monitoring global and local developments to safeguard investor capital.

Our Deep Market Research capabilities, supported by both in-house expertise and third-party independent studies, will guide our investment decisions, helping us uncover quality opportunities across equity and fixed income markets. Additionally, we will continue to prioritize a Liquidity-First Approach, ensuring our portfolios remain agile and responsive to changing conditions.

In summary, while uncertainties lie ahead, we remain steadfast in our mission to deliver consistent value and preserve capital. Our strategies are designed not only to weather short-term disruptions but also to position our funds for long-term sustainable performance.

I take this opportunity to thank our fund management and operations teams, whose professionalism and excellence have made this success possible. Their ability to steer through uncertain waters while delivering superior results is truly commendable.

To our Board of Directors, Auditors, Trustees and Regulators, thank you for your continued support, oversight and trust.

And to our valued unit holders: Your belief in our vision drives us every day. We are honored to be your trusted partner in wealth creation and financial security.

Let us move forward with optimism, discipline and confidence—together.

Warm regards,

Wishan Perera

Chief Executive Officer

Assetline Capital (Private) Limited

07. Fund Manager's Report

We are pleased to present the Annual Report of the Assetline Mutual Fund (AMF) for the financial year from 01st April 2024 to 31st March 2025. The financial year commenced under favorable market conditions, providing fund managers with diverse strategic opportunities.

The review period witnessed several pivotal developments across the political and economic spectrum, including the consequential presidential and parliamentary elections, substantive budget proposals, a notable decline in inflation, reduced costs of essential utilities and easing monetary policy measures. Market performance throughout this twelve-month period reflected the varying implications of these significant events, resulting in both opportunities and challenges for investment strategies.

During the first half of the review period, the Sri Lankan economy displayed encouraging signs of progressive recovery. However, the announcement of presidential elections introduced notable uncertainty into the investment landscape with market participants anticipating significant policy shifts under potential new leadership. Following the electoral process the incoming administration successfully established credibility among the investor community generating renewed optimism and positive market sentiment. Moreover, they committed to continuing the IMF path toward sustainable economic stability.

Throughout this transitional period, both fixed-income securities and equity markets experienced significant fluctuations responding sensitively to evolving macroeconomic indicators. Asset prices adjusted continuously to reflect changing economic conditions, policy announcements and shifting investor confidence.

The Central Bank of Sri Lanka (CBSL) and economic policymakers demonstrated effective leadership during this period by implementing strategic measures that strengthened investor confidence and supported sustainable economic growth. Their coordinated approach to monetary policy, fiscal management and structural reforms played a crucial role in maintaining economic stability despite political transitions.

CBSL implemented a measured easing of monetary policy after a thorough analysis of domestic and international economic conditions including potential risks and uncertainties. This strategic adjustment aimed to guide inflation toward the 5% target while simultaneously supporting economic growth to reach full capacity. However, inflation targets were not fully met due to demand slowness, appreciation of the local currency and tight tax policies.

As part of this initiative, CBSL introduced an 8.00% Overnight Policy Rate (OPR) as its primary monetary policy instrument to more effectively signal and implement its monetary stance. This new approach significantly reduced government securities yields across the entire curve, creating valuable opportunities for fund managers to secure substantial gains from government securities investments while delivering better returns to client portfolios.

Sri Lanka's political environment showed noticeable improvement in stability during the latter part of FY 2024/25 following two major elections and the continued implementation of critical reforms required under the IMF Extended Fund Facility arrangement which helped strengthen investor confidence.

Fund managers conducted thorough market analyses through ongoing engagement with both internal and external research teams to assess market sentiment. Based on these insights, most maturity proceeds were strategically redirected toward equity investments, especially during the second half of the year, into undervalued and fundamentally strong sectors, particularly banking and finance, capital goods, retail and food and beverages. During the peak of the All-Share Price Index, the fund managers prudently disposed of part of the portfolio, realizing Rs. 380 million in capital gains for the unit holders.

The newly formed government has implemented both people-centered and investment-focused policies in its first budget, designed to accelerate Sri Lanka's economic recovery. These measures include reductions in personal taxes and daily utility costs, elimination of value-added tax on some consumer goods, increased capital investments and enhanced employee incentives and salaries. These initiatives are expected to boost household disposable income and stimulate business activity, contributing to broader economic growth.

In conclusion, the strategic decisions made during this period of uncertainty—focusing on mitigating risks while capitalizing on market opportunities enabled fund managers to deliver improved returns for Assetline Income Plus Growth Fund (AIGF) investors while maintaining adequate liquidity to leverage future market opportunities. Meanwhile, the Assetline Income Fund (AINF), operating as a money market fund, experienced declining yields due to interest rate sensitivity and compliance with liquidity guidelines.

Our Schemes

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

AINF is tailored 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.

In contrast, AIGF is designed for investors with a high-risk appetite and a long-term investment horizon, and includes various asset classes such as government securities, corporate debt, bank fixed deposits and equity, with no restrictions on tenor.

As of 31st March 2025, AINF and AIGF posted financial year yields of 9.34% and 12.30%, respectively. The number of unit holders was 958 for AINF and 112 for AIGF. The Net Asset Value (NAV) stood at Rs. 5.9 billion for AINF and Rs. 14.51 billion for AIGF.

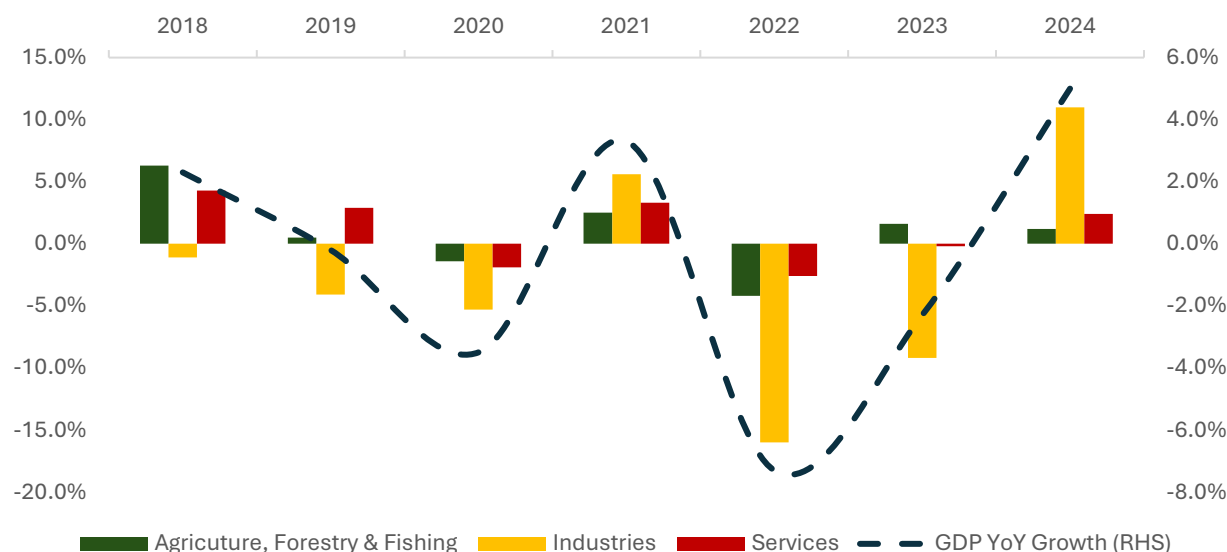
AINF's investment approach prioritized maintaining a balanced maturity profile within the investment horizon while focusing on liquidity. This strategy aims to optimize reinvestment returns and position the fund to capitalize on potential future interest rate volatility. However, due to regulatory liquidity buffers, optimal returns were limited, although the fund could benefit from elevated rate movements.

The investment strategy of AIGF focused on securing medium-term positions at the lower end of the yield curve, anticipating potential interest rate increases corresponding with projected inflation

toward the latter half of 2025, and gradually realizing capital gains. The equity strategy focused on fundamentally strong growth and income stocks, which are expected to benefit from economic recovery and provide stable returns.

ECONOMIC OUTLOOK FOR 2025

GDP and Sectorial Growth from 2018 – 2024



Source: CBSL

Sri Lanka's economic recovery in 2024: Broad-based growth signals return to stability

In 2024, the Sri Lankan economy staged a notable recovery, achieving a real GDP growth rate of 5.0% after enduring two consecutive years of economic contraction in 2022 and 2023. This marks a significant turnaround and reflects growing economic resilience amidst earlier challenges, including a severe balance of payments crisis, high inflation and political instability. What distinguishes this recovery is its consistency throughout the year with all four quarters registering positive GDP growth, a milestone not seen since 2017. This quarterly momentum signals not only a return to stability but also lays the foundation for sustained growth moving forward.

The recovery was predominantly led by the industry sector, where a revival in manufacturing and construction activity played a pivotal role. Improvements in energy availability, the easing of import restrictions and increased investor confidence contributed to this industrial resurgence. Manufacturing benefited from both domestic demand and a gradual improvement in export performance while construction activities were boosted by the resumption of infrastructure projects and private sector development.

The Services sector also made a substantial contribution to economic growth, bolstered by a steady recovery in tourism-related services such as accommodation and transportation. The return of international tourists, following improvements in the country's political and macroeconomic environment, supported these gains. Additionally, other service sub-sectors—including financial services, communications and wholesale and retail trade—also showed encouraging signs of expansion.

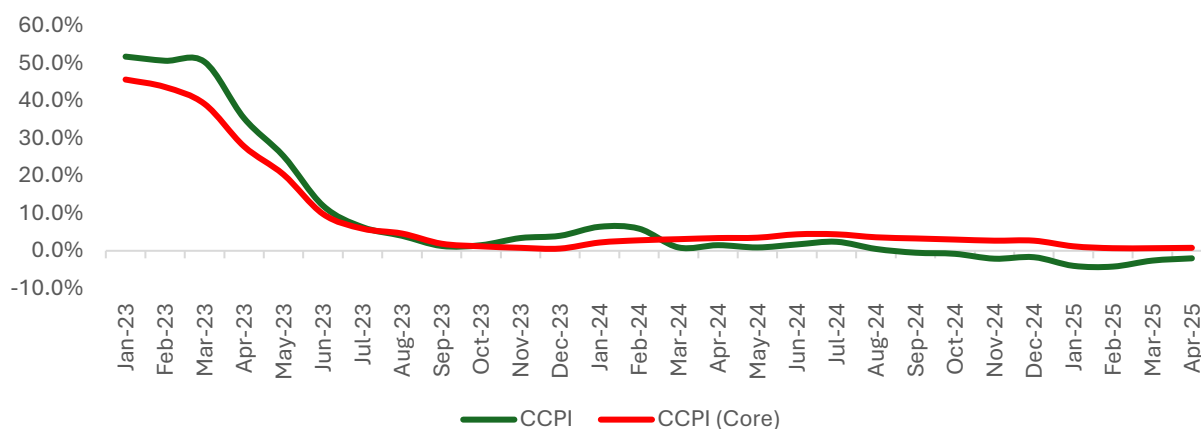
Agriculture, although a smaller component of GDP, contributed positively as well. Favorable weather conditions, improved access to agricultural inputs and targeted policy support helped

stabilize and increase production in key crops, including rice, vegetables and export-oriented products such as tea and spices.

In nominal terms, Gross Domestic Product at current market prices rose to LKR 29,898.6 billion in 2024. This increase reflects both real economic expansion and a GDP deflator of 3.8%, indicating moderate inflationary pressure compared to previous years. The combination of real and nominal growth underscores a broader economic recovery, suggesting that Sri Lanka may be entering a more stable and sustainable phase in its post-crisis development path.

Source: [Central Bank Sri Lanka, Annual Economic Review 2024, page 09](#)

CCPI Inflation of Headline and Core, YoY Basis



Source: Department of Census and Statistics

Deflationary pressures persist, but inflation expected to normalize by End-2025

At present, inflation remains negative, primarily due to a series of reductions in electricity tariffs and fuel prices. These adjustments have played a significant role in easing cost pressures for both consumers and businesses, contributing to a deflationary environment. The continued decline in energy prices has helped lower the overall price level in the economy, leading to the current negative inflation rate.

However, deflationary conditions are expected to gradually ease starting in March 2025, as the effects of these price reductions begin to wane, and other factors start to influence inflationary trends. This shift is likely to be driven by a combination of factors including a potential increase in demand as the economy continues to recover as well as a moderation in energy price declines. As a result, inflation is projected to turn positive by mid-2025, signaling a return to more typical price dynamics.

Projections based on the most current data suggest that inflation will gradually align with the central bank's targeted levels by the end of 2025. This outlook assumes that inflationary pressures will stabilize and that the fiscal and monetary measures currently being implemented will achieve their

intended effects. While some short-term volatility is expected, the overall trend indicates that the economy will return to the targeted inflation range by year-end—contributing to greater price stability and bolstering overall economic confidence.

Source: Monetary Policy Review: No 02 – March 2025, page 01

Monetary policy easing drives decline in interest rates and boosts private sector credit

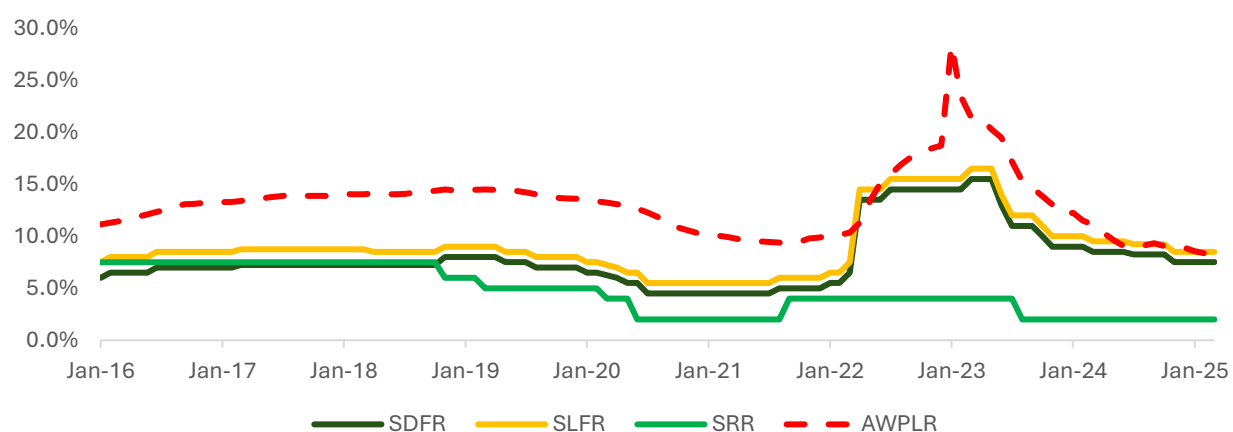
Following the further easing of monetary policy during the most recent Monetary Policy Review, short-term money market interest rates declined in response while the Average Weighted Call Money Rate (AWCMR) remained closely aligned with the Central Bank’s policy rate (OPR). Lending and deposit rates in the broader market also continued to trend lower, consistent with the accommodative monetary policy stance.

This decline in market lending rates, coupled with a gradual recovery in economic activity, contributed to a sustained acceleration in credit growth in the private sector by Licensed Commercial Banks (LCBs). The current momentum in private sector credit expansion is expected to continue in the coming months.

At the same time, yields on government securities continued their downward trajectory, reflecting improved fiscal outcomes and a decline in sovereign risk premia—signals of growing investor confidence in the government’s fiscal management.

Source: Monetary Policy Review: No 01 - January 2025, page 03

Policy Rates Movements Vs AWPLR



Source: CBSL

CBSL's policy shift: Interest rate reductions and transition to single policy rate

In March 2024, the Central Bank of Sri Lanka (CBSL) reduced the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) by 50 basis points each, bringing them to 8.50% and 9.50%, respectively. This decision was based on subdued aggregate demand, favorable inflation dynamics—partly due to recent adjustments in electricity tariffs—and the need to stimulate economic activity through lower lending rates.

Further reductions followed in July 2024, with both rates lowered by an additional 25 basis points to 8.25% and 9.25%. This move aimed to maintain inflation at the targeted 5% level over the medium term and to further ease monetary conditions in support of economic recovery.

In November 2024, CBSL transitioned to a single Overnight Policy Rate (OPR) of 8.00%, replacing the SDFR and SLFR as the primary policy instruments. The SDFR and SLFR were retained as standing facilities, now linked to the OPR with a margin of ± 50 basis points—set at 7.50% and 8.50%, respectively. This simplification was intended to enhance the clarity and effectiveness of monetary policy signaling.

Throughout this period, the Statutory Reserve Ratio (SRR) remained unchanged at 2.00%. However, CBSL indicated that it would review the SRR as part of its broader strategy to enhance financial stability. This review is expected to assess the SRR's role in liquidity management and its alignment with the new monetary policy framework.

Central Bank Sri Lanka, Annual Economic Review 2024, page 29

08. Fund Performance – Assetline Income Fund (AINF)

The NAV of the Assetline Income Fund (AINF) as of 31st March 2024 was Rs. 5.47Bn. The fund generated a financial year YTD yield of 17.50% for the financial year ended 31st March 2024 while the number of unit holders were 932.

The funds under management were Rs. 3.29 Bn as of 1st April 2023 and fluctuated within a range of Rs. 2.62 Bn and Rs. 7.25Bn during the period.

The financial-year yield of AINF continued to increase until May 2023, reaching 22.26% on 31 May 2023, compared to 21.70% as of 01st April 2023. The increase in the yield was mainly driven by Central Bank policy rates hikes which were the highest in its history and lasted until end of May 2023. From June 2023 onward the yield continued to fall due to Central Bank policy rate cuts. Consequently, Government Securities rate also changed in line with policy rates, whilst banks similarly adjusted their rates downwards. This impacted the income since the fund is restricted to invest only up to 397 days to ensure liquidity.

Given our opinion of future interest rate movements and to mitigate risk of uncertainty due to political factors, investment was made in

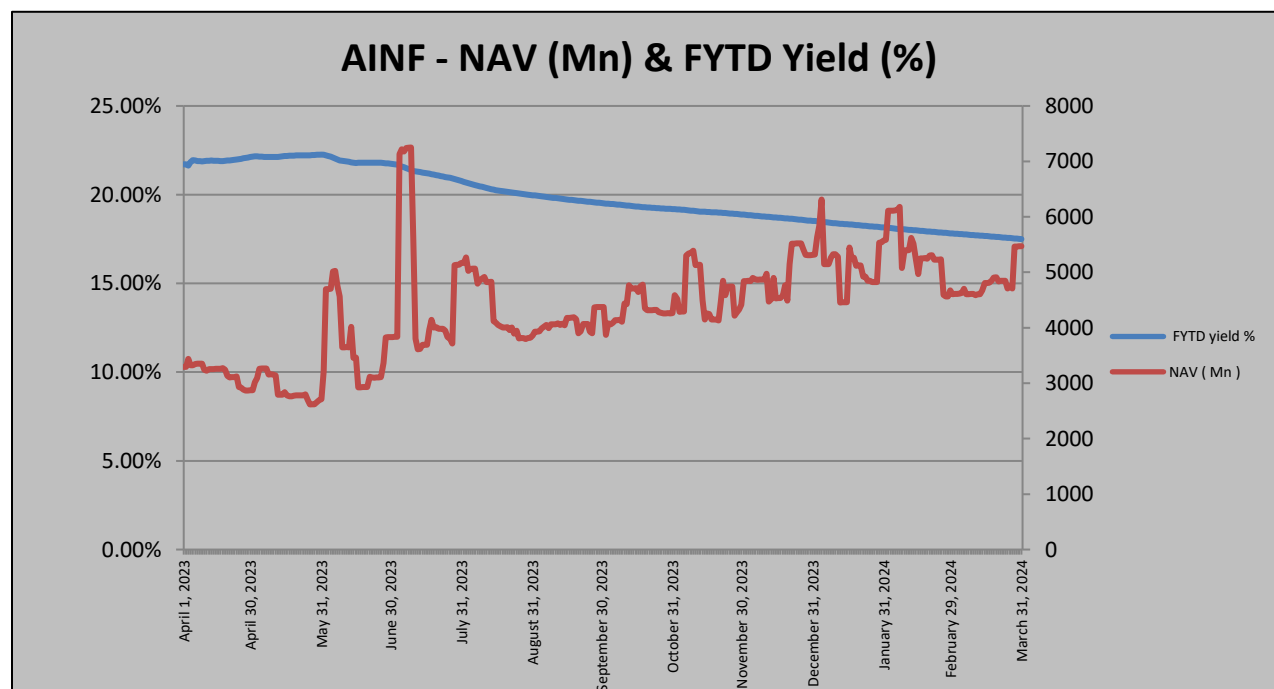
treasury bills with mixed tenors up to one year. Government securities being the highest yielding asset class, majority of the portfolio was invested in treasury bills and the rest was retained in money market accounts for liquidity requirements.

The number of unit holders in AINF increased by 1.19% to 932 from 921 during the one-year period.

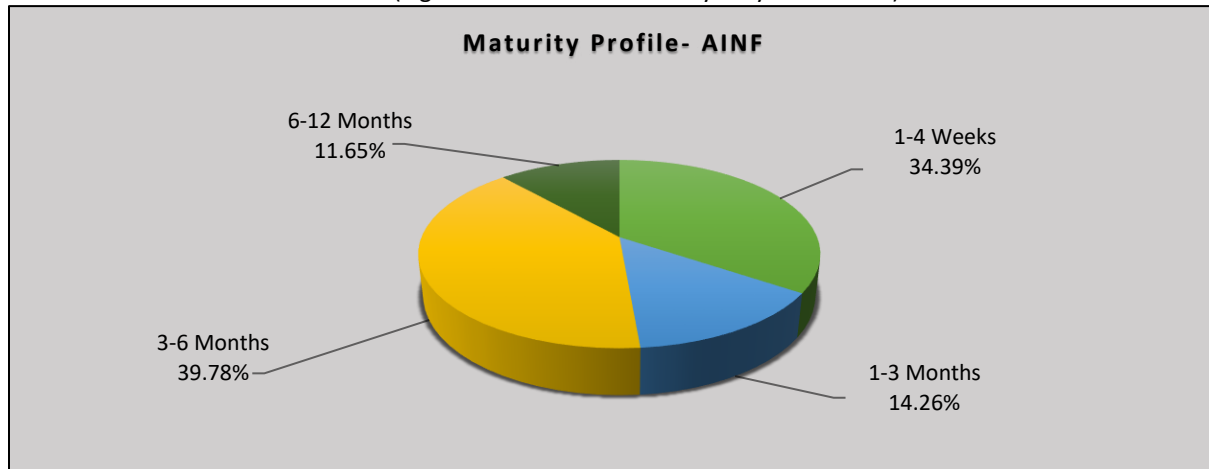
Fund managers placed more emphasis on providing liquidity for the unit holders and placed 34.39% portion in a 1-4-week maturity bucket whereas the balance portion was invested in mixed tenors of up to 1 year.

The AINF has an investment mix of money market savings accounts 27% and Government securities 73%.

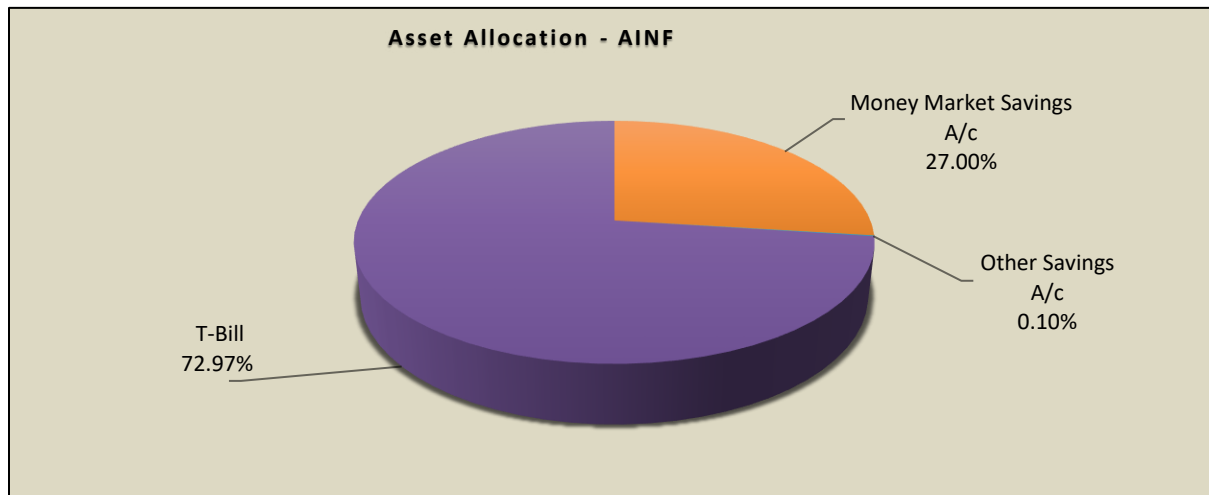
From the funds under management, 78% was invested in Government securities and companies with a credit rating of AAA(PACRA), of which the majority was in government securities (73%) and the balance 5.5% was invested in counter parties with “AAA” followed by “A” (0.003%), “A-” (21.5%) respectively (Fitch).



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



(Figure 2: Maturity profile of AINF as of 31st March 2024)



(Figure 3: Asset allocation of AINF as of 31st March 2024)

Rating	Fitch		PACRA		Total	
	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV
Government Securities	-	-	-	-	3,990,777,891.41	72.97%
AAA	-	-	301,427,280.81	5.51%	301,427,280.81	5.51%
A	145,001.43	0.003%	-	-	145,001.43	0.003%
A-	1,175,540,238.86	21.49%	-	-	1,175,540,238.86	21.49%
BBB-	5,248,231.83	0.10%	-	-	5,248,231.83	0.10%
Total	1,180,933,472.12	21.59%	301,427,280.81	5.51%	5,473,138,644.34	100.07%

(Figure 4: Credit profile of AINF as of 31st March 2024)

Assetline Income Fund
Financial Statements
31st March 2025

CAY/RA/NN/DRM

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ASSETLINE INCOME FUND
MANAGED BY ASSETLINE CAPITAL (PVT) LTD
TO THE UNIT HOLDERS OF THE ASSETLINE INCOME FUND**

Report on the audit of the financial statements

We have audited the financial statements of Assetline Income Fund ('the Fund') managed by Assetline Capital (Pvt) Ltd, which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, statement of changes in unitholders' fund and, statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 March 2025, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

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.

(Contd...2/)

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MIS MSc - IT, V Shakhthivel B.Com (Sp)



Shape the future
with confidence

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 Collective Investment Scheme Code issued by Securities and Exchange Commission of Sri Lanka and the Trust Deed.

19 June 2025
Colombo

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2025

	Notes	2025 Rs.	2024 Rs.
<u>Investment Income</u>			
Interest income from financial assets at amortised cost	06	536,203,106	713,300,045
Total investment income		<u>536,203,106</u>	<u>713,300,045</u>
<u>Expenses</u>			
Management fee		(32,182,336)	(22,942,491)
Trustee and custodian fee		(15,216,462)	(12,013,381)
Audit fee		(602,669)	(260,275)
Professional fee		(121,949)	(87,008)
Other operating expenses		-	(115,000)
Total operating expenses		<u>(48,123,416)</u>	<u>(35,418,155)</u>
Net operating profit		<u>488,079,690</u>	<u>677,881,890</u>
Finance cost	07	(329,924)	(285,686)
Profit after deductions and before tax		<u>487,749,766</u>	<u>677,596,204</u>
Income tax expense		-	-
Increase in net assets attributable to unitholders		<u>487,749,766</u>	<u>677,596,204</u>

The accounting policies and notes on pages 07 through 20 form an integral part of these financial statements.

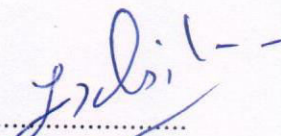


Assetline Income Fund managed by Assetline Capital (Pvt) Ltd

STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 Rs.	2024 Rs.
ASSETS			
Current assets			
Cash and cash equivalents		5,579,445	5,669,547
Financial assets at amortised cost	08	5,898,172,052	5,467,469,097
Income tax receivables		42,338,456	42,338,456
Total assets		5,946,089,953	5,515,477,100
LIABILITIES			
Current liabilities			
Accrued expenses and other payables		5,043,824	3,818,383
Liabilities (Excluding net assets attributable to unitholders)		5,043,824	3,818,383
UNITHOLDERS' FUNDS			
Net assets attributable to unitholders		5,941,046,129	5,511,658,717
Total unitholders' funds and liabilities		5,946,089,953	5,515,477,100
Net assets per unit (Rs.)		27.8859	25.5038



 Director
 Management Company



 Director
 Management Company
DEUTSCHE BANK
 Colombo Branch

Trustee
 Date of Approval 02/07/2025



 Authorized Signatory
 Trustee

The accounting policies and notes on pages 07 through 20 form an integral part of these financial statements.



STATEMENT OF CHANGES IN UNITHOLDERS' FUND

Year ended 31 March 2025

	Notes	2025 Rs.	2024 Rs.
Unitholders' funds at beginning of the period		5,511,658,717	3,332,734,493
Increase in net assets attributable to unitholders		487,749,766	677,596,204
Received on unit creations		26,973,469,652	31,584,846,859
Paid on unit redemptions		(27,031,832,006)	(30,083,518,839)
Unitholders' funds at end of the period	09	5,941,046,129	5,511,658,717

The accounting policies and notes on pages 07 through 20 form an integral part of these financial statements.



STATEMENT OF CASH FLOWS

Year ended 31 March 2025

	2025 Rs.	2024 Rs.
Cash flows from operating activities		
Proceeds from sale of financial assets at amortised cost	147,669,113,242	122,842,167,987
Purchase of financial assets at amortised cost	(148,220,251,345)	(125,066,495,343)
Interest received	656,638,253	756,246,144
Management fees paid	(31,595,567)	(21,987,629)
Other expenses paid	(15,632,331)	(12,453,328)
Net cash flows from operating activities	58,272,252	(1,502,522,168)
Cash flows from financing activities		
Proceeds from subscription by unitholders	26,973,469,652	31,584,846,859
Payment for redemption by unitholders	(27,031,832,006)	(30,083,518,839)
Net cash flows from financing activities	(58,362,354)	1,501,328,020
Net increase / (decrease) in cash and cash equivalents	(90,102)	(1,194,148)
Cash and cash equivalents at beginning of the period	5,669,547	6,863,695
Net increase / (decrease) in cash and cash equivalents	(90,102)	(1,194,148)
Cash and cash equivalents at end of the period	5,579,445	5,669,547

The accounting policies and notes on pages 07 through 20 form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

1. CORPORATE INFORMATION

1.1 General

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 Fund's investment activities are managed by Assetline Capital (Private) Limited. The Trustee of the Assetline Income Fund is Deutsche Bank AG.

These financial statements were authorized for issue by the Board of directors of the Management Company for and on behalf of the Fund on 19 June 2025.

1.2 Principal Activities and Nature of Business

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.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

2. BASIS OF PREPARATION

2.1 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 Collective Investment Scheme 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. As per the CIS Code, all assets invest only in short term liquid fixed income securities with a maturity period less than 397 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.

2.2 Responsibility for Financial Statement

The Board of Directors of the Management Company is responsible for the preparation and presentation of Financial Statements of the fund as per Sri Lanka Accounting Standards (SLFRSs and LKASs).

2.3 Functional & Presentation Currency

The Financial Statements of the funds are presented in Sri Lankan Rupees (Rs.), which is the currency of the primary economic environment, in which the Fund operates.

2.4 Events after the Reporting Date

All material and important events that occurred after the Reporting period have been considered and appropriate disclosures are made in the Financial Statements.

2.5 Cash Flow Statement

The Statement of Cash Flows has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard -LKAS 7 on 'Statement of Cash Flows' whereby operating activities, investing activities and financing activities are separately recognized.

2.6 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.



2.7 Significant Accounting Judgment, Estimates and Assumptions

The preparation of Financial Statements of the fund in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect on the amounts recognized in the Financial Statements of the fund are as follows:

2.7.1 Going Concern

The Directors have made an assessment of the fund's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

3.1.1 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:

- 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 fixed deposits, money market savings, treasury bills and repurchase agreements.

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

3.1.2 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:

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.

3.2 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.

3.3 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 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.

3.4 Net assets attributable to unitholders

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

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

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

3.5 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.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

3.6 Investment Income

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

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

3.7 Expenses

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

The management participation fees of the fund are as follows:

Management Fee - 0.50% of Net Asset Value of the Fund + Applicable Government Taxes

Trustee Fee - 0.225% of Net Asset Value of the Fund + Applicable Government Taxes

Custodian Fee - Flat Fee of Rs. 25,000 per month + Applicable Government Taxes

3.8 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.

3.9 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.

3.10 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.

3.11 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.



4. FINANCIAL RISK MANAGEMENT

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

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

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

The management of these risks is carried out by the Management Company under policies approved by investment advisory panel of the responsible entity. It provides written principles for overall risk management, as well as written policies covering

specific areas, such as interest rate risk, credit risk, the use of non-derivative financial instruments and the investment of excess liquidity.

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

a) Price risk

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

b) Foreign exchange rate risk

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

c) Cash flow and fair value interest rate risk

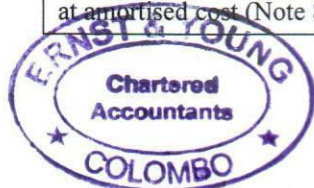
The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

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

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 4.1 may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

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

<i>31st March 2025</i>	<i>Floating interest rate (Rs.)</i>	<i>Fixed interest rate (Rs.)</i>	<i>Non- interest bearing (Rs.)</i>	<i>Total (Rs.)</i>
Financial assets				
Cash and cash equivalents	-	-	5,579,445	5,579,445
Financial assets measured at amortised cost (Note 8)	-	5,898,172,052	-	5,898,172,052



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

31 st March 2025	Floating interest rate (Rs.)	Fixed interest rate (Rs.)	Non- interest bearing (Rs.)	Total (Rs.)
Financial liabilities				
Accrued expenses and other payables	-	-	(5,043,825)	(5,043,825)
Net exposed	-	5,898,172,052	535,620	5,898,707,672

31 st March 2024	Floating interest rate (Rs.)	Fixed interest rate (Rs.)	Non- interest bearing (Rs.)	Total (Rs.)
Financial assets				
Cash and cash equivalents	-	-	5,669,547	5,669,547
Financial assets measured at amortised cost (Note 08)	-	5,467,469,097	-	5,467,469,097
Financial liabilities				
Accrued expenses and other payables	-	-	(3,818,383)	(3,818,383)
Net exposed	-	5,467,469,097	1,851,164	5,469,320,261

4.1 Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and / or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

Change in interest rate of the Financial assets at amortized cost	Impact on operating profit / net assets attributable to unitholders' Interest rate risk	
	2025 Rs.	2024 Rs.
+1%	58,981,721	54,674,691
-1%	(58,981,721)	(54,674,691)

4.2 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.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

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)

<i>Debt securities by rating category</i>	<i>2025</i>	<i>2024</i>
AAA (PACRA)	-	5.51%
AA- (Fitch)	6.75%	-
A+ (Fitch)	0.04%	-
A (Fitch)	15.67%	0.00%
A- (Fitch)	0.09%	21.48 %
BBB+ (Fitch)	0.01%	-
BBB-(Fitch)	-	0.10%
Assetline Finance Limited A- (LRA)	9.10%	-
	31.65%	27.10%
Government of Sri Lanka		
Treasury Bills- C (Fitch)	68.35%	72.92%
	100%	100%

4.3 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.

5. STANDARDS ISSUED NOT YET EFFECTIVE FOR YE 31 MARCH 2025

The new and amended standards and interpretations that are issued up to the date of issuance of the financial statements of the fund but are not effective for the current annual reporting period, are disclosed below. The management company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

5.1 SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the financial statements of the fund.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

5.2 Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the financial statements of the fund.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

6. INTEREST INCOME FROM FINANCIAL ASSETS AT AMORTISED COST

	2025 Rs.	2024 Rs.
Interest income from fixed deposits	37,177,920	23,834,336
Interest income from money market savings	51,700,826	109,458,374
Interest income from treasury bills	362,069,333	550,230,623
Interest income from repurchase agreements	85,255,027	29,776,712
Total interest income from financial assets at amortised cost	536,203,106	713,300,045

7. FINANCE COST

	2025 Rs.	2024 Rs.
Bank Charges	329,924	285,686
	329,924	285,686

8. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2025 Rs.	2024 Rs.
Investment in fixed deposits (a)	537,022,662	-
Investment in money market savings (b)	406,200,121	1,476,691,206
Investment in treasury bills	4,034,990,393	3,990,777,891
Investment in repurchase agreements	919,958,876	-
Total financial assets at amortised cost	5,898,172,052	5,467,469,097

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

	As at 31st March 2025	As at 31st March 2024
Assetline Finance Limited	537,022,662	-
	537,022,662	-

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

	As at 31st March 2025	As at 31st March 2024
DFCC Bank	3,965,409	780,422,554
Pan Asia Bank	335,386	5,248,232
National Development Bank	1,224,304	1,152,128
Seylan Bank	2,243,724	388,441,011
MCB Bank Limited	398,431,298	301,427,281
	406,200,121	1,476,691,206



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

9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Number of units	Net assets attributable to unitholders (Rs)
Opening balance	151,650,836	3,332,734,492
Subscriptions	1,330,230,182	31,584,846,859
Redemptions	(1,267,430,403)	(30,083,518,839)
Increase in net assets attributable to unitholders	-	677,596,204
As at 31st March 2024	214,450,615	5,511,658,717
Opening balance	214,450,615	5,511,658,717
Subscriptions	1,014,889,201	26,973,469,652
Redemptions	(1,017,810,000)	(27,031,832,006)
Increase in net assets attributable to unitholders	-	487,749,766
As at 31st March 2025	211,529,816	5,941,046,129

10. RELATED PARTY TRANSACTIONS**a) Responsible entity**

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

b) Key management personnel**i) Directors**

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

Mr. A.Y.D. De Silva - Chairman (From 25.09.2024 onwards, served as a Director since 01.05.2016)

Mr. N.D.P.S.R. Kalyanaratne - Non-Executive Director (From 01.06.2020 onwards)

Mr. G.L.W.N. Perera - Director and Chief Executive Officer (From 10.02.2022 onwards)

Mr. Mr. A. G. De Alwis -Independent Non-Executive Director (From 16.01.2024 onwards)

Mr. A.N.S. Aluthgamage -Non-Executive Director (From 15.10.2024 onwards)

ii) Other key management personnel

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

c) Key management personnel unit holdings

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

31 March 2025

Unit holder	No of units held opening	No of units held closing	Fair value of investment (Rs.)	Dividend paid or payable by the fund
Mr. A.Y.D. De Silva	278,636	528,790	14,745,782	-
Mr. G.L.W.N. Perera	127	127	3,530	-
Mr. N.D.P.S.R. Kalyanaratne	94	94	2,625	-



Notes to the Financial Statements

Year ended 31 March 2025

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

10. RELATED PARTY TRANSACTIONS (Contd...)

d) 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 2025

	No of units held opening	No of units held closing	Fair value of investment (Rs.)	Dividend paid or payable by the fund
Assetline Capital (Pvt) Ltd	1,170,092	175,867	4,904,210	-
DPMC Assetline Holdings (Pvt) Ltd	8,399,643	1,405,145	39,183,746	-
<i>Other related parties:</i>				
David Pieris Motor Company (Lanka) Limited	22,691,327	-	-	-
David Pieris Motor Company (Private) Limited	3,543,261	-	-	-
David Pieris City Developments (Pvt) Ltd	422,873	1,672,825	46,648,229	-
D P Infotech (private) Limited	239,938	-	-	-
David Pieris Automobiles (Pvt) Limited	18,567,126	19,543	544,967	-
Assetline Lands (Private) Limited	7,668,914	3,715,930	103,622,057	-
David Pieris Holdings (Private) Limited	-	1,805,443	50,346,402	-
Assetline Insurance Brokers (Pvt) Limited	1,655,838	887,415	24,746,366	-
David Pieris Leisure (Pvt) Ltd	2,002,773	3,368,504	93,933,760	-
D P Logistics (Pvt) Ltd	2,418,420	1,534,068	42,778,869	-
Hill Cottage Nuwara Eliya (Pvt) Ltd	168,102	-	-	-
David Pieris Racing and Leisure (Pvt) Ltd	1,354,037	2,227,196	62,107,361	-
David Pieris Aviation (Private) Limited	-	8,613	240,180	-
Assetline Corporate Services (Private) Limited	171,982	68,557	1,911,780	-
Affiniti Innovations (Pvt) Ltd	624	-	-	-
David Pieris Renewable Energy (Private)	-	2,871,201	80,066,038	-
DP Global Ventures (Pvt) Ltd	-	1,550,431	43,235,170	-
David Pieris Trust	300,435	319,321	8,904,563	-
Mr. T.M.J.K. Ratnayake	265,707	938,646	26,174,992	-
Mr. K.A.H. Kuruppu	332,717	332,717	9,278,122	-
Mr. Rengasamy Rajeshkumar	79	217	6,043	-
Mr. K.S. Katippearachchi	7,695	213,564	5,955,419	-
Mr. K.S. Katippearachchi joint with Mrs: Yamuna Samadara Silva (Mr. K S Katippearachchi's spouse)	-	182,443	5,087,591	-
MR: D.N. Madugalle	-	863	24,071	-
MRS: Esther Maureen Pieris	43,936,517	91,291,004	2,545,731,799	-
MR: David Percival Pieris	61,715,259	70,218,670	1,958,110,818	-
MR: Eshan David Pieris	24,059,640	3,524,267	98,277,350	-
MR: Johann David Pieris	4,802,496	1,758,344	49,033,011	-
MR: Johann David Pieris joint with Mrs. A.D. Wettimuny (Mr. J.D. Pieris's spouse)	1,110,909	11,969,576	333,782,403	-
MRS: Galhenage Yasanthi Poornima Perera	69,749	26,496	738,871	-
<i>Close family members of KMP</i>				
MRS: Hettiarachchige Sepali Nilmini	737,745	737,745	20,572,673	-
BABY: Ambalangodage Dihain Harshika De	17,420	17,420	485,775	-
BABY: Gammeda Liyanage Dinuli Natosha	843	843	23,503	-

e) Transactions held with and amounts due to related parties

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

Charge for the period ended 31 March 2025	Charge for the period ended 31 March 2024	Balance outstanding 31 March 2025	Balance Outstanding 31 March 2024
Rs.	Rs.	Rs.	Rs.
32,182,336	22,942,491	2,997,771	2,411,003
15,216,463	12,013,381	1,413,843	1,143,027
47,398,799	34,955,872	4,411,614	3,554,030



Notes to the Financial Statements

Year ended 31 March 2025

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

10. RELATED PARTY TRANSACTIONS (Contd...)

f) Transactions held with related parties (Fellow Subsidiary)

Purchase of Financial assets from related parties (Investment in fixed deposits)

	As at 31 March 2025	As at 31st March 2024
Assetline Finance Limited	537,022,662	-
	537,022,662	-

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

	2025	2024
Net asset value as per financial statements	5,941,046,129	5,511,658,717
Less :		
Income tax receivable	(42,338,456)	(42,338,456)
Net asset value as per SEC return	5,898,707,672	5,469,320,261



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

The NAV of the Assetline Income Plus Growth Fund (AIGF) as of 31st March 2024 was Rs. 14.15Bn. The fund generated a 50.13% financial year YTD yield for the period ended 31st March 2024 while the number of unit holders were 114.

AIGF's financial year yield experienced fluctuations within a range of 5.80% and 153.96% for the period due to the high volatility of the equity market and fall in yields of Government securities.

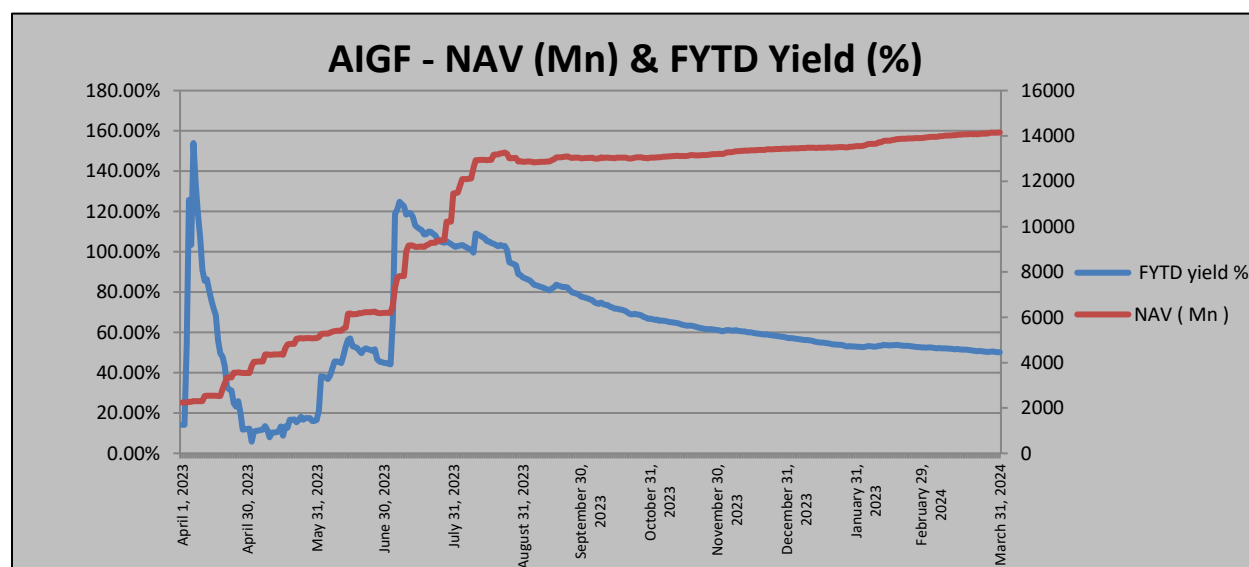
The economy witnessed a gradual revival from the deepest economic downturn in its post-independence history. Decisive policy adjustments and structural reforms implemented helped improve macroeconomic stability. Government also took stringent decisions to increase taxes to improve revenue.

The domestic debt optimisation resulted in a downward adjustment in the market interest rates that led the fund managers to prudently manage the portfolio by realising capital gains and reinvesting the proceeds in more short-term Government securities to mitigate future interest rate risks. In keeping with the investment objective of the fund, asset allocation was maintained at 4 : 96 between

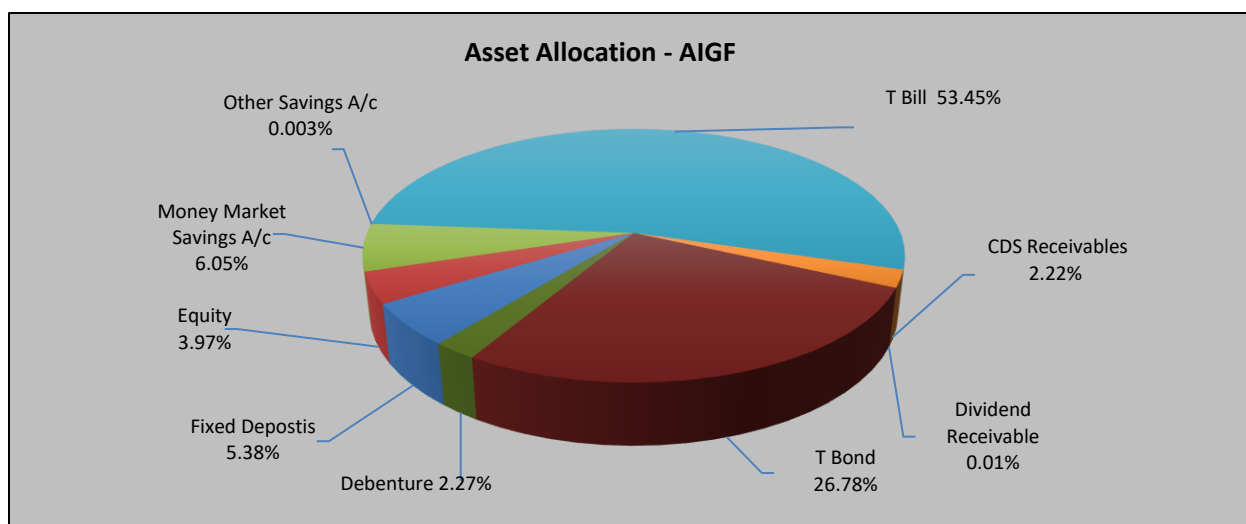
equity and FIS at the financial year ended on 31st March 2024. Equity market experienced some volatility from time to time even though the debt restructure and IMF reviews were positive and ended the financial year with 23.04% overall gain. As of 31st March 2024, key sectors of portfolio's investments stood at 2.15% in capital goods, 0.85% in materials, 0.43% in food beverage & tobacco, 0.34 % in telecommunication services sectors and 0.15% in diversified financials companies.

A portion of fixed income securities was maintained for liquidity purposes in money market deposits which accounted for 6.05% of the portfolio. Fixed deposits and government securities investments were 5.38% and 80.22% of the portfolio respectively.

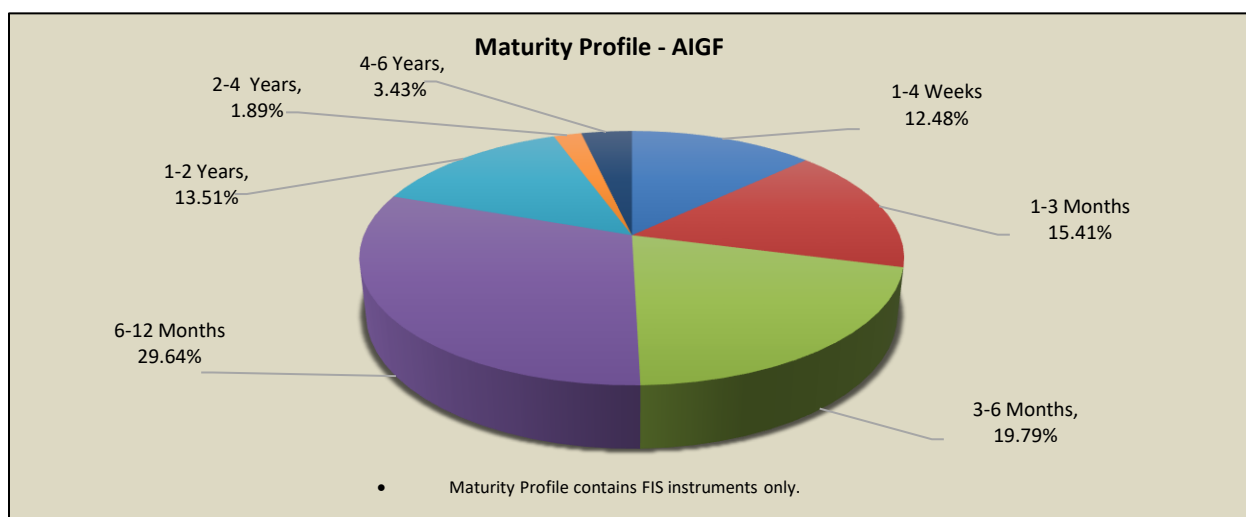
The maturities of fixed income securities ranged from short term to long term with 12.5% of the investments in the "1-4" weeks category and 15% of the investments in the "1-3" months category; 4.47% of the NAV was invested in fixed income securities with counterparties with "A-" rating and above, while 9.23% was with counterparties with a credit rating of "BBB-"



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



(Figure 2 : FIS Maturity profile of AIGF as at 31st March 2024)



(Figure 3 : Asset allocation of AIGF as at 31st March 2024)

Rating	Fitch		PACRA		Total	
	Amount	As a % of NAV	Amount	As a % of NAV	Amount	As a % of NAV
Government Securities	-	-	-	-	11,353,537,062.96	80.22%
AAA	-	-	1,176,390.27	0.01%	1,176,390.27	0.01%
A	28,830.63	0.0002%	-	-	28,830.63	0.0002%
A-	631,117,659.73	4.46%	-	-	631,117,659.73	4.46%
BBB-	1,306,653,169.56	9.23%	-	-	1,306,653,169.56	9.23%
Total	1,937,799,659.92	13.69%	1,176,390.27	0.01%	13,292,513,113.15	93.93%

(Figure 4 : Credit profile of AIGF – Fixed Income Securities as at 31st March 2024)

Assetline Income Plus Growth Fund
Financial Statements
31st March 2025

CAY/RA/NN/DRM

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ASSETLINE INCOME PLUS GROWTH FUND MANAGED BY ASSETLINE CAPITAL (PVT) LTD TO THE UNIT HOLDERS OF THE ASSETLINE INCOME PLUS GROWTH FUND

Report on the audit of the financial statements

We have audited the financial statements of Assetline Income Plus Growth Fund ('the Fund') managed by Assetline Capital (Pvt) Ltd, which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, statement of Changes in unitholders' fund and, statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 March 2025, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

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.

(Contd...2/)

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)



Shape the future
with confidence

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 Collective Investment Scheme Code issued by Securities and Exchange Commission of Sri Lanka and the Trust Deed.

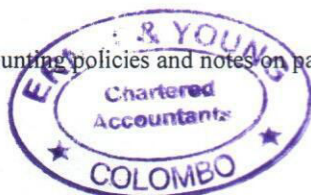
19 June 2025
Colombo

Assetline Income Plus Growth Fund managed by Assetline Capital (Pvt) Ltd
STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2025

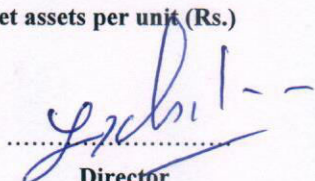
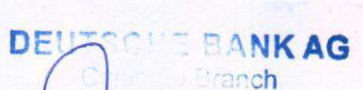
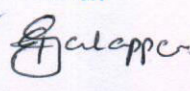
	Notes	2025 Rs.	2024 Rs.
<u>Investment Income</u>			
Interest income from financial assets at amortised cost	07	146,126,534	50,902,815
Interest income from financial assets at fair value through other comprehensive income	08	53,298,908	9,049,727
Dividend income		25,722,108	30,332,626
Net gains on financial assets at fair value through profit or loss	09	1,677,214,215	3,371,777,185
Total investment income		1,902,361,765	3,462,062,353
<u>Expenses</u>			
Management fee		(169,123,682)	(113,702,753)
Trustee and custodian fee		(38,524,318)	(28,486,922)
Audit fee		(603,879)	(263,224)
Professional fee		(121,949)	(70,008)
Brokerage charges		(45,183,678)	(42,941,249)
Other operating expenses		-	(171,292)
Total operating expenses		(253,557,506)	(185,635,448)
Net operating profit		1,648,804,259	3,276,426,905
Finance cost	10	(143,320)	(91,060)
Profit after deductions and before tax		1,648,660,939	3,276,335,845
Income tax expense		-	-
Increase in net assets attributable to unitholders before other comprehensive income		1,648,660,939	3,276,335,845
<u>Other comprehensive income</u>			
Profit on changes in fair value on financial assets at fair value through other comprehensive income	08	22,320,432	12,737,082
Total other comprehensive income		22,320,432	12,737,082
Increase in net assets attributable to unitholders		1,670,981,371	3,289,072,927

The accounting policies and notes on pages 07 through 24 form an integral part of these financial statements.



STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Note	2025 Rs.	2024 Rs.
ASSETS			
Current assets			
Cash and cash equivalents		2,629,517	461,064
Financial assets at amortised cost	11	3,563,186,710	1,616,728,177
Financial assets held at fair value through profit or loss	12	9,412,557,444	11,915,081,812
Financial assets held at fair value through other comprehensive income	13	1,553,943,648	321,786,809
Other receivables		-	315,750,509
Income tax receivables		1,622,001	1,622,001
Total assets		14,533,939,320	14,171,430,372
LIABILITIES			
Current liabilities			
Accrued expenses and other payables		18,479,554	17,567,429
Liabilities (Excluding net assets attributable to unitholders)		18,479,554	17,567,429
UNITHOLDERS' FUNDS			
Net assets attributable to unitholders		14,515,459,766	14,153,862,943
Total unitholders' funds and liabilities		14,533,939,320	14,171,430,372
Net assets per unit (Rs.)		30.1515	26.8487
 Director Management Company  Director Management Company			
 Trustee Date of Approval 02/07/2025  Authorized Signatories Trustee 			

The accounting policies and notes on pages 07 through 24 form an integral part of these financial statements.

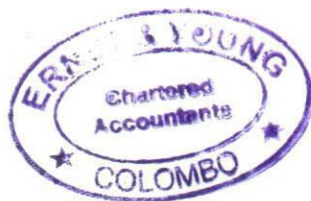


STATEMENT OF CHANGES IN UNITHOLDERS' FUND

Year ended 31 March 2025

	Note	Unitholders' Capital & Retained Earning Rs.	FVTOCI Reserve Rs.	Net Assets attributable to unitholders Rs.
Balance as at 31st March 2023		2,241,404,503	-	2,241,404,503
Increase in net assets attributable to unitholders		3,276,335,845	12,737,082	3,289,072,927
Received on unit creations		8,637,043,705	-	8,637,043,705
Paid on unit redemptions		(13,658,192)	-	(13,658,192)
Balance as at 31st March 2024		<u>14,141,125,861</u>	<u>12,737,082</u>	<u>14,153,862,943</u>
Increase in net assets attributable to unitholders		1,648,660,939	22,320,432	1,670,981,371
Received on unit creations		34,898,833	-	34,898,833
Paid on unit redemptions		(1,344,283,381)	-	(1,344,283,381)
Balance as at 31st March 2025	14	<u>14,480,402,252</u>	<u>35,057,514</u>	<u>14,515,459,766</u>

The accounting policies and notes on pages 07 through 24 form an integral part of these financial statements.



STATEMENT OF CASH FLOW

Year ended 31 March 2025

	2025 Rs.	2024 Rs.
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through profit or loss	19,425,495,741	12,435,780,609
Purchase of financial assets at fair value through profit or loss	(16,369,030,959)	(20,426,182,688)
Proceeds from sale of Financial assets at amortised cost	71,358,599,535	30,771,802,200
Purchase of Financial assets at amortised cost	(73,245,485,416)	(32,230,381,461)
Purchase of financial assets at fair value through other comprehensive income	(1,200,000,000)	(300,000,000)
Dividend received	27,072,108	31,657,626
Interest received	1,567,690,693	1,243,280,260
Management fees paid	(168,679,614)	(101,016,957)
Other expenses paid	(84,109,087)	(69,240,818)
Net cash flows from operating activities	1,311,553,001	(8,644,301,228)
Cash flows from financing activities		
Proceeds from subscription by unitholders	34,898,833	8,637,043,705
Payment for redemption by unitholders	(1,344,283,381)	(13,658,192)
Net cash flows from financing activities	(1,309,384,548)	8,623,385,513
Net increase / (decrease) in cash and cash equivalents	2,168,453	(20,915,715)
Cash and cash equivalents at beginning of the period	461,064	21,376,779
Net increase / (decrease) in cash and cash equivalents	2,168,453	(20,915,715)
Cash and cash equivalents at end of the period	2,629,517	461,064

The accounting policies and notes on pages 07 through 24 form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

1. CORPORATE INFORMATION

1.1 General

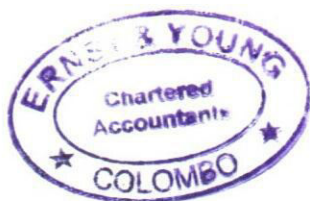
Under Section 31 of the Securities and Exchange Commission of Sri Lanka, Act No.36 of 1987 as amended by the Act No. 26 of 1991 and the Act No. 18 of 2003, the Securities and Exchange Commission of Sri Lanka granted a license to operate the Assetline Income Plus Growth Fund ('the Fund') to Assetline 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 Fund's investment activities are managed by Assetline Capital (Private) Limited. The Trustee of the Assetline Income Plus Growth Fund is Deutsche Bank AG.

These financial statements were authorized for issue by the Board of directors of the Management Company for and on behalf of the Fund on 19 June 2025.

1.2 Principal Activities and Nature of Business

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.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

2. BASIS OF PREPARATION

2.1 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.

2.2 Responsibility for Financial Statement

The Board of Directors of the Management Company is responsible for the preparation and presentation of Financial Statements of the fund as per Sri Lanka Accounting Standards (SLFRSs and LKASs).

2.3 Functional & Presentation Currency

The Financial Statements of the funds are presented in Sri Lankan Rupees (Rs.), which is the currency of the primary economic environment, in which the Fund operates.

2.4 Events after the Reporting Date

All material and important events that occurred after the Reporting period have been considered and appropriate disclosures are made in the Financial Statements.

2.5 Cash Flow Statement

The Statement of Cash Flows has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard –LKAS 7 on 'Statement of Cash Flows' whereby operating activities, investing activities and financing activities are separately recognized.

2.6 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.

2.7 Significant Accounting Judgment, Estimates and Assumptions

The preparation of Financial Statements of the fund in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect on the amounts recognized in the Financial Statements of the fund are as follows:

2.7.1 Going Concern

The Directors have made an assessment of the fund's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

2.7.2 Fair value of Financial Instruments

The determination of fair values of financial assets and financial liabilities recorded on the Statement of Financial Position for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical models. The valuation of financial instruments is described in more detail in the notes of the financial statements. The fund measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

3.1.1 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



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

Financial Assets at Amortised Cost (Debt Instruments)

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

- 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 Fixed deposits, money market savings and repurchase agreements.

Financial assets at fair value through OCI (Debt Instruments)

Fund measures debt instruments at fair value through OCI if both of the following conditions are met:

The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

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

For debt instruments at fair value through OCI, interest income are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Fund's financial assets at fair value through OCI (Debt Instruments) include investment in Debentures.

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.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

- 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.

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

3.1.2 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:

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.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

3.2 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.

3.3 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 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.

3.4 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.

3.5 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.

3.6 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 5.

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

Dividend income is recognised on the ex-dividend date.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

3.7 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 + Applicable Government Taxes
Trustee Fee	- 0.22% of Net Asset Value of the Fund + Applicable Government Taxes
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

3.8 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.

3.9 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.

3.10 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.

3.11 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.

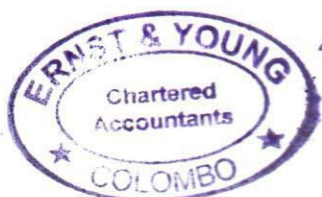
For more information on how fair value is calculated please see Note 5 to the financial statements.

4. 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.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

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 are expected to be invested in equity securities and fixed income securities. Minimum 3% is expected to be in short term investments.

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 2025</i> <i>Rs.</i>	<i>Fair Value 2024</i> <i>Rs.</i>
Equity securities held for trading	407,252,508	561,544,749
Total	407,252,508	561,544,749

b) Foreign exchange rate risk

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

c) Cash flow and fair value interest rate risk

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

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

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis in note 4.1 may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

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

<i>31st March 2025</i>	<i>Floating interest rate Rs.</i>	<i>Fixed interest rate Rs.</i>	<i>Non- interest bearing Rs.</i>	<i>Total Rs.</i>
<u>Financial assets</u>				
Cash and cash equivalents	-	-	2,629,517	2,629,517
Financial assets measured at amortised cost - (Note 11)	-	3,563,186,710	-	3,563,186,710
Financial Assets held at fair value through profit or loss (Note 12)	-	-	9,412,557,444	9,412,557,444
Financial Assets held at fair value through OCI (Note 13)	-	1,553,943,648	-	1,553,943,648
<u>Financial liabilities</u>				
Accrued expenses and other payables	-	-	(18,479,555)	(18,479,555)
Net exposure	-	5,117,130,358	9,396,707,406	14,513,837,764

<i>31st March 2024</i>	<i>Floating interest rate Rs.</i>	<i>Fixed interest rate Rs.</i>	<i>Non- interest bearing Rs.</i>	<i>Total Rs.</i>
<u>Financial assets</u>				
Cash and cash equivalents	-	-	461,064	461,064
Financial assets measured at amortised cost - (Note 11)	-	1,616,728,177	-	1,616,728,177
Financial Assets held at fair value through profit or loss (Note 12)	-	-	11,915,081,812	11,915,081,812
Financial Assets held at fair value through OCI (Note 13)	-	321,789,809	-	321,789,809
<u>Financial liabilities</u>				
Accrued expenses and other payables	-	-	(17,567,429)	(17,567,429)
Net exposure	-	1,616,728,178	11,897,975,447	13,836,490,432



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

4.1 Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk, currency risk and other price risk.

The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange 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>2025</i>	<i>2024</i>
+10%	1,096,650,109	1,223,686,862
-10%	(1,096,650,109)	(1,223,686,862)

<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>2025</i>	<i>2024</i>
+1%	35,631,867	16,167,282
-1%	(35,631,867)	(16,167,282)

4.2 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.

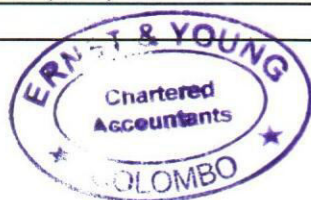
The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents, other financial assets.

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)

<i>Debt securities by rating category</i>	<i>2025</i>	<i>2024</i>
AAA (PACRA)	-	0.01%
AA- (Fitch)	7.18%	-
A (Fitch)	13.93%	-
A- (Fitch)	0.02%	4.75%
A- (LRA)	15.11%	-
BBB - (Fitch)	0.01%	9.83%
	36.25%	14.59%



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

<i>Debt securities by rating category</i>	<i>2025</i>	<i>2024</i>
<u>Government of Sri Lanka</u>		
Treasury Bills-C(Fitch)	50.50%	56.91%
Treasury Bonds-CC(Fitch)	13.25%	28.51%
	100%	100%

4.3 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.

5. 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.

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 12)
- Financial assets / liabilities held for trading (See Note 12)

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).



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

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 3.1.1 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.

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 2025</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	-	9,005,304,936	-	9,005,304,936
Equity Securities	407,252,508	-	-	407,252,508
Financial assets designated at fair value through OCI	-	1,553,943,648	-	1,553,943,648
Total	407,252,508	10,559,248,584	-	10,966,501,092

<i>As at 31st March 2024</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	-	11,353,537,063	-	11,353,537,063
Equity Securities	561,544,749	-	-	561,544,749
Financial assets designated at fair value through OCI	-	321,786,809	-	321,786,809
Total	561,544,749	11,675,323,872	-	12,236,868,621



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

6. STANDARDS ISSUED NOT YET EFFECTIVE FOR YE 31 MARCH 2025

The new and amended standards and interpretations that are issued up to the date of issuance of the financial statements of the fund but are not effective for the current annual reporting period, are disclosed below. The management company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

6.1 SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the financial statements of the fund.

6.2 Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the financial statements of the fund.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

7. INTEREST INCOME FROM FINANCIAL ASSETS AT AMORTISED COST

	Notes	2025 Rs.	2024 Rs.
Interest income from fixed deposits		75,227,405	13,364,782
Interest income from money market savings		3,663,942	37,538,033
Interest income from repurchase agreements		67,235,187	-
Total interest income from financial assets at amortised cost		146,126,534	50,902,815

8. INTEREST INCOME FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		2025 Rs.	2024 Rs.
Interest income from debentures		53,298,908	9,049,727
		<u>53,298,908</u>	<u>9,049,727</u>
Fair value gain/loss on debentures		22,320,432	12,737,082
		<u>22,320,432</u>	<u>12,737,082</u>

9. NET GAIN / (LOSS) ON FINANCIAL ASSETS HELD FOR TRADING & FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

		2025 Rs.	2024 Rs.
Net gain / (loss) on financial assets held for trading		487,669,930	356,687,383
Net gain / (loss) on financial assets measured at fair value through profit or loss		1,189,544,285	3,015,089,802
		<u>1,677,214,215</u>	<u>3,371,777,185</u>
Net realised gain / (loss) on financial assets held for trading & financial assets measured at fair value through profit or loss	(a)	1,787,835,280	2,994,342,076
Net unrealised gain / (loss) on financial assets held for trading & financial assets measured at fair value through profit or loss	(b)	(110,621,065)	377,435,109
		<u>1,677,214,215</u>	<u>3,371,777,185</u>
(a) Net realised gain / (loss) on financial assets held for trading & financial assets measured at fair value through profit or loss			
Gain/(Loss) on disposal of equity securities		428,358,692	191,334,406
Income from treasury bills		955,977,674	260,731,474
Income from treasury bonds		403,498,914	2,542,276,196
		<u>1,787,835,280</u>	<u>2,994,342,076</u>
(b) Net unrealised gain / (loss) on financial assets held for trading & financial assets measured at fair value through profit or loss			
Unrealised gain / (loss) of equity securities		59,311,238	165,352,977
Unrealised gain / (loss) of treasury bills		(37,431,888)	61,483,106
Unrealised gain / (loss) of treasury bonds		(132,500,415)	150,599,026
		<u>(110,621,065)</u>	<u>377,435,109</u>



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

(all amounts in Sri Lanka Rupees)

10. FINANCE COST

	2025 Rs.	2024 Rs.
Bank charges	143,320	91,061
	<u>143,320</u>	<u>91,061</u>

11. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	As at 31 March 2025	As at 31 March 2024
Investment in fixed deposits (a)	2,133,713,908	761,135,246
Investment in money market savings (b)	4,571,624	855,592,931
Investment in repurchase agreements	1,424,901,178	-
Total financial assets at amortised cost	<u>3,563,186,710</u>	<u>1,616,728,177</u>

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

	As at 31 March 2025	As at 31 March 2024
Assetline Finance Limited	2,133,713,908	-
Pan Asia Banking Corporation PLC	-	761,135,246
	<u>2,133,713,908</u>	<u>761,135,246</u>

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

	As at 31 March 2025	As at 31 March 2024
National Development Bank PLC	1,055,427	2,950,556
Pan Asia Banking Corporation PLC	1,960,546	545,517,923
DFCC Bank PLC	1,528,305	305,948,062
MCB Bank Limited	27,346	1,176,390
	<u>4,571,624</u>	<u>855,592,931</u>

12. FINANCIAL ASSETS HELD FOR TRADING & FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March 2025	As at 31 March 2024
(A) Financial assets held for trading		
Equity securities [See Note (a) below]	407,252,508	561,544,749
Total financial assets held for trading	<u>407,252,508</u>	<u>561,544,749</u>
(B) Financial assets measured at fair value through profit or loss		
Treasury bills [See Note (b) below]	7,133,264,650	7,564,208,677
Treasury bonds [See Note (b) below]	1,872,040,286	3,789,328,386
Total financial assets measured at fair value through profit or loss	<u>9,005,304,936</u>	<u>11,353,537,063</u>
Total financial assets held for trading & financial assets measured at fair value through profit or loss	<u>9,412,557,444</u>	<u>11,915,081,812</u>



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

(all amounts in Sri Lanka Rupees)

12. FINANCIAL ASSETS HELD FOR TRADING & FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (Contd....)

a) Investment in equity securities:

As at 31st March 2025

CompanyBANKSDFCC-N-0000 DFCC BANK PLC
SAMP-N-0000 SAMPATH BANK PLCCAPITAL GOODSAEL -N-0000 ACCESS ENGINEERING PLC
HAYL-N-0000 HAYLEYS PLCDIVERSIFIED FINANCIALS

CFIN-N-0000 CENTRAL FINANCE COMPANY PLC

FOOD BEVERAGE & TOBACCO

CCS -N-0000 CEYLON COLD STORES PLC

HOUSEHOLD & PERSONAL PRODUCTS

BPPL-N-0000 BPPL HOLDINGS PLC

INSURANCE

PINS-N-0000 PEOPLE'S INSURANCE PLC

MATERIALS

HAYC-N-0000 HAYCARB PLC

RETAILING

SINS-N-0000 SINGER SRI LANKA PLC

UTILITIES

VONE-N-0000 VALLIBEL ONE PLC

Total value of equity securities

As at 31st March 2024

CompanyBANKSFCT -N-0000 FIRST CAPITAL TREASURIES PLC
HNB -N-0000 HATTON NATIONAL BANK PLCCAPITAL GOODSHAYL-N-0000 HAYLEYS PLC
SPEN-N-0000 AITKEN SPENCE PLCCONSUMER DURABLES & APPAREL

MGT -N-0000 HAYLEYS FABRIC PLC

FOOD BEVERAGE & TOBACCOAGPL-N-0000 AGARAPATANA PLANTATIONS LIMITED
SUN -N-0000 SUNSHINE HOLDINGS PLCMATERIALSCIC -N-0000 CIC HOLDINGS PLC
PARQ-N-0000 SWISSTEK (CEYLON) PLC
TKYO-N-0000 TOKYO CEMENT COMPANY (LANKA) PLCTELECOMMUNICATION SERVICES

DIAL-N-0000 DIALOG AXIATA PLC

DIVERSIFIED FINANCIALS

VFIN-N-0000 VALLIBEL FINANCE PLC

Total value of equity securities

	Number of Shares	Cost	Market Value	Percentage of Net Assets
BANKS				
DFCC-N-0000 DFCC BANK PLC	266,773	21,914,508	28,277,938	0.19%
SAMP-N-0000 SAMPATH BANK PLC	350,000	35,121,095	42,875,000	0.30%
		57,035,603	71,152,938	
CAPITAL GOODS				
AEL -N-0000 ACCESS ENGINEERING PLC	100,000	3,900,000	3,850,000	0.03%
HAYL-N-0000 HAYLEYS PLC	400,000	45,635,392	54,800,000	0.38%
		49,535,392	58,650,000	
DIVERSIFIED FINANCIALS				
CFIN-N-0000 CENTRAL FINANCE COMPANY PLC	400,000	49,306,819	77,700,000	0.54%
		49,306,819	77,700,000	
FOOD BEVERAGE & TOBACCO				
CCS -N-0000 CEYLON COLD STORES PLC	500,000	40,266,035	41,000,000	0.28%
		40,266,035	41,000,000	
HOUSEHOLD & PERSONAL PRODUCTS				
BPPL-N-0000 BPPL HOLDINGS PLC	2,337,676	55,164,108	44,415,844	0.31%
		55,164,108	44,415,844	
INSURANCE				
PINS-N-0000 PEOPLE'S INSURANCE PLC	106,445	2,653,122	3,033,683	0.02%
		2,653,122	3,033,683	
MATERIALS				
HAYC-N-0000 HAYCARB PLC	500,000	43,859,281	41,050,000	0.28%
		43,859,281	41,050,000	
RETAILING				
SINS-N-0000 SINGER SRI LANKA PLC	1,000,000	22,395,072	33,200,000	0.23%
		22,395,072	33,200,000	
UTILITIES				
VONE-N-0000 VALLIBEL ONE PLC	629,033	36,700,442	37,050,044	0.26%
		36,700,442	37,050,044	
Total value of equity securities		356,915,874	407,252,508	
As at 31st March 2024				
Company	Number of Shares	Cost	Market Value	Percentage of Net Assets
BANKS				
FCT -N-0000 FIRST CAPITAL TREASURIES PLC	300,000	9,303,736	7,410,000	0.05%
HNB -N-0000 HATTON NATIONAL BANK PLC	50,000	6,697,002	9,000,000	0.06%
		16,000,737	16,410,000	
CAPITAL GOODS				
HAYL-N-0000 HAYLEYS PLC	150,000	13,890,000	12,315,000	0.09%
SPEN-N-0000 AITKEN SPENCE PLC	500,000	65,527,490	65,125,000	0.46%
		79,417,490	77,440,000	
CONSUMER DURABLES & APPAREL				
MGT -N-0000 HAYLEYS FABRIC PLC	1,000,000	47,267,500	41,100,000	0.29%
		47,267,500	41,100,000	
FOOD BEVERAGE & TOBACCO				
AGPL-N-0000 AGARAPATANA PLANTATIONS LIMITED	187,147	1,684,323	1,384,888	0.01%
SUN -N-0000 SUNSHINE HOLDINGS PLC	200,000	10,752,594	11,900,000	0.08%
		12,436,917	13,284,888	
MATERIALS				
CIC -N-0000 CIC HOLDINGS PLC	3,000,000	219,591,907	211,500,000	1.49%
PARQ-N-0000 SWISSTEK (CEYLON) PLC	1,000,000	20,437,853	19,100,000	0.13%
TKYO-N-0000 TOKYO CEMENT COMPANY (LANKA) PLC	826,992	43,532,900	42,590,088	0.30%
		283,562,660	273,190,088	
TELECOMMUNICATION SERVICES				
DIAL-N-0000 DIALOG AXIATA PLC	7,875,349	83,855,859	92,141,583	0.65%
		83,855,859	92,141,583	
DIVERSIFIED FINANCIALS				
VFIN-N-0000 VALLIBEL FINANCE PLC	1,230,210	47,978,190	47,978,190	0.34%
		47,978,190	47,978,190	
Total value of equity securities		570,519,353	561,544,749	



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

(all amounts in Sri Lanka Rupees)

12. FINANCIAL ASSETS HELD FOR TRADING & FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS**b) Investment in treasury bills & treasury bonds****31st March 2025**

Investment in government security - treasury bills
Investment in government security - treasury bonds

Cost	Market value
6,949,975,441	7,133,264,650
1,755,058,300	1,872,040,286
8,705,033,741	9,005,304,936

31st March 2024

Investment in Government Security -Treasury Bills
Investment in Government Security -Treasury bonds

Cost	Market value
7,335,100,103	7,564,208,677
3,421,935,990	3,789,328,386
10,757,036,093	11,353,537,063

13. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 March 2025	As at 31 March 2024
Investment in debentures	1,553,943,648	321,786,809
	1,553,943,648	321,786,809

14. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Number of units	Net assets attributable to unitholders (Rs)
Opening balance	125,357,277	2,241,404,502
Subscriptions	402,318,541	8,637,043,706
Redemptions	(564,976)	(13,658,192)
Increase in net assets attributable to unitholders	-	3,289,072,927
As at 31st March 2024	527,110,842	14,153,862,943
Opening balance	527,110,842	14,153,862,943
Subscriptions	1,184,415	34,898,832
Redemptions	(46,932,752)	(1,344,283,381)
Increase in net assets attributable to unitholders	-	1,670,981,371
As at 31st March 2025	481,362,505	14,515,459,765

15. RELATED PARTY TRANSACTIONS**a) Responsible entity**

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

b) Key management personnel**i) Directors**

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

Mr. A.Y.D. De Silva - Chairman (From 25.09.2024 onwards, served as a Director since 01.05.2016)

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. Mr. A. G. De Alwis - Independent Non-Executive Director (From 16.01.2024 onwards)

Mr. A.N.S. Aluthgamage - Non-Executive Director (From 15.10.2024 onwards)



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

(all amounts in Sri Lanka Rupees)

15. RELATED PARTY TRANSACTIONS (Contd...)

ii) Other key management personnel

There were no other key management persons other than persons given in 15 [b(i)] above with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial year.

a) Key management personnel unit holdings

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

31 March 2025

Unit holder	No of units held opening	No of units held closing	Fair value of investment (Rs.)	Dividend paid or payable by the fund
Mr. A.N.S. Aluthgamage	178,367	178,367	5,376,216	-

b) 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:

31 March 2025

Unitholder	No of units held opening	No of units held closing	Fair value of investment (Rs.)	Dividend paid or payable by the fund
Assetline Capital (Pvt) Ltd	6,050,266	6,050,266	182,363,502	-
DPMC Assetline Holdings (Pvt) Ltd	1,474,526	1,474,526	44,444,265	-
<i>Other related parties:</i>				
David Pieris Motor Company (Lanka) Limited	137,235,809	113,741,166	3,428,317,988	-
Assetline Insurance Brokers (Pvt) Limited	515,352			-
David Pieris Holdings (Private) Limited	133,455,280	112,197,097	3,381,777,577	-
David Pieris Automobiles (Pvt) Limited	29,373,625	27,712,871	835,304,727	-
MR: David Percival Pieris	138,182,331	138,182,331	4,165,008,911	-
MRS: Esther Maureen Pieris	74,819,532	74,819,532	2,255,165,457	-
Mr. K.A.H. Kuruppu	5,600,696	6,781,499	204,403,860	-

c) Transactions held with and amounts due to related parties

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

	Charge for the year ended 31st March 2025	Charge for the year ended 31st March 2024	Balance Outstanding 31st March 2025	Balance Outstanding 31st March 2024
	Rs.	Rs.	Rs.	Rs.
Management fees	169,123,683	113,702,753	14,536,954	14,092,886
Trustee & custodian fee	38,524,318	28,486,923	3,310,389	3,210,189
	<u>207,648,001</u>	<u>142,189,676</u>	<u>17,847,343</u>	<u>17,303,075</u>

d) Transactions held with related parties (Fellow Subsidiary)

Purchase of Financial assets from related parties (Investment in fixed deposits)

	As at 31 March 2025	As at 31 March 2024
Assetline Finance Limited	2,133,713,908	-
	<u>2,133,713,908</u>	<u>-</u>

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

	As at 31 March 2025	As at 31 March 2024
Net asset value as per financial statements	14,515,459,766	14,153,862,943
Less :		
Income tax receivable	(1,622,001)	(1,622,001)
Net asset value as per SEC return	<u>14,513,837,765</u>	<u>14,152,240,942</u>



12. Summary of Transactions between Assetline Mutual Funds and its Related Parties
(For the period from 01 April 2024 to 31 March 2025)

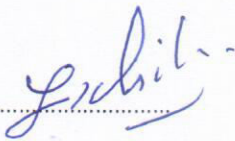
Fund	Related Party	Total Value of Unit Subscriptions by Related Parties (LKR)	Total Value of Unit Redemptions by Related Parties (LKR)
Assetline Income Fund	Officers of Management Company	364,202,000.00	71,524,151.94
	Assetline Capital (Private) Limited	550,300,000.00	579,199,501.06
	Assetline Corporate Services (Private) Limited	78,340,000.00	81,325,000.00
	Assetline Insurance Brokers (Private) Limited	281,634,619.95	302,554,948.55
	David Pieris Automobiles (Private) Limited	147,000,000.00	639,993,630.71
	David Pieris Holdings (Private) Limited	1,302,000,000.00	1,259,308,462.83
	David Pieris Motor Company (Lanka) Limited	5,600,000,000.00	6,215,337,164.95
	David Pieris Motor Company (Private) Limited	1,400,000,000.00	1,494,233,113.65
	DPMC Assetline Holdings (Private) Limited	228,180,000.00	409,944,435.79
	Hill Cottage Nuwara Eliya (Private) Limited	11,660,000.00	16,086,424.47
	Mr. D.P. Pieris	7,016,493,936.25	6,790,500,547.95
	Mr. J.D. Pieris	1,131,430,000.00	1,218,180,000.00
	Mrs. E.M. Pieris	4,061,263,300.75	2,756,279,000.00
	Assetline Lands (Private) Limited	156,486,000.00	259,185,000.00
	David Pieris Leisure (Private) Limited	321,100,000.00	283,000,000.00
	Mrs. G.Y.P.P. Ratnayake	850,000.00	2,076,000.00
	D P Logistics (Private) Limited	656,000,000.00	677,625,101.79
	David Pieris Racing and Leisure (Private) Limited	249,400,000.00	222,798,667.23
	D P Global Ventures (Private) Limited	43,000,000.00	-
	D P Infotech (Private) Limited	276,800,000.00	283,873,981.09
	David Pieris Aviation (Private) Limited	17,000,000.00	17,000,000.00
	Pulsar Shipping Agencies (Private) Limited	25,000,000.00	25,084,553.94
	David Pieris City Developments (Private) Limited	94,800,000.00	61,500,000.00
	Affiniti Innovations (Private) Limited	-	15,925.00
	David Pieris Renewable Energy (Private) Limited	80,000,000.00	-
	David Pieris Trust	500,000.00	-
	Mr. E.D. Pieris	2,206,690,000.00	2,759,625,000.00
	Mr.T.M.J.K. Ratnayake	176,524,000.00	159,092,000.00
Assetline Income Plus Growth Fund	Officers of Management Company	34,800,000.00	-
	Assetline Insurance Brokers (Private) Limited	-	14,177,119.95
	David Pieris Automobiles (Private) Limited	-	50,000,000.00
	David Pieris Holdings (Private) Limited	-	580,000,000.00

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.

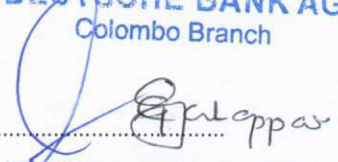


Director
Assetline Capital (Pvt.) Ltd.
Management Company



Director
Assetline Capital (Pvt.) Ltd.
Management Company

DEUTSCHE BANK AG
Colombo Branch



Authorized Signatory
Trustee
Deutsche Bank AG
Trustee

Date: 02nd July 2025