

# MUTUAL FUNDS

## INTERIM REPORT 2023-2024



ASSETLINE

Assetline Capital (Pvt) Limited

**ASSETLINE MUTUAL FUNDS**  
**INTERIM REPORT FOR THE SIX MONTHS PERIOD ENDED**  
**SEPTEMBER 30, 2023**

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## Corporate Information

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

### MANAGEMENT COMPANY & REGISTRAR

Assetline Capital (Private) Limited

#### Registered Office &

#### Principal Place of Business:

No. 120, 120A  
Pannipitiya Road  
Battaramulla  
Sri Lanka

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Mr. G. L. W. N. Perera

Mr. A.Y.D. De Silva

Mr. N. D. P. S. R. Kalyanaratne

#### TRUSTEE & CUSTODIAN

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

#### AUDITORS & TAX CONSULTANTS

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

#### BANKERS

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

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

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

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

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

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

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

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

## Fund Manager's Report

We are pleased to present, to our valued investors, the Half Yearly Fund Management Report of Assetline Mutual Fund (AMF) for the period 01<sup>st</sup> April 2023 to 30<sup>th</sup> September 2023. The financial year began with opportunities and a positive outlook for the Country with several significant developments, including the implementation of Domestic Debt Optimization (DDO), a decrease in the inflation rate, easing of monetary policies, receipt of an IMF loan facility, and introduction of cost-based price formulas for essential utilities. Throughout the past six months, the market behaved in keeping with the positive and negative outcomes of these events.

The policy makers decreased the Standard Deposit facility Rate (SDFR) and Standard Lending Facility Rate (SLFR) by 450 basis points and Statutory Reserve Ratio (SRR) by 200 basis point during the review period which reduced the interest rates significantly. More importantly, the skepticism over the government security haircut and additional risk premia attached to treasury bills and bonds cleared immediately after the DDO announcement at the end of July 2023. This led to appreciation in value of government securities fueled by the plunge in government securities yields by approx. 1000 basis points. The equity market also rebounded with the All-Share Price Index (ASPI) and S&P indices recording substantial increases of 22.72% and 19.47% respectively as of 30<sup>th</sup> September 2023, indicating improved investor sentiment which helped the fund managers to realize considerable capital gains.

The Fund managers, based on their continuous interactions with internal and external research parties, forecasted that it was very unlikely for the government to apply DDO to Collective Investment Schemes, and hence started building up a laddered treasury bills portfolio for Assetline Income Fund (AINF) and bonds portfolio for Assetline Income Plus Growth Fund (AIGF). The equity portfolio was also formed with complete optimism and active investment strategy on growth, value, and income. This strategy worked out well for both schemes, with AINF maintaining healthy yield above the 1-year treasury bill and AIGF posting the best return since its inception.

### Our Schemes

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

AINF is designed for investors with a low to moderate risk appetite and a short-term investment horizon. The asset classes include government securities, corporate debt and bank fixed deposits with tenors of less than 397.

AIGF is designed for investors with a high-risk appetite and a long-term investment horizon. The asset classes include government securities, corporate debt, bank fixed deposits and equity having no restriction on tenors.

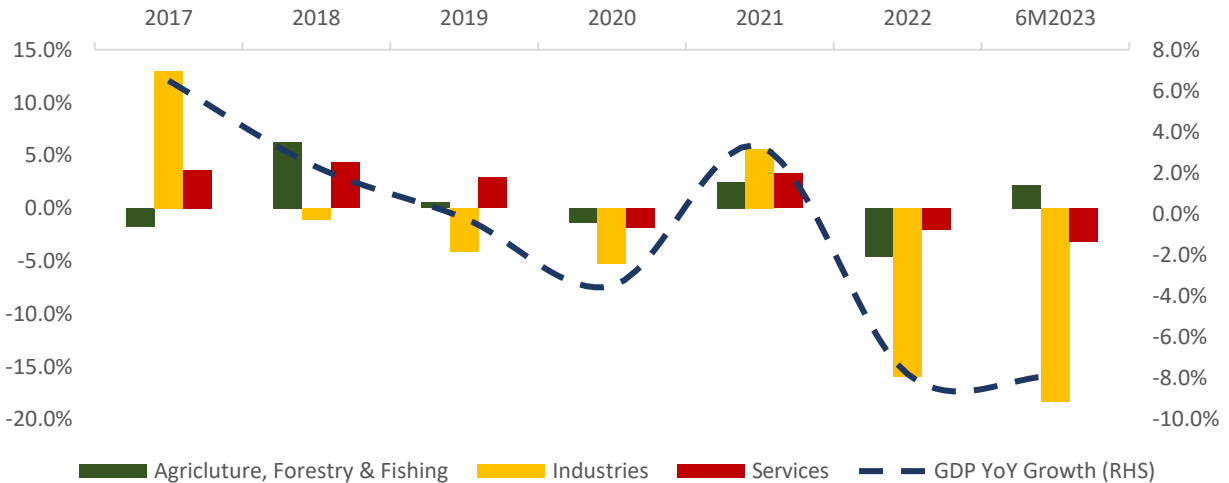
As at 30<sup>th</sup> September 2023, AINF & AIGF posted financial year yields of 19.52% & 76.46% and the number of unit holders were 908 & 114 respectively. The NAV of AINF was Rs. 4.3 billion while AIGF was Rs. 13.03 billion.

AINF's investment approach prioritized maintaining a balanced maturity profile within the investment horizon, with a strong focus on liquidity. This strategy aimed to optimize reinvestment returns and position the fund to capitalize on potential interest rate volatility.

On the other hand, AIGF's strategy involved striking a balance between long- and short-term maturities while keeping the duration at a mid-single-digit level. This approach was designed to minimize the impact of interest rate sensitivity and protect capital. Additionally, AIGF adjusted its equity portfolio by transitioning from defensive stocks to growth-oriented sectors and higher dividend paying industries, such as manufacturing, imports, apparel, diversified financial services, etc. This strategic shift included exiting the banking sector with a profit and capitalizing on gains in other sectors whenever possible.

## ECONOMIC EXPECTATIONS FOR 2023

### GDP and Sectorial Growth from 2017 – 1H2023



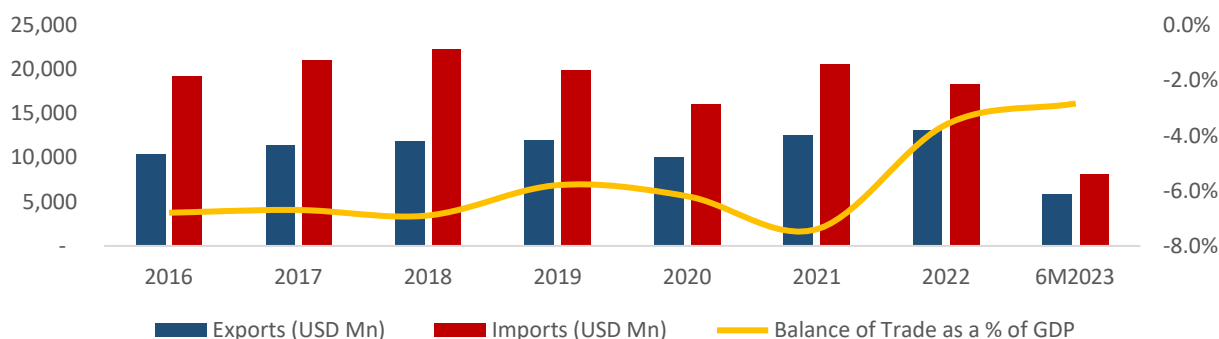
Source: CBSL

### Anticipate a gradual and enduring domestic economic recovery throughout 2023

According to the Department of Census and Statistics' (DCS) stated estimates of GDP, the economy is estimated to have shrunk by 7.9% annually in the first half of 2023. During this time, activities related to industry and services decreased, whilst those related to agriculture increased. In the second half of 2023, the economy is anticipated to increase positively on an annual basis, helped by a widespread growth across all significant economic sectors. While it is anticipated that the continued normalization of monetary policy and monetary conditions, improvements in business and investor confidence, the easing of import restrictions, developments in supply conditions, and the effect of structural reforms that promote growth will support economic recovery in the period ahead, modest external demand conditions could dampen expected growth in the short term.

Source: [Monitory Policy Review - October 2023, Page 06](#)

## Balance of Trade as a % GDP



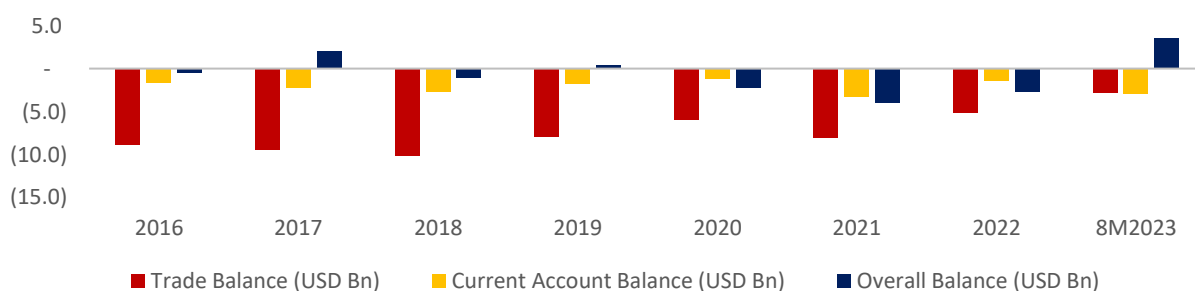
### **The external sector performance will be influenced by the implemented government import restrictions & other external factors.**

In June 2023, the trade balance showed a deficit of US dollars 364 million, in contrast to the surplus of US dollars 22 million reported in June 2022. Meanwhile, the cumulative deficit in the trade account during January-June 2023 narrowed to US dollars 2,289 million from US dollars 3,506 million recorded over the same period in 2022. This could underscore the repercussions of reduced consistent export earnings and the consequences of lifting the government-imposed import restrictions on certain items. Furthermore, in the first six months of 2023, earnings from the tourism industry increased by 195 million, in comparison to the corresponding period in 2022 and work remittances grew by 73% year-on-year in US dollars. Despite the significant brain drain affecting the nation, the notable increase in income from workers' remittances and the anticipated growth in the tourism industry indicate a strengthening of the nation's income in the near future.

Source: CBSL

Source: [External Sector Performance - June 2023 & Monetary Policy Review - June 2023](#), Refer to Trade Gap tab in the Excel/ Monetary Policy Review – June 2023, Page 03

## BOP Position



### **Anticipate enhancement of gross official reserves**

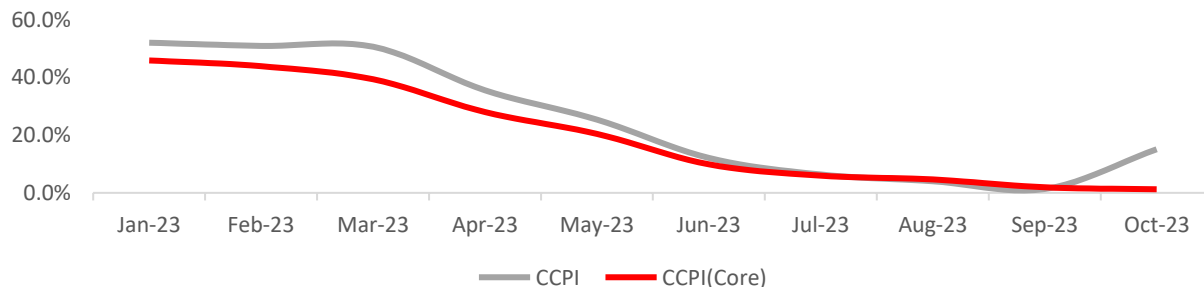
Over the eight months ending in August 2023, there was a substantial reduction in the trade deficit. This was primarily driven by a significant decrease in merchandise imports due to decreased demand and

Source: CBSL

import restrictions, with a relatively minor decline in merchandise exports. After settling the bilateral currency swap with Bangladesh Bank and providing liquidity to the domestic foreign exchange market to facilitate the restructuring of Sri Lanka Development Bonds as part of the domestic debt optimization (DDO) operation, the gross official reserves were estimated to be around US dollars 3.5 billion as of the end of September 2023, including the swap facility from the People's Bank of China.

Source: [Monitory Policy Review - October 2023, Page 03/ Refer to Trade Gap and CBSL Purchases and Sales tabs in the Excel](#)

### CCPI Inflation of Headline and Core, YoY Basis



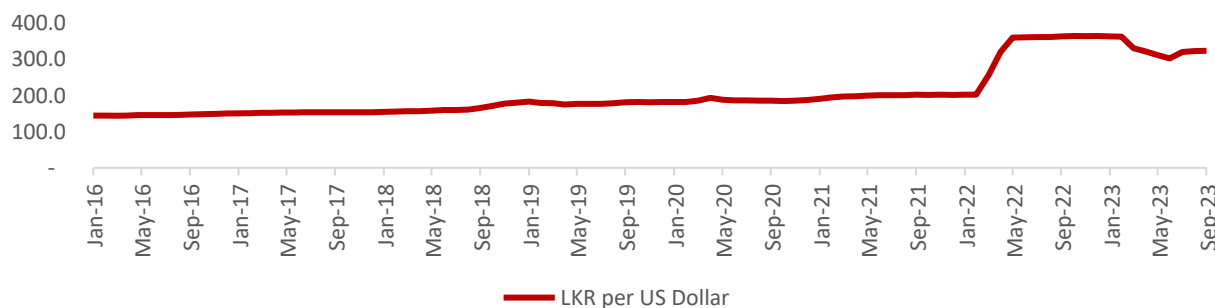
Source: Department of Census and Statistics

### Headline inflation would follow a path of deflation.

The Colombo Consumer Price Index, which measures year-on-year headline inflation, exhibited a significant deceleration. This was driven by decreases in both food and non-food inflation. Food items experienced deflation on a YOY basis for the third consecutive month in September 2023, while non-food inflation continued to decrease due to the alleviation of price pressures in various categories of the CCPI basket. CCPI-based core inflation, which reflects underlying demand pressures in the economy, continued to decrease further in September 2023, strengthening the disinflation trend. Nonetheless, it's expected that this disinflation process will reverse course starting in September 2023 due to the diminishing impact of the favorable base effect and move closer to the targeted inflation level. However, if the government proceeds with the planned upward adjustments to administratively determined prices and tariffs, including electricity, as well as any tax measures, it is likely that there will be a temporary increase in headline inflation beyond the target in the short term. Nevertheless, headline inflation is anticipated to stabilize at the target rate of 5 percent over the medium term, in line with the latest projections of the Central Bank.

Source: [Monitory Policy Review - October 2023, Page 01](#)

### Net Absorption Vs Exchange Rate



Source: CBSL

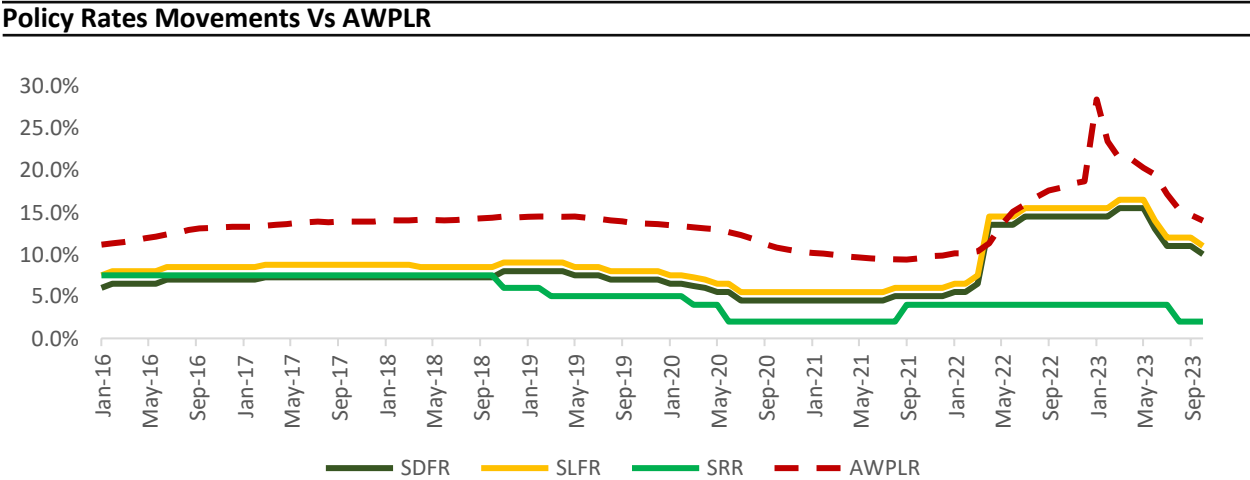
The exchange rate demonstrated appreciation in the month of August 2023. Over the year up to October 2023, the Sri Lanka rupee experienced a substantial appreciation of 12% against the US dollars. Simultaneously, due to cross-currency movements, the Sri Lanka rupee appreciated against the Euro, Pound Sterling, Japanese Yen, Indian Rupee, and Australian Dollar during the year up to October 2, 2023. As a result, the real effective exchange rate also appreciated in August 2023 but remained comfortably below the 100-index point threshold, signifying the maintenance of external competitiveness.

Source: [Monitory Policy Review - October 2023, Page 03/ Please refer Net Absorption & Exchange Rate tab in the Excel](#)

**Market interest rates have seen a significant decline from their previously elevated levels**

Market interest rates, especially lending rates, have shown significant reductions in recent months, as evidenced by interest rate indicators. However, recognizing the persistence of high interest rates on specific lending products and the insufficient downward adjustment in market lending interest rates compared to deposit rates, the Central Bank imposed interest rate caps on selected lending products in late August 2023. Furthermore, comprehensive guidelines were issued with the aim of encouraging a reduction in overall market lending interest rates for rupee loans and advances, aligning with the Central Bank's more relaxed monetary policy stance.

Source: [Monitory Policy Review - October 2023, Page 03](#)



Source: CBSL



## **Fund Performance – Assetline Income Fund (AINF)**

The NAV of the Assetline Income Fund (AINF) as at 30<sup>th</sup> September 2023 was Rs. 4.3 Bn; the fund recorded a 19.52% financial-year yield, while the number of unit holders was 908.

The NAV was Rs. 3.2 Bn on 01<sup>st</sup> April 2023 and fluctuated within a range of Rs. 2.6 Bn and Rs. 7.2 Bn during the period ending 30<sup>th</sup> September 2023.

The financial-year yield of AINF has increased from April to the end of May (22.26%) and then continued to decline from the month of June, reaching 19.52% on 30<sup>th</sup> September 2023, compared to 21.70% as at 01<sup>st</sup> April 2023. The decline in the yield was driven mainly by the low inflation figures which resulted in continuous policy rate cuts starting from June 2023, to spur economic growth. The CBSL's Domestic Debt Optimization proposal announced at the end of July also took away the extra risk premia attached to government securities. This led to a decline in yields in fixed income instruments. Additionally, the Central Bank took several measures to ease interest rates to accommodate funding requirements at a low cost. Despite having an accommodative monetary policy environment throughout

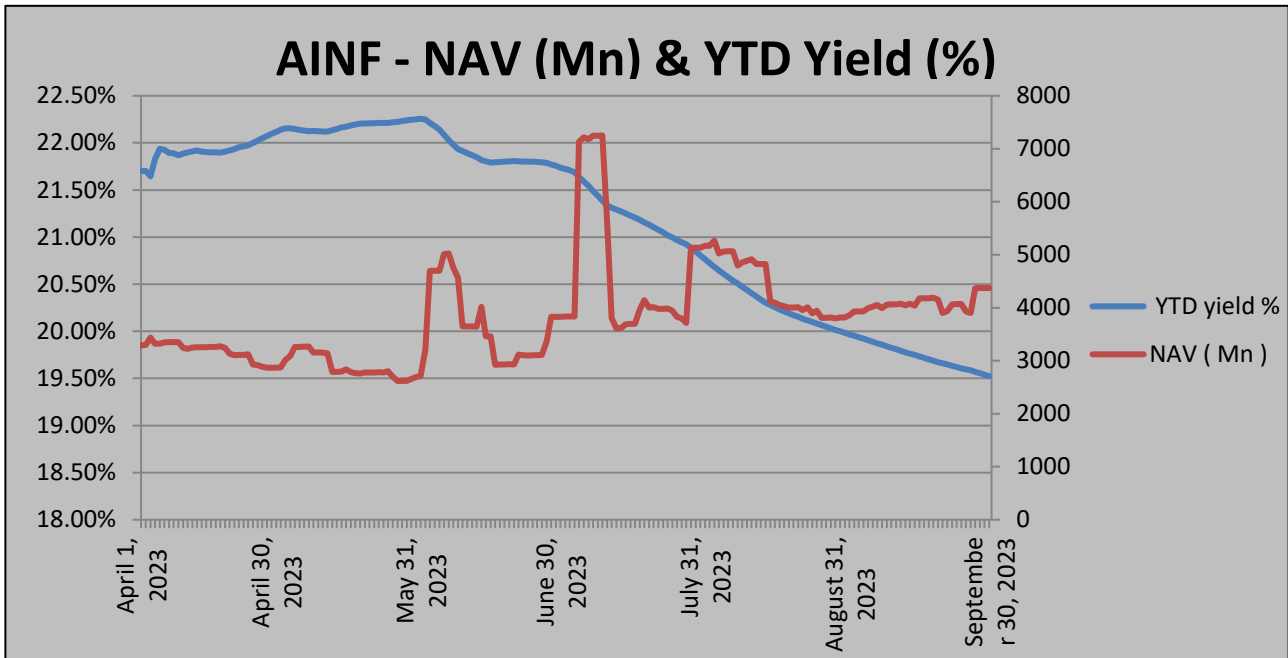
the review period, AINF was able to maintain the financial-year yield above 19.50% which was 600bps more than the 1-year Treasury bill rate at the end of the review period. Since treasury bills were offering higher returns than the bank, the fund managers transferred maturing bank deposits into treasury bills.

The number of unit holders reduced by 1.43% to 908 from 921 during the 6-month period.

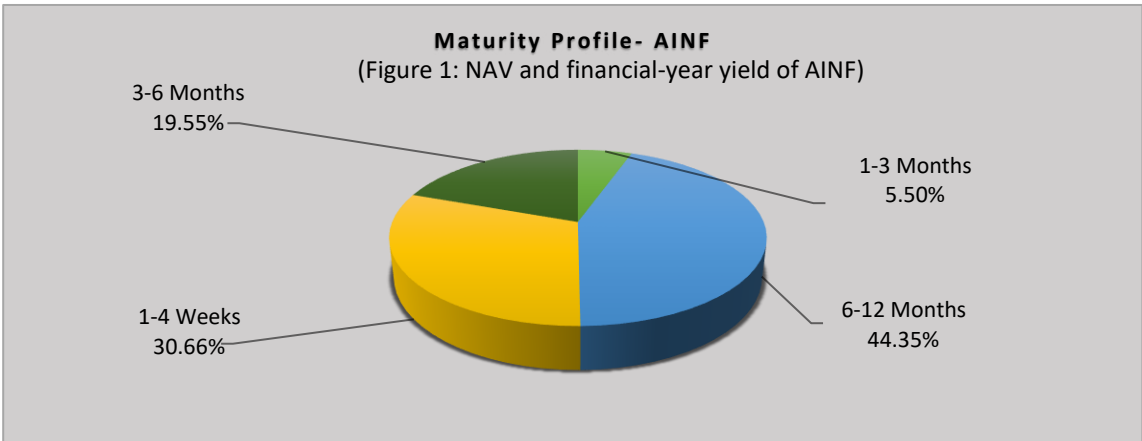
Fund managers placed more emphasis on providing higher return for the unit holders by placing a higher percentage in a 1-year maturity bucket and the balance portion was invested in 1–4-week maturity to meet regulatory liquidity requirement.

The AINF has an investment mix of money market savings accounts (16.78%), Treasury Bills (69.40%) and Repos (13.76%).

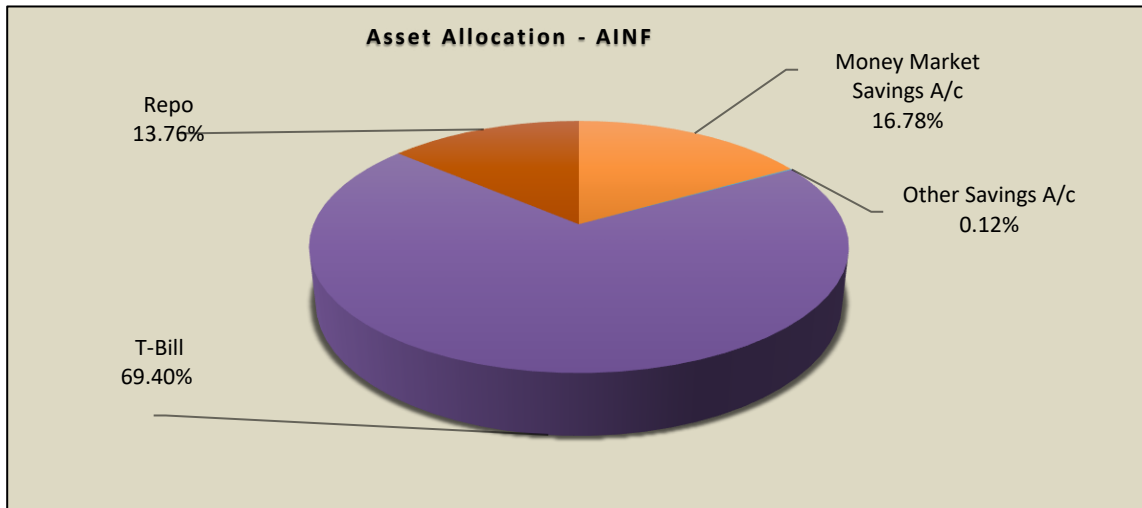
From the funds under management, a greater percentage was invested in Government securities(69.40%) and companies with a credit rating of BBB- or above; of which 29.84% were invested in counter parties with "A-" and 0.82% in "BBB-".



(Figure 1: NAV and Financial year Yield as of AINF)



(Figure 2: Maturity profile of AINF as of 30<sup>th</sup> September 2023)



(Figure 3: Asset allocation of AINF as of 30<sup>th</sup> September 2023)

Rating	Fitch		LRA		Total	
	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV
Government Securities	-	-	-	-	3,035,736,714.39	69.40%
A	177,152.77	0.004%	-	-	177,152.77	0.004%
A-	1,305,229,763.32	29.84%	-	-	1,305,229,763.32	29.84%
BBB+	-	-	-	-	-	-
BBB-	35,903,387.66	0.82%	-	-	35,903,387.66	0.82%
<b>Total</b>	<b>1,341,310,303.75</b>	<b>30.66%</b>	-	-	<b>4,377,047,018.14</b>	<b>100%</b>

(Figure 4: Credit profile of AINF as of 30<sup>th</sup> September 2023)

## ASSETLINE INCOME FUND

### STATEMENT OF COMPREHENSIVE INCOME

(all amounts in Sri Lanka Rupees)

	Note	For the period from 1 April 2023 to 30 September 2023 (Unaudited)	For the year ended 31 March 2023 (Audited)
<b><u>Investment Income</u></b>			
Interest income from financial assets at amortised cost	01	362,467,432	682,589,254
Other Income		-	6,322
<b>Total investment income</b>		<b>362,467,432</b>	<b>682,595,576</b>
<b><u>Expenses</u></b>			
Management fee		(9,584,750)	(16,844,224)
Trustee and custodian fee		(5,264,214)	(9,023,725)
Audit fee		(141,351)	(239,999)
Professional fee		(15,254)	(37,000)
Other operating expenses		-	(64,553)
<b>Total operating expenses</b>		<b>(15,005,568)</b>	<b>(26,209,501)</b>
<b>Net operating profit</b>		<b>347,461,864</b>	<b>656,386,075</b>
<b>Finance cost</b>		<b>(110,356)</b>	<b>(288,562)</b>
<b>Profit after deductions and before tax</b>		<b>347,351,508</b>	<b>656,097,513</b>
Income tax expense		-	-
<b>Increase in net assets attributable to unitholders</b>		<b>347,351,508</b>	<b>656,097,513</b>

## ASSETLINE INCOME FUND

### STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lanka Rupees)

	Note	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
<b><u>ASSETS</u></b>			
<b><u>Current assets</u></b>			
Cash and cash equivalents		5,325,734	6,863,695
Financial assets at amortised cost	02	4,371,721,285	3,286,087,842
Income tax receivables		42,338,456	42,338,456
<b>Total assets</b>		<b>4,419,385,475</b>	<b>3,335,289,993</b>
<b><u>LIABILITIES</u></b>			
<b><u>Current liabilities</u></b>			
Accrued expenses and other payables		2,724,808	2,555,500
<b>Liabilities (Excluding net assets attributable to unitholders)</b>		<b>2,724,808</b>	<b>2,555,500</b>
<b><u>UNITHOLDERS' FUNDS</u></b>			
<b>Net assets attributable to unitholders</b>		<b>4,416,660,668</b>	<b>3,332,734,493</b>
<b>Total unitholders' funds and liabilities</b>		<b>4,419,385,475</b>	<b>3,335,289,993</b>
<b>Net assets per unit (Rs.)</b>		<b>23.8210</b>	<b>21.6971</b>

.....  
Director  
Management Company

.....  
Director  
Management Company

Trustee  
Date of Approval .....

.....

## ASSETLINE INCOME FUND

### STATEMENT OF CHANGES IN UNITHOLDERS' FUND

(all amounts in Sri Lanka Rupees)

	Note	For the period from 1 April 2023 to 30 September 2023 (Unaudited)	For the year ended 31 March 2023 (Audited)
<b>Unitholders' funds at beginning of the period</b>		3,332,734,493	2,586,787,377
Increase in net assets attributable to unitholders		347,351,508	656,097,512
Received on unit creations		15,836,253,350	50,132,945,830
Paid on unit redemptions		(15,099,678,684)	(50,043,096,227)
<b>Unitholders' funds at end of the period</b>	<b>03</b>	<b>4,416,660,668</b>	<b>3,332,734,493</b>

## ASSETLINE INCOME FUND

### STATEMENT OF CASH FLOWS

(all amounts in Sri Lanka Rupees)

	<b>For the period from 1 April 2023 to 30 September 2023 (Unaudited)</b>	<b>For the year ended 31 March 2023 (Audited)</b>
<b>Cash flows from operating activities</b>		
Proceeds from sale of Financial assets at amortised cost	69,308,797,754	138,946,754,970
Purchase of Financial assets at amortised cost	(70,474,134,286)	(139,448,344,027)
Other payables	-	-
Interest received	442,170,520	437,412,011
Management fees paid	(9,362,556)	(16,482,762)
Other expenses paid	(5,584,061)	(9,380,493)
<b>Net cash flows from operating activities</b>	<b>(738,112,629)</b>	<b>(90,040,301)</b>
<b>Cash flows from financing activities</b>		
Proceeds from subscription by unitholders	15,836,253,350	50,132,945,830
Payment for redemption by unitholders	(15,099,678,684)	(50,043,096,227)
<b>Net cash flows from financing activities</b>	<b>736,574,667</b>	<b>89,849,603</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1,537,961)</b>	<b>(190,698)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>6,863,695</b>	<b>7,054,392</b>
Net increase / (decrease) in cash and cash equivalents	(1,537,961)	(190,698)
<b>Cash and cash equivalents at end of the period</b>	<b>5,325,734</b>	<b>6,863,695</b>





## ASSETLINE INCOME FUND

### Notes to the Financial Statements

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

#### 02 Financial assets measured at amortised cost (Contd....)

(c) Financial Assets measured at amortised cost : Investment in treasury bills

<b>30th September 2023</b>	<b>Cost</b>	<b>Market value</b>
Investment in Government Security -Treasury Bills	2,809,486,404	3,035,736,715
	<u>2,809,486,404</u>	<u>3,035,736,715</u>

<b>31st March 2023</b>	<b>Cost</b>	<b>Market value</b>
Investment in Government Security -Treasury Bills	1,924,775,301	2,177,204,723
	<u>1,924,775,301</u>	<u>2,177,204,723</u>

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

<b>30th September 2023</b>	<b>Cost</b>	<b>Market value</b>
Repurchase agreements	600,000,000	601,923,288
	<u>600,000,000</u>	<u>601,923,288</u>

<b>31st March 2023</b>	<b>Cost</b>	<b>Market value</b>
Repurchase agreements	-	-
	<u>-</u>	<u>-</u>

#### 03 Net Assets Attributable to Unitholders

	<i>Number of units</i>	<i>Net assets attributable to unitholders (Rs)</i>
Opening balance	142,186,896	2,586,787,378
Subscriptions	2,626,624,485	50,132,945,830
Redemptions	(2,617,160,545)	(50,043,096,227)
Increase in net assets attributable to unitholders	-	656,097,513
<b>As at 31st March 2023</b>	<u><b>151,650,836</b></u>	<u><b>3,332,734,494</b></u>
Opening balance	151,650,836	3,332,734,494
Subscriptions	691,994,426	15,836,253,350
Redemptions	(660,012,389)	(15,099,678,684)
Increase in net assets attributable to unitholders	-	347,351,508
<b>As at 30th September 2023</b>	<u><b>183,632,872</b></u>	<u><b>4,416,660,668</b></u>

## ASSETLINE INCOME FUND

### Notes to the Financial Statements

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

#### 04 Related Party Transactions

##### 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.

30 September 2023

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	-	79,883	1,902,904	-
Ms. R.M.A.S. Parakrama	556,276	1,395,345	33,238,517	-
Mr. G.L.W.N. Perera	127	127	3,016	-
Mr. N.D.P.S.R. Kalyanaratne	94	94	2,243	-
Mr: T.M.J.K. Ratnayake	328,480	137,170	3,267,518	-

##### b) 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:

30 September 2023

	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	163,147	691,996	16,484,045	-
DPMC Assetline Holdings (Pvt) Ltd	3,065,424	2,010,701	47,896,907	-
<i>Other related parties:</i>				
David Pieris Motor Company (Lanka) Limited	-	25,239,942	601,240,654	-
David Pieris Automobiles (Pvt) Limited	22,022,138	9,257,023	220,511,533	-
Assetline Lands (Private) Limited	6,457,901	6,293,912	149,927,267	-
David Pieris Holdings (Private) Limited	25,620,453	5,748,895	136,944,417	-
Assetline Insurance Brokers (Pvt) Limited	407,198	3,388,819	80,725,062	-
David Pieris Leisure (Pvt) Ltd	4,716,939	3,188,957	75,964,147	-
D P Logistics (Pvt) Ltd	4,910,965	2,754,891	65,624,247	-
Hill Cottage Nuwara Eliya (Pvt) Ltd	284,783	291,325	6,939,662	-
David Pieris Racing and Leisure (Pvt) Ltd	6,684,047	253,475	6,038,029	-
David Pieris Aviation (Private) Limited	393,695	89,721	2,137,241	-
Assetline Corporate Services (Private) Limited	129,040	1,464	34,877	-
Affiniti Innovations (Pvt) Ltd	79,334	624	14,865	-
David Pieris Trust	300,435	300,435	7,156,666	-
MRS: Esther Maureen Pieris	25,373,464	57,767,232	1,376,073,224	-
MR: David Percival Pieris	22,552,585	41,847,108	996,839,956	-
MR: Eshan David Pieris	18,130,420	10,556,395	251,463,875	-
MR: Johann David Pieris	6,845,810	8,498,188	202,435,341	-
MR: Johann David Pieris joint with Mrs. A.D. Wettimuny (Mr. J.D. Pieris's spouse)	-	1,110,909	26,462,955	-
MRS: Galhenage Yasanthi Poornima Perera Ratnayake	51,953	71,480	1,702,715	-
<i>Close family member of KMP</i>				
MRS: Hettiarachchige Sepali Nilmini Hettiarachchi	476,877	737,745	17,573,815	-
MRS: Malabage Lakshini Chathuranghi Perera	-	62,691	1,493,373	-
BABY: Ambalagodage Dihain Harshika De Silva	14,727	14,727	350,803	-
BABY: Gammeda Liyanage Dinuli Natosha Sehansi Perera	-	843	20,077	-

##### 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 period ended 30 September 2023	Charge for the period ended 31 March 2023	Balance outstanding 30 September 2023	Balance Outstanding 31 March 2023
	Rs.	Rs.	Rs.	Rs.
Management fees	9,584,750	16,844,224	1,678,335	1,456,141
Trustee & custodian fee	5,264,214	9,023,725	920,296	802,362
	<b>14,848,963</b>	<b>25,867,949</b>	<b>2,598,631</b>	<b>2,258,504</b>

#### 05 Reconciliation between the Net Asset Value as per Financial Statements and the SEC Return

	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
Net Asset Value as per Interim Financial Statements	4,416,660,668	3,332,734,493
Less :		
Income Tax Receivable	(42,338,456)	(42,338,456)
Net Asset Value as per SEC Return	<b>4,374,322,211</b>	<b>3,290,396,037</b>

## **Fund Performance – Assetline Income Plus Growth Fund (AIGF)**

The NAV of the Assetline Income Plus Growth Fund (AIGF) as of 30<sup>th</sup> September 2023 was 13.033Bn. The fund generated a 76.46% financial year yield, while the number of unit holders was 114 at end of the review period.

AIGF's financial year yield experienced fluctuations within a range of 153.96% and 5.80% for the period, due to the high volatility and performance of the equity and Government securities markets.

Prudent decision making by the fund managers and timely guidance by the Investment Committee led the yields gain to, an exceptionally, higher level. The uncertainty of Domestic Debt Restructure (DDR) and sluggish economic conditions with higher inflation fueled the government security yields to increase up to a historically high level of over 30%. The fund management team projected that once the DDR is announced and the inflation eased off, the extra premium attached to treasury bonds would reduce and interest rates would decline. This would have a positive impact on equity market as well. This view proved correct with the easing of monetary policy by the CBSL from June 2023 onwards.

Fund managers identifying this opportunity and anticipating the yields to ease off were then able to canvass more funds into the scheme which allowed the creation of a laddered government security portfolio.

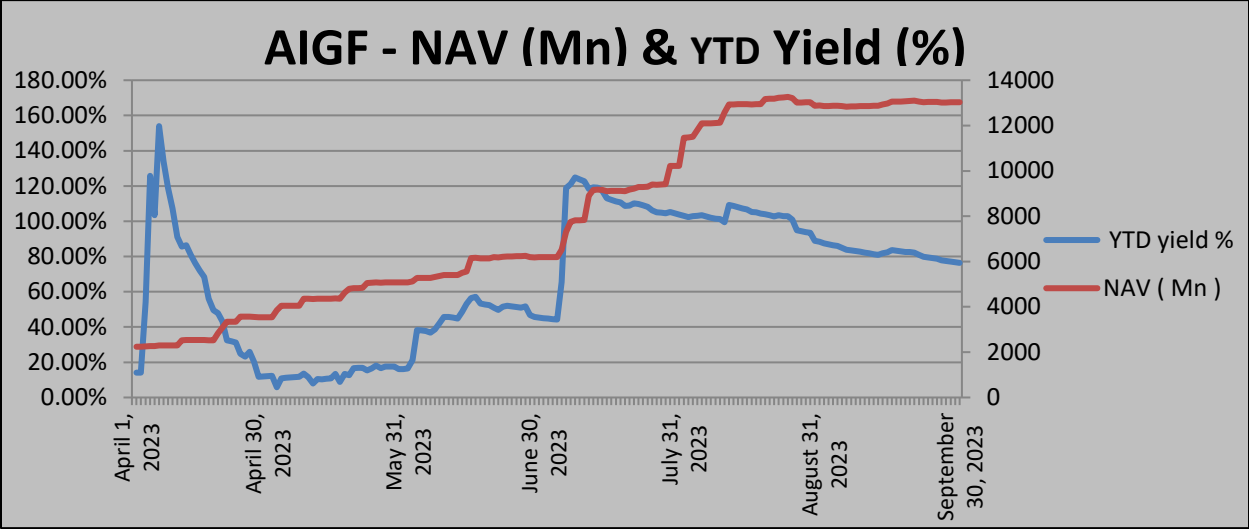
In keeping with the investment objective and view on future interest rates, the fund asset allocation was maintained at 11:89

between equity and FIS for the ending 30<sup>th</sup> September 2023.

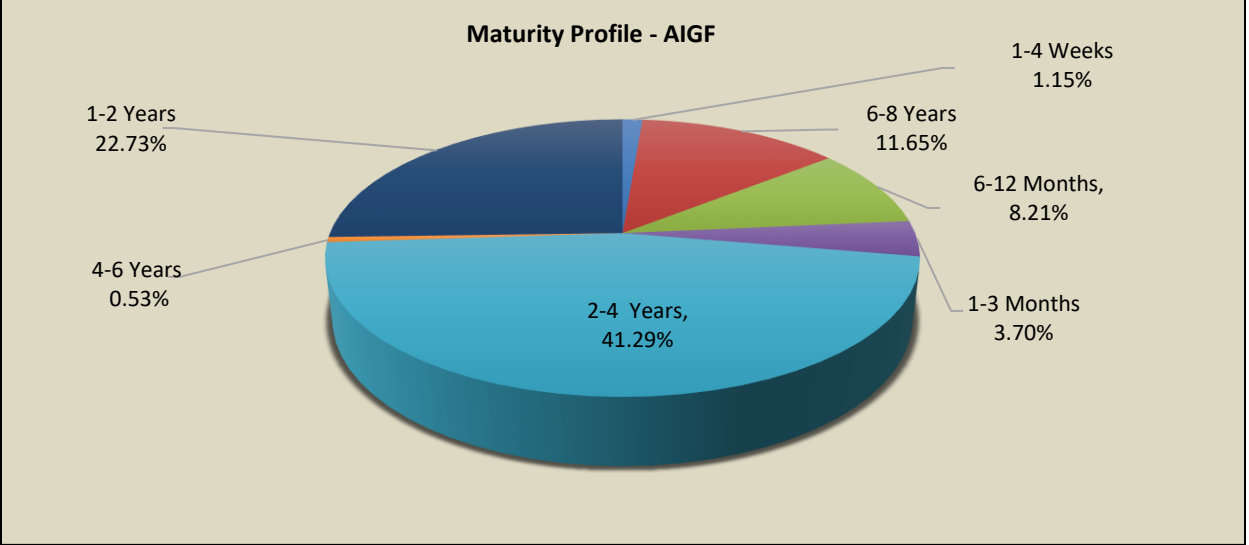
The equity transactions were based on an active investment strategy focusing on market timing and sector selection. Shares were selected on growth, value, and income-based criteria to maximize profits and fixed return. Fund managers also realized gains, when material, based on movement of equities in the portfolio.

A portion of fixed income securities were maintained for liquidity purposes in money market accounts (1.08%) and T Bills (3.70%) with attractive returns.

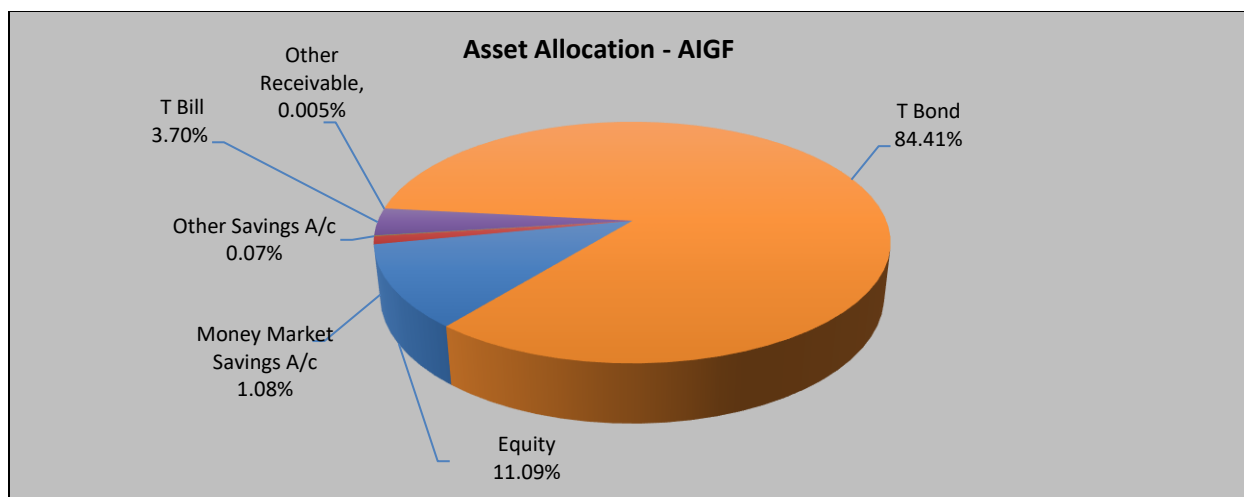
The maturities of fixed income securities ranged from short term to long term with 1.15% of the investments in the 1-4 weeks, 3.70% of the investments maturing in the 1-3 months and 8.21% of the investments maturing in 6-12 months, whilst majority was fixed at 2-4 years (41.29%). From the NAV 0.10% was invested in fixed income securities from counterparties with "A-" rating and better, while 1.04% 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 30<sup>th</sup> September 2023)



(Figure 3 : Asset allocation of AIGF as at 30<sup>th</sup> September 2023)

Rating	Fitch		LRA		Total	
	Amount	As a % of NAV	Amount	As a % of NAV	Amount	As a % of NAV
Government Securities	-	-	-	-	11,484,779,225.08	88.12%
A	28,794.52	0.0002%	-	-	28,794.52	0.0002%
A-	13,270,385.41	0.10%	-	-	13,270,385.41	0.10%
BBB-	135,854,188.88	1.04%	-	-	135,854,188.88	1.04%
<b>Total</b>	<b>149,153,368.81</b>	<b>7.97%</b>	-	-	<b>11,633,932,593.89</b>	<b>89.26%</b>

(Figure 4 : Credit profile of AIGF – Fixed Income Securities as at 30<sup>th</sup> September 2023)

## ASSETLINE INCOME PLUS GROWTH FUND

### STATEMENT OF COMPREHENSIVE INCOME

(all amounts in Sri Lanka Rupees)

	Note	For the period from 1 April 2023 to 30 September 2023 (Unaudited)	For the year ended 31 March 2023 (Audited)
<b><u>Investment Income</u></b>			
Interest income from financial assets at amortised cost	01	12,813,037	48,039,408
Dividend income		20,490,669	36,705,581
Other Income		-	-
Net gains on financial assets at fair value through profit or loss	02	2,214,508,080	110,421,833
<b>Total investment income</b>		<b>2,247,811,787</b>	<b>195,166,822</b>
<b><u>Expenses</u></b>			
Management fee		(39,874,750)	(13,695,751)
Trustee and custodian fee		(10,523,910)	(3,798,516)
Audit fee		(144,299)	(239,999)
Professional fee		(15,254)	(37,000)
Brokerage Charges		(31,784,444)	(11,404,572)
Other operating expenses		(53,692)	(12,885)
<b>Total operating expenses</b>		<b>(82,396,350)</b>	<b>(29,188,723)</b>
<b>Net operating profit</b>		<b>2,165,415,438</b>	<b>165,978,099</b>
<b>Finance cost</b>		<b>(46,141)</b>	<b>(35,257)</b>
<b>Profit after deductions and before tax</b>		<b>2,165,369,297</b>	<b>165,942,842</b>
Income tax expense		-	-
<b>Increase in net assets attributable to unitholders</b>		<b>2,165,369,297</b>	<b>165,942,842</b>

## ASSETLINE INCOME PLUS GROWTH FUND

### STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lanka Rupees)

	Note	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
<b><u>ASSETS</u></b>			
<b><u>Current assets</u></b>			
Cash and cash equivalents		8,972,923	21,376,779
Financial assets at amortised cost	03	140,180,446	157,102,199
Financial assets held at fair value through profit or loss	04	12,930,690,172	2,081,163,570
Other Receivables		608,000	2,675,000
Income tax receivables		1,622,001	1,622,001
<b>Total assets</b>		<b>13,082,073,542</b>	<b>2,263,939,550</b>
<b><u>LIABILITIES</u></b>			
<b><u>Current liabilities</u></b>			
Accrued expenses and other payables		46,858,803	22,535,047
<b>Liabilities (Excluding net assets attributable to unitholders)</b>		<b>46,858,803</b>	<b>22,535,047</b>
<b><u>UNITHOLDERS' FUNDS</u></b>			
<b>Net assets attributable to unitholders</b>		<b>13,035,214,738</b>	<b>2,241,404,503</b>
<b>Total unitholders' funds and liabilities</b>		<b>13,082,073,542</b>	<b>2,263,939,550</b>
<b>Net assets per unit (Rs.)</b>		<b>24.7168</b>	<b>17.8671</b>

.....  
Director  
Management Company

.....  
Director  
Management Company

Trustee  
Date of Approval.....

.....

## ASSETLINE INCOME PLUS GROWTH FUND

### STATEMENT OF CHANGES IN UNITHOLDERS' FUND

(all amounts in Sri Lanka Rupees)

	For the period from 1 April 2023 to 30 September 2023 (Unaudited)	For the year ended 31 March 2023 (Audited)
<b>Unitholders' funds at beginning of the period</b>	2,241,404,504	1,546,778,173
Increase in net assets attributable to unitholders	2,165,369,297	165,942,842
Received on unit creations	8,637,038,705	640,031,000
Paid on unit redemptions	(8,597,765)	(111,347,511)
<b>Unitholders' funds at end of the period</b>	<b>13,035,214,738</b>	<b>2,241,404,504</b>

05



## ASSETLINE INCOME PLUS GROWTH FUND

### STATEMENT OF CASH FLOW

(all amounts in Sri Lanka Rupees)

	<b>For the period from 1 April 2023 to 30 September 2023 (Unaudited)</b>	<b>For the year ended 31 March 2023 (Audited)</b>
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments held at fair value through profit or loss	1,439,715,039	636,794,134
Purchase of financial assets at fair value through profit or loss	(1,590,422,695)	(422,497,134)
Proceeds from sale of Financial assets at amortised cost	12,350,292,233	7,887,774,785
Purchase of Financial assets at amortised cost	(20,984,032,918)	(8,683,713,318)
Dividend received	22,557,669	63,443,501
Interest received	191,982,066	39,397,715
Other Income received	-	-
Management fees paid	(30,624,858)	(13,687,417)
Other expenses paid	(40,311,333)	(15,463,006)
<b>Net cash flows from operating activities</b>	<b>(8,640,844,796)</b>	<b>(507,950,740)</b>
<b>Cash flows from financing activities</b>		
Proceeds from subscription by unitholders	8,637,038,705	640,031,000
Payment for redemption by unitholders	(8,597,765)	(111,347,511)
<b>Net cash flows from financing activities</b>	<b>8,628,440,940</b>	<b>528,683,488</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(12,403,856)</b>	<b>20,732,748</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>21,376,779</b>	<b>644,031</b>
Net increase / (decrease) in cash and cash equivalents	(12,403,856)	20,732,748
<b>Cash and cash equivalents at end of the period</b>	<b>8,972,923</b>	<b>21,376,779</b>

# ASSETLINE INCOME PLUS GROWTH FUND

## NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees)

### 01 Interest income from financial assets at amortised cost

	Notes	For the period from 1 April 2023 to 30 September 2023 (Unaudited)	For the year ended 31 March 2023 (Audited)
Interest income from Fixed Deposits		1,896,427	23,868,187
Interest Income From Money Market Savings		10,916,611	24,171,221
<b>Total interest income from financial assets at amortised cost</b>		<b>12,813,037</b>	<b>48,039,408</b>

### 02 Net gain or loss on financial assets measured at fair value through profit or loss

		For the period from 1 April 2023 to 30 September 2023 (Unaudited)	For the year ended 31 March 2023 (Audited)
Net gain / (loss) on financial assets held for trading		383,823,462	49,574,351
Net gain / (loss) on financial assets designated as at fair value through profit or loss		1,830,684,618	60,847,482
		<b>2,214,508,080</b>	<b>110,421,833</b>

Net realised gain / (loss) on financial assets at fair value through profit or loss [See Note (a) below]	(a)	852,901,595	111,332,823
Net unrealised gain / (loss) on financial assets at fair value through profit or loss	(b)	1,361,606,485	(910,991)
		<b>2,214,508,080</b>	<b>110,421,833</b>

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

Gain/(Loss) on disposal of equity securities		187,972,400	62,901,727
Interest Income from Treasury Bills		20,937,053	19,200,345
Interest Income from Treasury Bonds		643,992,142	29,230,751
		<b>852,901,595</b>	<b>111,332,823</b>

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

Unrealised gain / (loss) of equity securities		195,851,062	(13,327,376)
Unrealised gain / (loss) of Treasury Bills		525,202	(519,966)
Unrealised gain / (loss) of Treasury Bonds		1,165,230,221	12,936,352
		<b>1,361,606,485</b>	<b>(910,991)</b>

### 03 Financial assets measured at amortised cost

		As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
Investment in fixed deposits	(a)	-	63,024,105
Investment in money market savings	(b)	140,180,446	94,078,094
<b>Total financial assets at amortised cost</b>		<b>140,180,446</b>	<b>157,102,199</b>

## ASSETLINE INCOME PLUS GROWTH FUND

### Notes to the Financial Statements (Contd...)

(all amounts in Sri Lanka Rupees)

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

30th Septemebr 2023		Cost	Market value
-		-	-
31st March 2023		Cost	Market value
People's Bank		52,190,917	63,024,105
		<b>52,190,917</b>	<b>63,024,105</b>

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

30th Septemebr 2023		Cost	Market value
National Development Bank PLC		2,801,365	2,823,238
Pan Asia Banking Corporation PLC		135,494,662	135,854,189
DFCC Bank PLC		1,501,885	1,503,018
		<b>139,797,911</b>	<b>140,180,446</b>
31st March 2023		Cost	Market value
National Development Bank PLC		1,540,850	1,559,613
Pan Asia Banking Corporation PLC		89,796,135	90,419,867
DFCC Bank PLC		2,075,509	2,098,614
		<b>93,412,494</b>	<b>94,078,094</b>

#### 04 Financial assets measured at fair value through profit or loss

		As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
Financial assets held for trading	(a)	1,445,910,947	898,562,373
financial assets designated at fair value through profit or loss	(b)	11,484,779,225	1,182,601,197
		<b>12,930,690,172</b>	<b>2,081,163,570</b>
<b>(a) Financial assets held for trading</b>			
<i>Equity securities</i>		1,445,910,947	898,562,373
<b>Total financial assets held for trading</b>		<b>1,445,910,947</b>	<b>898,562,373</b>
<b>(b) Financial assets designated at fair value through profit or loss:</b>			
<i>Treasury bills</i>		482,656,499	61,919,244
<i>Treasury bonds</i>		11,002,122,726	1,120,681,953
<b>Total Financial assets designated at fair value through profit or loss</b>		<b>11,484,779,225</b>	<b>1,182,601,197</b>

## ASSETLINE INCOME PLUS GROWTH FUND

Notes to the Financial Statements (Contd...)

(all amounts in Sri Lanka Rupees)

### 04 Financial assets measured at fair value through profit or loss (Contd....)

a) Investment in equity securities:

As at 30th September 2023

Company	Number of Shares	Cost	Market Value	Percentage of Net Assets
<b>BANKS</b>				
ABL -N-0000 AMANA BANK PLC	100,000	250,000	230,000	0.00%
CALT-N-0000 CAPITAL ALLIANCE LIMITED	200,000	6,763,128	15,580,000	0.12%
HNB -N-0000 HATTON NATIONAL BANK PLC	1,000,000	133,940,097	172,000,000	1.32%
		140,953,225	187,810,000	
<b>CAPITAL GOODS</b>				
ACL -N-0000 ACL CABLES PLC	806,969	62,081,260	63,347,067	0.49%
TILE-N-0000 LANKA TILES PLC	231,982	10,772,402	10,903,154	0.08%
HAYL-N-0000 HAYLEYS PLC	120,000	11,160,000	11,160,000	0.09%
LWL -N-0000 LANKA WALLTILES PLC	1,000,000	48,845,401	48,500,000	0.37%
RCL -N-0000 ROYAL CERAMICS LANKA PLC	1,000,000	30,011,094	30,600,000	0.23%
SPEN-N-0000 AITKEN SPENCE PLC	500,000	65,527,490	69,625,000	0.53%
		228,397,647	234,135,221	
<b>CONSUMER DURABLES &amp; APPAREL</b>				
HELA-N-0000 HELA APPAREL HOLDINGS LIMITED	10027589	115,170,562	64,176,570	0.49%
MGT -N-0000 HAYLEYS FABRIC PLC	1000000	47,267,500	48,000,000	0.37%
TJL -N-0000 TEXTURED JERSEY LANKA PLC	3,000,000	101,757,230	107,100,000	0.82%
		264,195,292	219,276,570	
<b>ENERGY</b>				
LIOC-N-0000 LANKA IOC PLC	744,510	87,238,462	86,549,288	0.66%
		87,238,462	86,549,288	
<b>FOOD BEVERAGE &amp; TOBACCO</b>				
AGPL-N-0000 AGARAPATANA PLANTATIONS LIMITED	220500	1,984,500	1,984,500	0.02%
DIST-N-0000 DISTILLERIES COMPANY OF SRI LANKA PLC	2018000	50,945,877	56,504,000	0.43%
SUN -N-0000 SUNSHINE HOLDINGS PLC	2,000,000	107,526,069	105,000,000	0.81%
		160,456,446	163,488,500	
<b>MATERIALS</b>				
CIC -N-0000 CIC HOLDINGS PLC	3000000	219,591,907	228,300,000	1.75%
GLAS-N-0000 PIRAMAL GLASS CEYLON PLC	1000000	24,022,838	27,100,000	0.21%
LLUB-N-0000 CHEVRON LUBRICANTS LANKA PLC	490000	43,551,756	44,786,000	0.34%
PARQ-N-0000 SWISSTEK (CEYLON) PLC	1000000	20,437,853	18,200,000	0.14%
TKYO-N-0000 TOKYO CEMENT COMPANY (LANKA) I	656,696	34,353,856	36,118,280	0.28%
		341,958,209	354,504,280	
<b>TELECOMMUNICATION SERVICES</b>				
DIAL-N-0000 DIALOG AXIATA PLC	8,896,545	94,729,452	96,972,341	0.74%
		94,729,452	96,972,341	
<b>DIVERSIFIED FINANCIALS</b>				
VFIN-N-0000 VALLIBEL FINANCE PLC	2,430,210	94,778,190	89,674,749	0.69%
		94,778,190	89,674,749	
<b>UTILITIES</b>				
VONE-N-0000 VALLIBEL ONE PLC	300,000	11,680,545	13,500,000	0.10%
		11,680,545	13,500,000	
<b>Total value of Equity securities</b>		<b>1,424,387,467</b>	<b>1,445,910,947</b>	

As at 31st March 2023

Company	Number of Shares	Cost	Market Value	Percentage of Net Assets
<b>BANKS</b>				
COMB-N-0000 COMMERCIAL BANK OF CEYLON PLC	730,710	64,231,911	46,473,156	2.07%
COMB-X-0000 COMMERCIAL BANK OF CEYLON PLC	1,000,638	68,781,367	54,134,516	2.42%
HNB -N-0000 HATTON NATIONAL BANK PLC	925,285	118,183,150	119,824,408	5.35%
NDB -N-0000 NATIONAL DEVELOPMENT BANK PLC	5,147,031	313,583,142	231,101,692	10.31%
		564,779,570	451,533,771	
<b>CAPITAL GOODS</b>				
ACL -N-0000 ACL CABLES PLC	250,000	21,055,908	20,575,000	0.92%
HAYL-N-0000 HAYLEYS PLC	500,000	38,934,346	36,000,000	1.61%
HHL -N-0000 HEMAS HOLDINGS PLC	712,094	45,010,137	46,286,110	2.07%
JKH -N-0000 JOHN KEELLS HOLDINGS PLC	450,000	62,662,500	63,000,000	2.81%
RCL -N-0000 ROYAL CERAMICS LANKA PLC	250,000	8,266,597	6,900,000	0.31%
		175,929,487	172,761,110	
<b>CONSUMER DURABLES &amp; APPAREL</b>				
HELA-N-0000 HELA APPAREL HOLDINGS LIMITED	7,027,589	91,228,279	56,220,712	2.51%
		91,228,279	56,220,712	
<b>FOOD BEVERAGE &amp; TOBACCO</b>				
SUN -N-0000 SUNSHINE HOLDINGS PLC	250,000	11,204,087	11,250,000	0.50%
		11,204,087	11,250,000	
<b>MATERIALS</b>				
LLUB-N-0000 CHEVRON LUBRICANTS LANKA PLC	250000	24,398,027	22,900,000	1.02%
PARQ-N-0000 SWISSTEK (CEYLON) PLC	750,000	16,366,578	10,575,000	0.47%
		40,764,605	33,475,000	
<b>TELECOMMUNICATION SERVICES</b>				
DIAL-N-0000 DIALOG AXIATA PLC	3,000,278	33,944,197	31,202,891	1.39%
		33,944,197	31,202,891	
<b>ENERGY</b>				
WIND-N-0000 WINDFORCE LIMITED	8,613,266	155,039,729	142,118,889	6.34%
		155,039,729	142,118,889	
<b>Total value of Equity securities</b>		<b>1,072,889,955</b>	<b>898,562,374</b>	

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the Financial Statements (Contd...)  
(all amounts in Sri Lanka Rupees)

b) Investment in Treasury bills & Treasury bonds

30th September 2023	Cost	Market value
Investment in Government Security -Treasury Bills	478,950,200	482,656,499
Investment in Government Security -Treasury bonds	9,275,067,040	11,002,122,726
	<b>9,754,017,240</b>	<b>11,484,779,225</b>

05 Net Assets Attributable to Unitholders

	Number of units	Net assets attributable to unitholders (Rs)
Opening balance	96,798,469	1,546,778,173
Subscriptions	35,816,374	640,031,000
Redemptions	(7,257,566)	(111,347,511)
Increase in net assets attributable to unitholders	-	165,942,842
As at 31st March 2023	<b>125,357,276</b>	<b>2,241,404,503</b>
Opening balance	125,357,276	2,241,404,503
Subscriptions	402,318,339	8,637,038,705
Redemptions	(360,138)	(8,597,765)
Increase in net assets attributable to unitholders	-	2,165,369,297
30th September 2023	<b>527,315,478</b>	<b>13,035,214,738</b>

06 Related Party Transactions

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.

30 September 2023

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. K.A.H. Kuruppu	-	5,600,696	138,259,340	-

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:

30th September 2023

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	149,728,970	-
DPMC Assetline Holdings (Pvt) Ltd	1,474,526	1,474,526	36,490,821	-
<i>Other related parties:</i>				
David Pieris Motor Company (Lanka) Limited	81,318,104	137,235,809	3,396,243,175	-
Assetline Insurance Brokers (Pvt) Limited	515,352	515,352	12,753,667	-
David Pieris Holdings (Private) Limited	35,814,269	133,455,280	3,302,684,532	-
David Pieris Automobiles (Pvt) Limited	-	29,373,625	726,923,792	-
MR: David Percival Pieris	-	138,182,331	3,419,667,236	-
MRS: Esther Maureen Pieris	-	74,819,532	1,851,596,380	-
<i>Close family member of KMP</i>				
MRS: Malabage Lakshini Chathurangi Perera	-	204,837	5,069,215	-

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 Period ended 30th September 2023	Charge for the year ended 31st March 2023	Balance Outstanding 30th September 2023	Balance Outstanding 31st March 2023
	Rs.	Rs.	Rs.	Rs.
Management fees	39,874,750	13,695,751	10,656,981	1,407,089
Trustee & custodian fee	10,523,910	3,798,516	2,794,837	394,609
	<b>50,398,660</b>	<b>17,494,267</b>	<b>13,451,819</b>	<b>1,801,698</b>

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the Financial Statements (Contd...)  
(all amounts in Sri Lanka Rupees)

07 Reconciliation between the Net Asset Value as per Financial Statements and the SEC Return

	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
Net Asset Value as per Interim Financial Statements	13,035,214,738	2,936,030,833
Less : Income Tax Receivable	(1,622,001)	(1,622,001)
Net Asset Value as per SEC Return	<b>13,033,592,738</b>	<b>2,934,408,832</b>