



MUTUAL FUNDS INTERIM REPORT 2020-2021

ASSETLINE

Assetline Capital (Private) Limited

**ASSETLINE MUTUAL FUNDS
INTERIM REPORT FOR THE SIX MONTHS PERIOD ENDED
SEPTEMBER 30, 2020**

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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 and 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. K.G. Vairavanathan

Mr. A.Y.D. De Silva

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

TRUSTEE & CUSTODIAN

Deutsche Bank AG

No. 86

Galle Road

Colombo 03

Sri Lanka

AUDITORS & TAX CONSULTANTS

B.R. De Silva & Company

No. 22/4

Vijaya Kumaranatunga Mawatha

Colombo 05

Sri Lanka

BANKERS

Commercial Bank of Ceylon PLC

Commercial House

No. 21

Sir Razik Fareed Mawatha

Colombo 01

Sri Lanka

National Development Bank PLC

No. 40

Navam Mawatha

Colombo 02

Sri Lanka

Sampath Bank PLC

No. 110

Sir James Peiris Mawatha

Colombo 02

Sri Lanka

Deutsche Bank AG

No. 86

Galle Road

Colombo 03

Sri Lanka

Nations Trust Bank PLC

No. 242

Union Place

Colombo 02

Sri Lanka

Seylan Bank PLC

Seylan Towers

No. 90

Galle Road

Colombo 03

Sri Lanka

Hatton National Bank PLC

HNB Towers

No. 479

T. B. Jayah Mawatha

Colombo 10

Sri Lanka

People's Bank

No. 75

Sir Chittampalam A. Gardiner Mawatha

Colombo 02

Sri Lanka

02. Fund Manager's Report

It is with great pleasure that we submit the Half Yearly Fund Management Report for Assetline Mutual Fund (AMF) for the period 1st April to 30th September 2020. It was a challenging period for the management company mainly due to the Covid 19 pandemic which resulted in the implementation of rapid policy easing measures by the Central Bank of Sri Lanka (CBSL). The CBSL introduced a debt moratorium, working capital loans at 4% for the sectors affected by the pandemic whilst also reducing key policy rates. Standing Deposit Facility (SDF) and Standing Lending Facility (SLF) were reduced on three occasions by 175 bps whilst the Statutory Reserve Ratio (SRR) was reduced by 200 bps. As a result, the weekly AWPL declining by 284 bps during the period under review. Due to which the market was flooded with liquidity where banks were encouraged to lend or deposit the excess in the CBSL window. Imports were curtailed to encourage domestic production, and preserve foreign exchange, targeting foreign debt repayment by stabilizing the exchange rate. Since the lending opportunities were limited, this created subdued credit growth forcing banks to cut down their deposit rates. The CBSL intended creating demand driven economic growth to provide relief for underperforming sectors, whilst maintaining inflation at mid-single digit level.

In addition to the poor returns in fixed income securities, the equity market also suffered with the lock down, shut down of the CSE, foreign funds exit, negative GDP growth and the subpar performance of companies. However, subsequently excess liquidity, low cost borrowings and political stability saw funds flow into the equity market. The fund managers took the decision to invest in the equity market with the improvement in the sentiment that the government would be able to control the pandemic. Though the start of the year brought negative investor sentiment, the equity market showed positive growth by the end of the review period reporting an increase of nearly 31% and 26% in the ASPI and S&P SL as at 30th September 2020.

However, towards the end of the review period there was a blow to sentiment with the country's sovereign rating downgraded by Moody. Despite these challenges the funds delivered creditable returns to the unit holders whilst maintaining acceptable risk levels.

Our Funds

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

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

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

As at 30th September 2020, AINF & AIGF posted financial year yields of 7.79% & 20.08% and the numbers of unit holders were 989 & 120 respectively. The NAV of AINF was Rs. 4.1 billion whilst AIGF was Rs. 1.1 billion.

The investment strategy in investing in fixed income securities was to maintain a stable return for a maximum period and to avoid capital erosion. The funds were locked in one year and above one-year fixed income securities against the backdrop of reducing interest rates, whilst keeping adequate liquidity in money market accounts. The equity portfolio was built when momentum returned to the equity market and after an in-depth analysis of stocks which emphasized shares that offset the low returns generated from fixed income through its dividend yields.

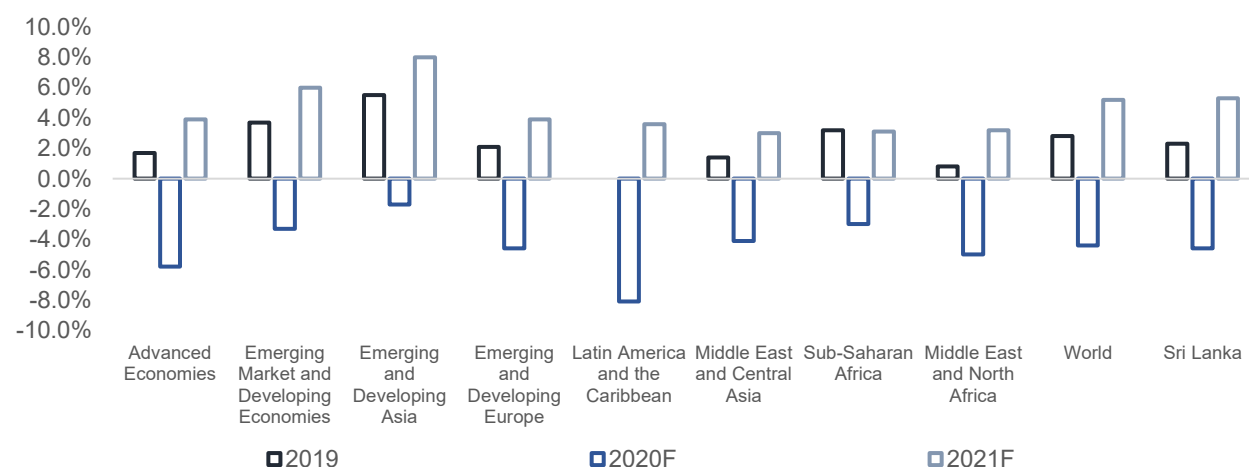
ECONOMIC EXPECTATION FOR 2020

Social distancing, lockdowns and rise in precautionary savings put significant pressure on the economy

As per the World Economic Outlook's (WEO) latest release, global growth is projected to grow at 4.4% in 2020. This reflects a better-than anticipated recovery with activity picking up in May and June as economies reopened. Second quarter GDP outperformed on released constraints on spending and on upside in China after lockdowns eased in early April, coupled with public investment. Moreover, global trade began recovering in June as lockdowns were eased with China being the key contributor. However, by late September, the number of confirmed infections worldwide exceeded 33 Mn, with over a million deaths. An increase from 7 Mn infections and 400,000 deaths in June 2020. Confirmed cases rose dramatically in the United States, Latin America, India, and South Africa. Moreover, there were renewed upticks in places that had previously flattened the infection curve: Australia, Japan, Spain, and France. Considering the continuation of the pandemic and expectation of social distancing, global growth is projected at 5.2% in 2021. The growth projections imply wide negative output gaps and elevated unemployment rates this year and in 2021 across both advanced and emerging market economies.

Source: World Economic Outlook – October 2020

Region Wise: Real GDP Growth



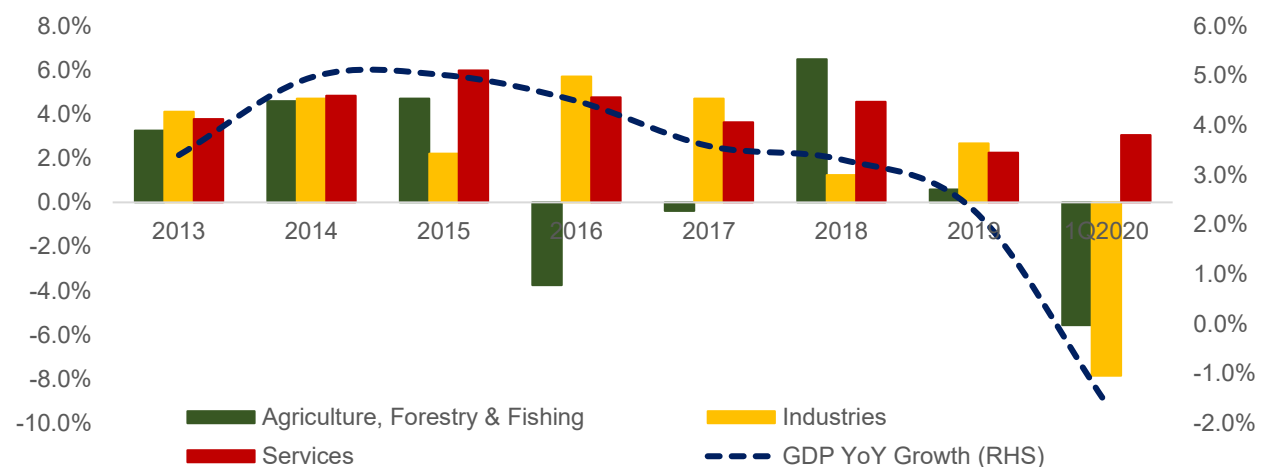
Source: IMF

Many emerging market and developing economies excluding China continue to remain precarious

As per WEO's latest release forecasts, all emerging market and developing economy regions are expected to contract this year, including notably emerging Asia, where large economies, such as India and Indonesia, continue to try to bring the pandemic under control. In particular, revisions to the forecast are large for India where GDP is projected to contract to 10.3% in 2020, which is 5.8 percentage points below the June 2020 WEO forecast. Other major economies in the region are forecast to grow at modest rates, including Bangladesh (3.8%), Bhutan (0.6%), China (1.9%), Myanmar (2.0%) and Vietnam (1.6%) whilst Indonesia, Malaysia, Maldives, Philippines, Sri Lanka and Thailand are forecast to experience contractions of -1.5%, -6.0%, -18.6%, -8.3%, -4.6% and -7.1% respectively.

Source: World Economic Outlook – October 2020

GDP and Sectorial Growth from 2013 – 1Q2020



Source: CBSL

Require reforming structural issues in the economy to ensure sustainable growth momentum

The real GDP of Sri Lanka contracted by 1.6% YoY in the first quarter of 2020 in comparison to 3.7% growth recorded in the corresponding period of 2019. We expect a substantial adverse impact from Covid-19 on economic activity during the 2nd quarter of this year. The enhanced focus on domestic production as import substitution as well as exports is expected to drive the near-term growth with potentially significant implications in the longer term. However, the government needs to address structural issues in the economy to maintain sustainable growth.

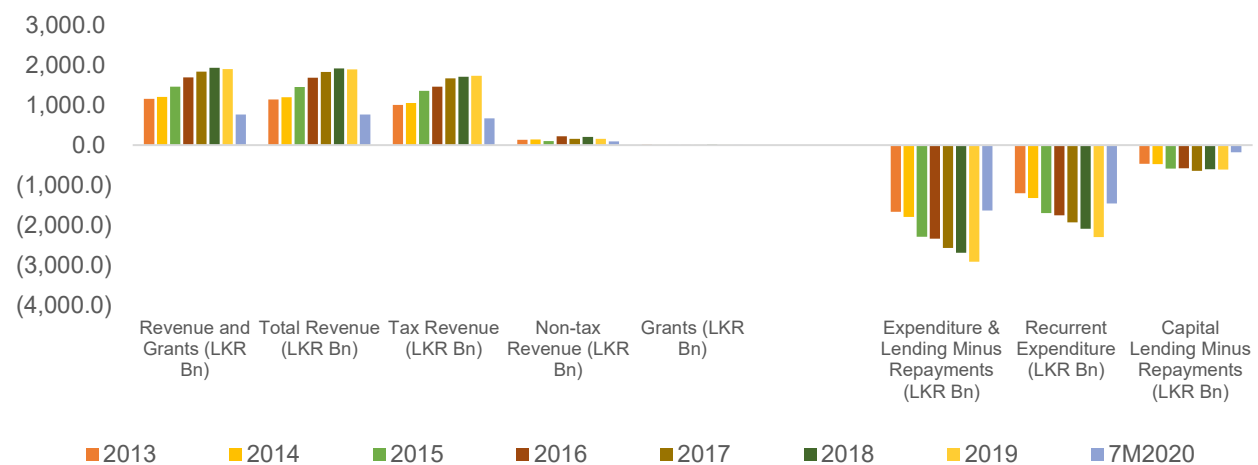
Source: Monetary Policy Review – August 2020

Covid-19 social welfare demands place more stress on public finance

Fiscal performance weakened in the first seven months of 2020 from a decline in government revenue, resulting mainly from tax revisions late last year along with the Covid-19 impact. Total revenue and grants declined by 25.9% YoY in same period in comparison to 2019. However, non-tax revenue increased slightly by 6.1% YoY in the same period in comparison. Meanwhile, government expenditure decreased by 4.6% YoY whilst recurrent expenditure increasing by 8.5% YoY and capital expenditure decreasing by 51.7% in the first seven months of 2020. Given Sri Lanka's large public sector and dominance of Stated Owned Enterprises, the Covid-19 pandemic has put significant pressure on the budget.

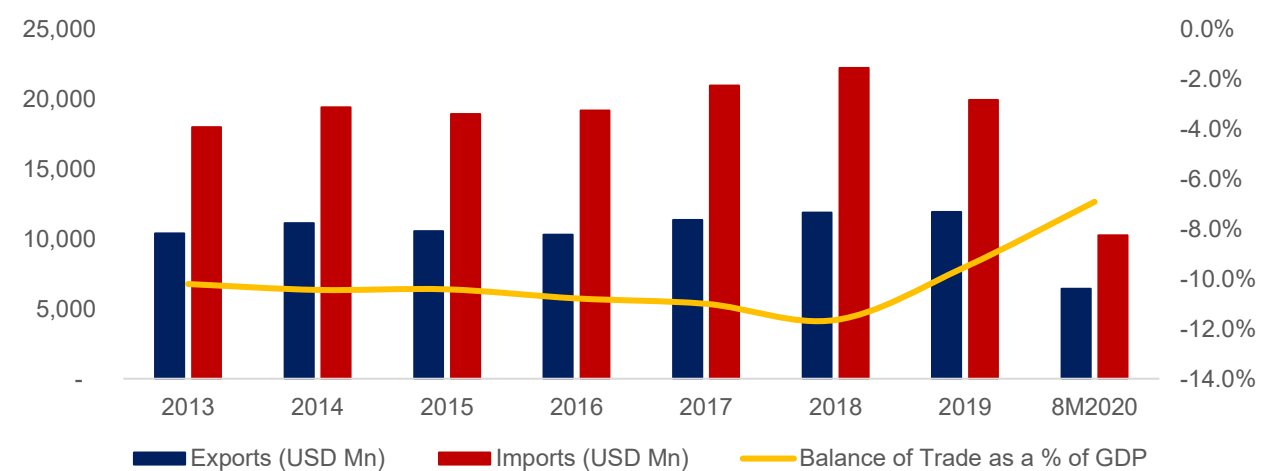
Source: CBSL

Government Fiscal Operations from 2013 – 7M2020



Source: CBSL

Balance of Trade as a % GDP



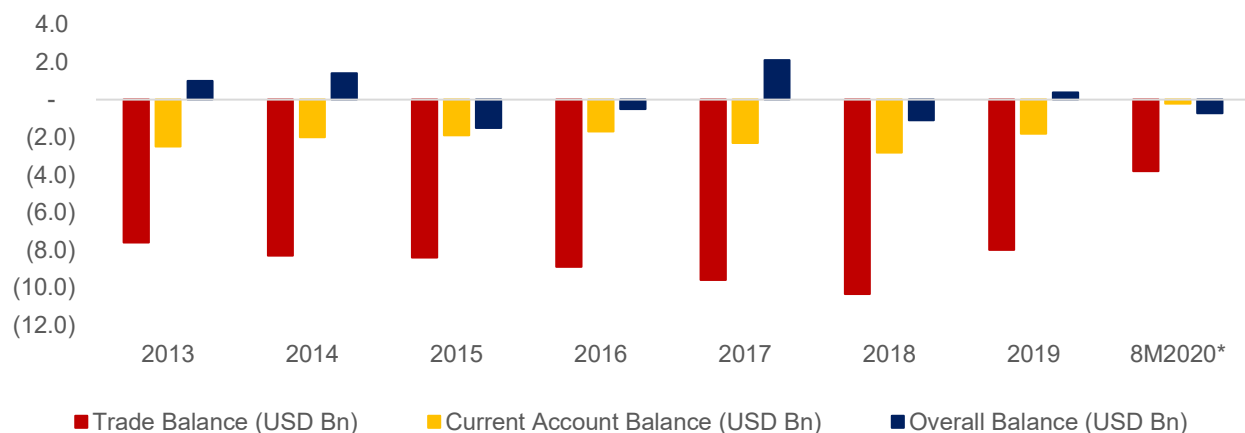
Source: CBSL

External sector has improved with the support of proactive policy measures

The Trade balance narrowed to USD 3.8 Bn during the first eight months of 2020 over the corresponding period of the previous year as the contraction in imports outpaced the contraction in exports, supported by import restrictions and subdued global petroleum prices. Tourist arrivals declined by 63.1% YoY in the first nine months of 2020. Moreover, no tourist arrivals were recorded for the sixth consecutive month in September 2020 as all airports and seaports remained closed for tourist arrivals in view of the COVID-19 pandemic. Moreover, workers' remittances decreased by 1.5% YoY in USD terms during the first eight months of 2020 compared to the same period in 2019.

Source: CBSL

BOP Position



*Current Account Balance for 1Q of 2020

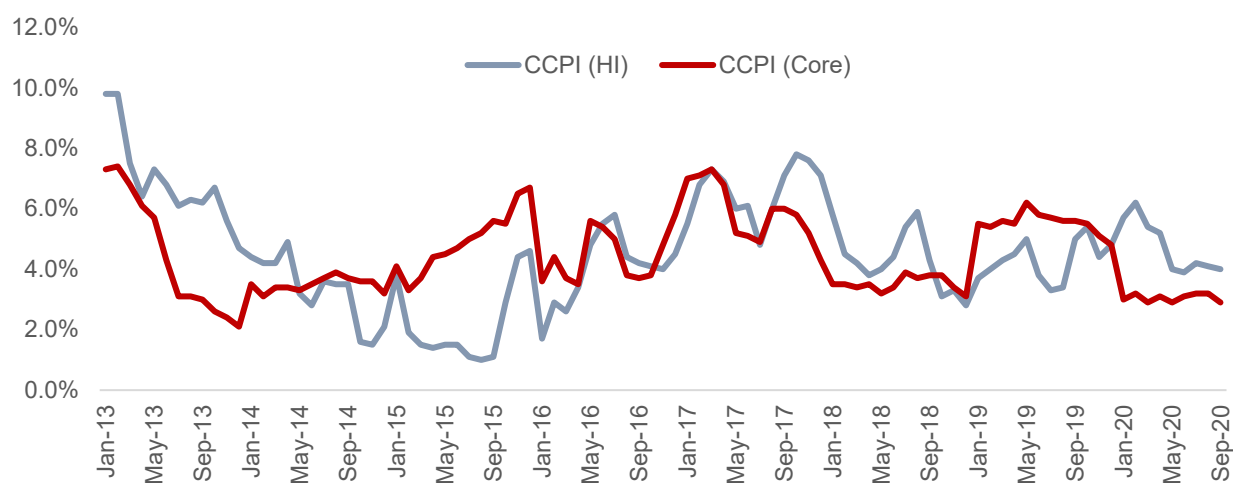
Source: CBSL

Investor appetite for safe haven assets amidst rising global uncertainty

Foreign investment in rupee denominated government securities recorded a net outflow during the period from January to August 2020, partly due to increased investor appetite for safe haven assets amidst rising global uncertainty. CBSL continued to purchase dollars except in March and April with a total 9-month net purchase of USD 255.1 Mn up to September 2020. Meanwhile the overall balance recorded a deficit of USD 0.7 Bn for the eight months ended August 2020. Reflecting these dynamics, gross official reserves were at USD 7.4 Bn, equivalent to 5.8 months of imports as at end August 2020.

Source: CBSL

CCPI Inflation of Headline and Core, YoY Basis



Source: Department of Census and Statistics

Inflation is projected to remain subdued in the near term

Headline inflation, as measured by the year-on-year change in the Colombo Consumer Price Index (CCPI) showed an unexpected uptick, driven by a rapid acceleration in food inflation during January and February before subsiding. Both headline and core inflation accelerated marginally in July 2020 but is still at relatively low levels. Despite short-term fluctuations, inflation is expected to stabilize within the desired range of 4% - 6% over the near to medium term with appropriate policy measures. However, the impact of the measures to stimulate economic growth and the normalization of global oil prices could exert upward pressure on inflation towards mid-2022.

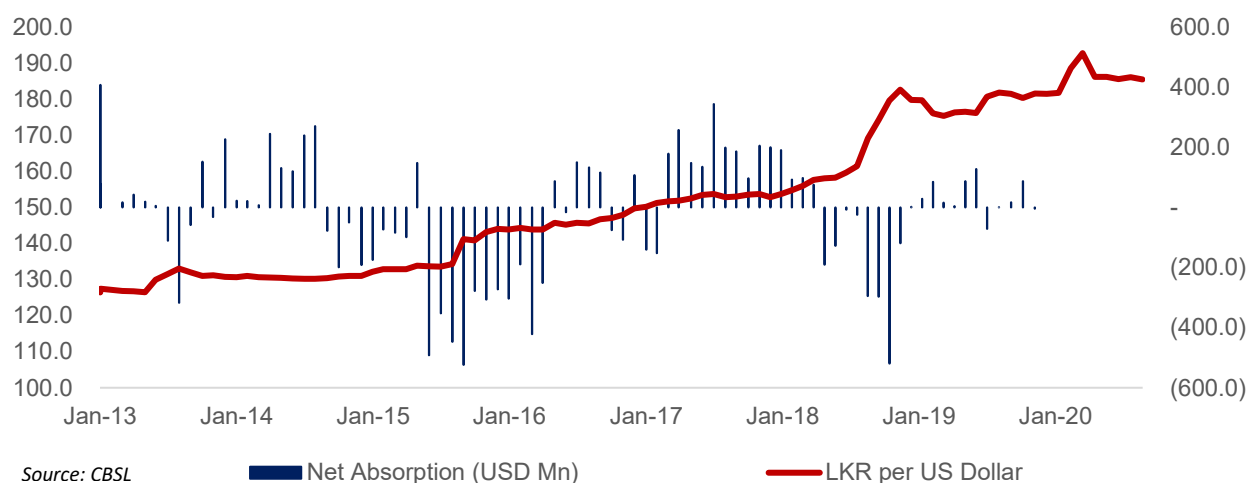
Source: Monetary Policy Review – August 2020

Measures taken by the government to defend the local currency

The rupee has depreciated from the third week of March 2020, driven by the identification of the first Sri Lankan coronavirus patient within the country and the subsequent spread of the virus to several parts of the island. However, some of the recent measures taken to ease pressure on imports is helping in defending the currency and resulted in the appreciation of the rupee from mid-April 2020. The overall depreciation of the rupee during the year to 14th October 2020 is 1.5%.

Source: CBSL

Net Absorption Vs Exchange Rate



Enhancing affordability of credit will support the recovery in economic activity

A series of policy and regulatory measures taken by the Central Bank in 2020, show a noticeable decline in market lending rates in July 2020. On average, interest rates applicable on new lending by commercial banks has reduced to single digit level as a result of the gradual decline in market lending rates.

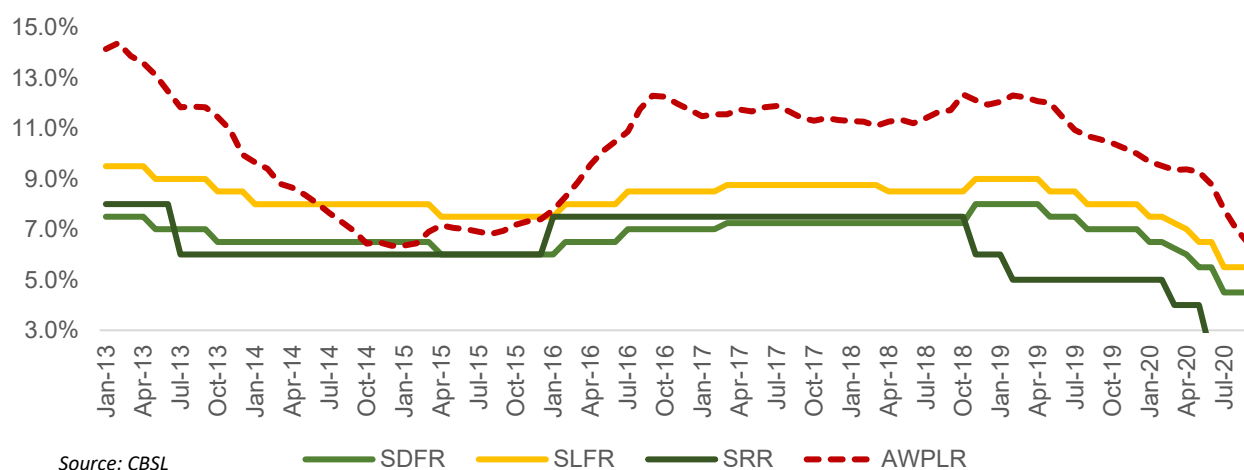
Source: Monetary Policy Review – August 2020

Further measures to promote lending

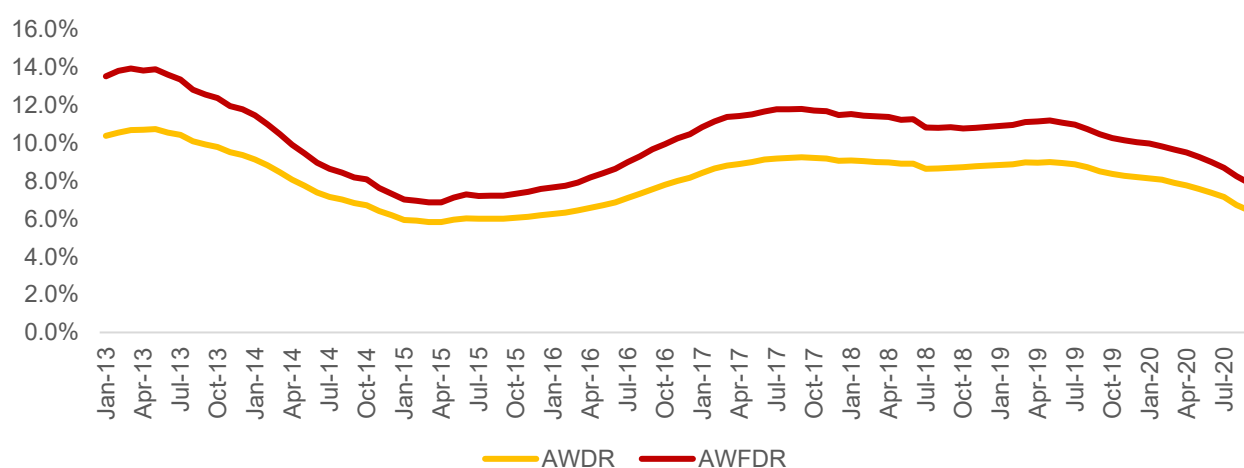
With the view that the current accommodative monetary policy stance is appropriate, the Monetary Board decided to maintain the Standing Deposit Facility Rate (SDFR), Standing Lending Facility Rate (SLFR) and Statutory Reserve Ratio (SRR) at their current levels of 4.50%, 5.50% and 2.00% respectively. However, the Central Bank has reduced the SDFR, SLFR, SRR and bank rate by a total of 250 bps, 250 bps, 300 bps and 650 bps respectively thus far during 2020. Moreover, the Monetary Board decided to adopt targeted measures to reduce specific interest rates that it considered to be excessive, which in turn would help marginal borrowers. As a result, the Monetary Board decided to revise downward the caps on interest rates on credit cards to 18% per annum, on pre-arranged temporary overdrafts to 16% per annum and on pawning facilities to 10% per annum. The Board was of the view that penal interest rates needed to be capped at 2 percentage points over the regular interest rates charged on a relevant credit facility. The Central Bank says it will continue to monitor domestic and global macroeconomic and financial market developments and take necessary measures to support the economy, given subdued levels of inflation.

Source: Monetary Policy Review – August 2020

Policy Rates Movements Vs AWPLR



Movements in AWDR and AWFDR



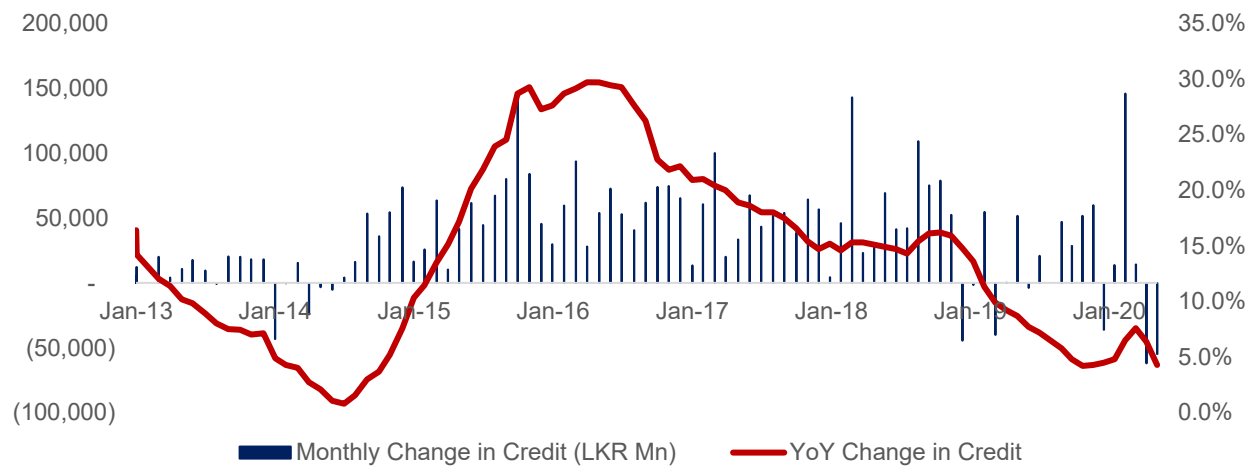
Source: CBSL

Slow growth of credit to private sector expected to recover gradually

The Growth of credit to the private sector decelerated in June 2020 YoY in spite of a large surplus in liquidity in the market. However, a gradual recovery in credit extended to the private sector is expected in the period ahead, driven by increased economic activity, improving business sentiment, enhanced political stability, declining market lending rates and rising credit disbursement on account of concessional credit schemes for businesses affected by the pandemic.

Source: Monetary Policy Review – August 2020

Credit Granted by Commercial Banks to Private Sector



Source: CBSL

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

03. Fund Performance – Assetline Income Fund (AINF)

The NAV of the Assetline Income Fund (AINF) as at 30th September 2020 was Rs. 4.1 Bn and the fund recorded a 7.79% financial-year yield, while the number of unit holders was 989.

The NAV was Rs. 2.0 Bn on 31st March 2020 and fluctuated within a range of Rs. 2.0 Bn and Rs. 4.1 Bn during the period ending 30th September 2020.

The financial-year yield of AINF continued to decline from the month of April, reaching 7.79% on 30th September 2020, compared to 10.20% as at 31st March 2020. The decline in the yield was mainly driven by the challenging economic and business environment created by the Covid 19 pandemic which resulted in continuous policy rate cuts to spur economic growth. 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 7.79% which was the prevailing yield as of 30th September 2020. Given our opinion of

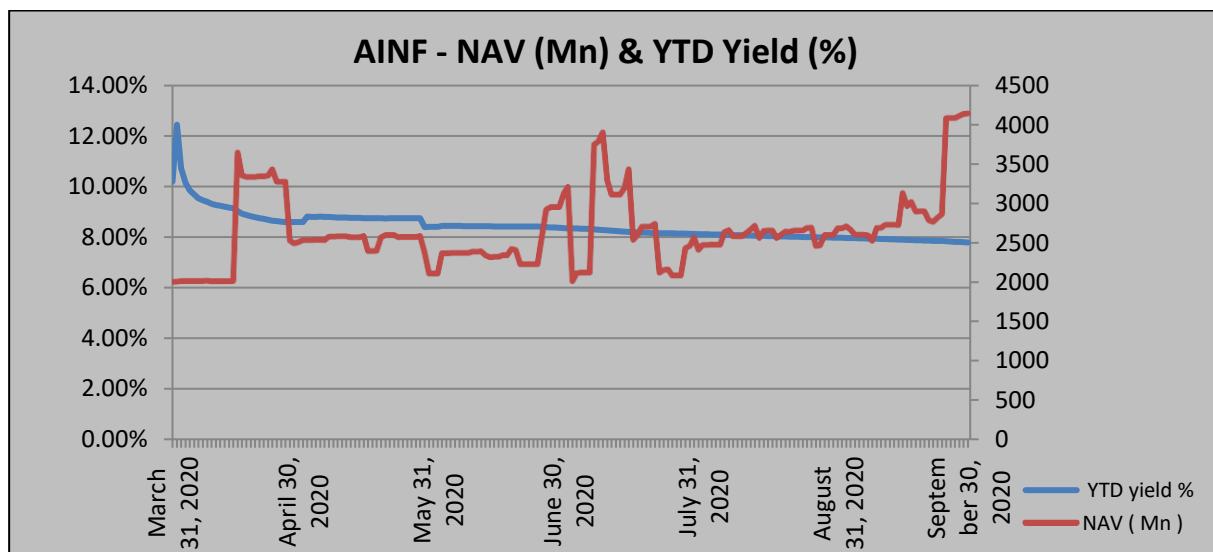
future interest rate movements and to mitigate risk of uncertainty, funds were invested in banks with sound credit ratings in a mixed tenor of up to one year.

The number of unit holders in AINF reduced by 2.94% to 989 from 1,019 during the 6-month period.

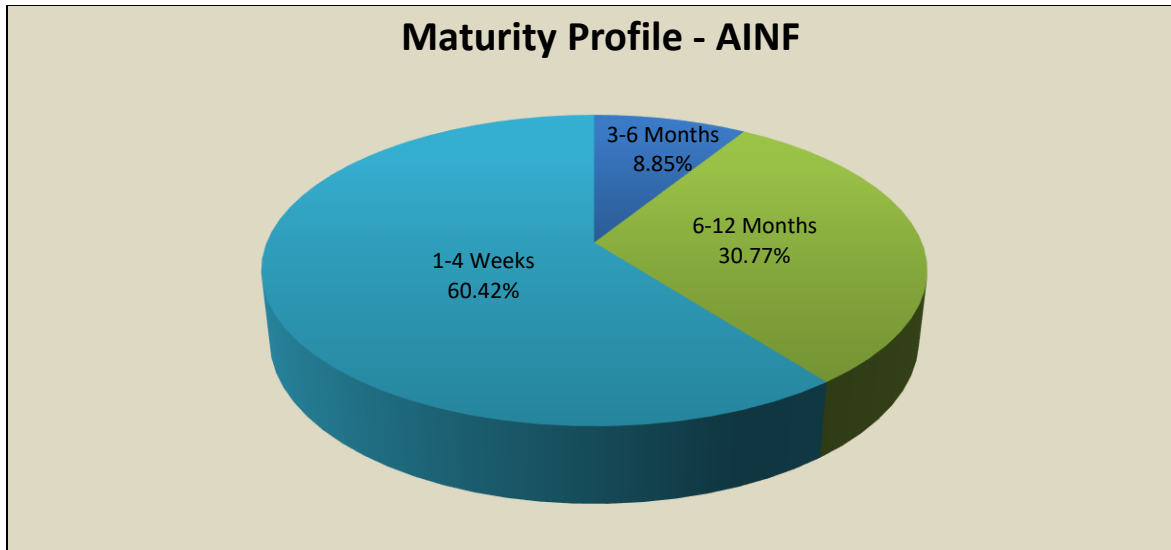
Fund managers paid more emphasis to enabling liquidity for the unit holders and placed a higher portion in a 1-4-week maturity bucket whereas the balance portion was invested in mixed tenors of up to 1 year.

The AINF has an investment mix of fixed deposits, money market savings accounts and commercial papers, with 56.24% of the funds invested in money market savings accounts.

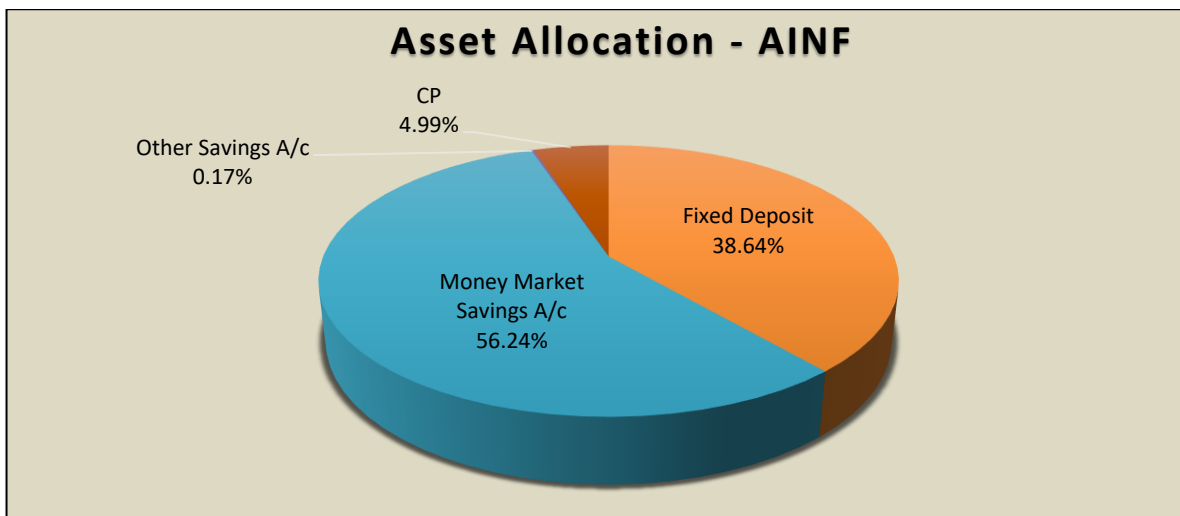
From the funds under management 94.8% was invested in companies with a credit rating of A+ or above; of this the majority was “A+” credit rating (73.97%) and 15.74% of funds were invested in counter parties with “AA+” followed by “AA-” and “A”, at 5.17% and 4.99% respectively.



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



(Figure 2: Maturity profile of AINF)



(Figure 3: Asset allocation of AINF as at 30th September 2020)

Rating	Fitch		ICRA		Total	
	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV
AA+	650,697,038	15.7%	-	0.0%	650,697,038	15.7%
AA-	213,722,630	5.2%	-	0.0%	213,722,630	5.2%
A+	3,058,870,595	73.9%	-	0.0%	3,058,870,595	73.9%
A	2,049	0%	206,178,192	5.0%	206,180,241	5.0%
BBB	7,491,817	0.2%	-	0.0%	7,491,817	0.2%
Total	3,930,784,129	95.0%	206,178,192	5.0%	4,136,962,321	100%

(Figure 4: Credit profile of AINF)

ASSETLINE INCOME FUND

Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees)

	Note	For the period from 1 April 2020 to 30 September 2020 (Unaudited)	For the year ended 31 March 2020 (Audited)
<u>Investment Income</u>			
Interest income from financial assets at amortised cost	01	110,382,703	260,792,723
Total investment income		110,382,703	260,792,723
<u>Expenses</u>			
Management fee		(6,621,432)	(12,428,232)
Trustee and custodian fee		(3,380,016)	(6,652,134)
Audit fee		(121,596)	(253,514)
Professional fee		(17,548)	(35,096)
Other operating expenses		(206,039)	(508,972)
Total operating expenses		(10,346,631)	(19,877,948)
Net operating profit		100,036,073	240,914,775
Profit after deductions and before tax		100,036,073	240,914,775
Income tax expense		-	-
Increase in net assets attributable to unitholders		100,036,073	240,914,775

ASSETLINE INCOME FUND

Statement of Financial Position

(all amounts in Sri Lanka Rupees)

	Note	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)
<u>ASSETS</u>			
<u>Current assets</u>			
Cash and cash equivalents		7,421,237	8,151,501
Financial assets at amortised cost	02	4,129,902,642	1,993,875,031
Income tax receivables		42,338,456	42,338,456
Total assets		4,179,662,335	2,044,364,988
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accrued expenses and other payables		2,048,585	1,721,955
Liabilities (Excluding net assets attributable to unitholders)		2,048,585	1,721,955
<u>UNITHOLDERS' FUNDS</u>			
Net assets attributable to unitholders		4,177,613,750	2,042,643,033
Total unitholders' funds and liabilities		4,179,662,335	2,044,364,988



.....
Managing Director
Management Company



.....
Director
Management Company

ASSETLINE INCOME FUND

Statement of Changes in Unitholders' Funds

(all amounts in Sri Lanka Rupees)

	For the period from 1 April 2020 to 30 September 2020 (Unaudited)	For the year ended 31 March 2020 (Audited)
Unitholders' funds at beginning of the period	2,042,643,033	3,032,808,814
Increase in net assets attributable to unitholders	100,036,073	240,914,775
Received on unit creations	15,809,187,325	14,853,055,482
Paid on unit redemptions	(13,774,252,681)	(16,084,136,038)
Unitholders' funds at end of the period	4,177,613,750	2,042,643,033

ASSETLINE INCOME FUND

Statement of Cash Flows

(all amounts in Sri Lanka Rupees)

	For the period from 1 April 2020 to 30 September 2020 (Unaudited)	For the year ended 31 March 2020 (Audited)
Cash flows from operating activities		
Proceeds from sale of Financial assets at amortised cost	38,053,549,673	44,934,111,424
Purchase of Financial assets at amortised cost	(40,229,909,083)	(43,964,217,673)
Other payables	-	500
Interest received	150,714,501	277,309,060
Management fees paid	(6,362,356)	(12,880,521)
Other expenses paid	(3,657,644)	(7,758,251)
Net cash flows from operating activities	(2,035,664,908)	1,226,564,540
Cash flows from financing activities		
Proceeds from subscription by unitholders	15,809,187,325	14,853,055,482
Payment for redemption by unitholders	(13,774,252,681)	(16,084,136,038)
Net cash flows from financing activities	2,034,934,644	(1,231,080,556)
Net increase / (decrease) in cash and cash equivalents	(730,264)	(4,516,017)
Cash and cash equivalents at beginning of the period	8,151,501	12,667,518
Net increase / (decrease) in cash and cash equivalents	(730,264)	(4,516,017)
Cash and cash equivalents at end of the period	7,421,237	8,151,501

ASSETLINE INCOME FUND

Notes to the Financial Statements

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

01 Interest income from financial assets at amortised cost

	For the period from 1 April 2020 to 30 September 2020 (Unaudited)	For the year ended 31 March 2020 (Audited)
Interest income from fixed deposits	77,670,558	224,270,325
Interest income from money market savings	23,215,762	36,522,398
Interest Income From commercial papers	9,496,384	-
Total Interest income from financial assets at amortised cost	110,382,703	260,792,723

02 Financial assets measured at amortised cost

	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)
Investment in fixed deposits	1,597,850,916	1,680,184,210
Investment in money market savings	2,325,873,534	313,690,821
Investment in Commercial paper	206,178,192	-
Total financial assets at amortised cost	4,129,902,642	1,993,875,031

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

	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)
Net Asset Value as per Interim Financial Statements	4,177,613,750	2,042,643,033
Less :		
Income Tax Receivable	(42,338,456)	(42,338,456)
Net Asset Value as per SEC Return	4,135,275,294	2,000,304,577

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

The NAV of the Assetline Income Plus Growth Fund (AIGF) as at 30th September 2020 was 1,108.6 Mn and the fund recorded a 20.08% financial-year yield, while the number of unit holders was 120.

AIGF's financial- year yield was 8.73% as of 31st March 2020 and fluctuated within a range of 3.89% and 24.90% during the period ending 30th September 2020.

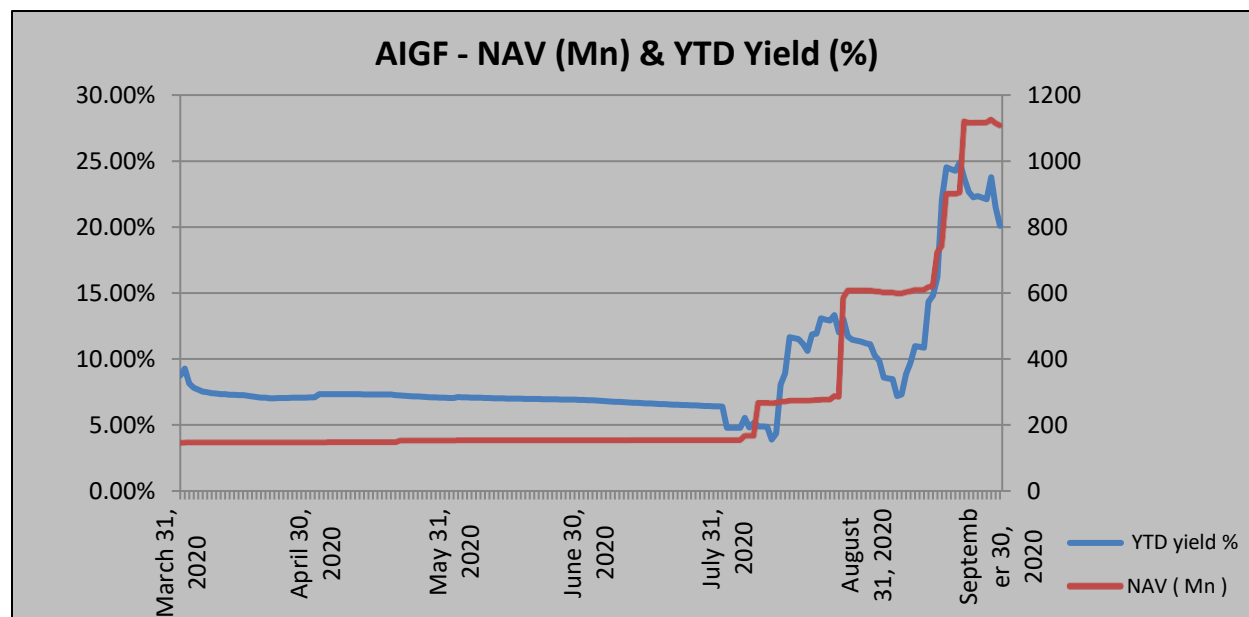
With the Central Bank of Sri Lanka following an accommodative monetary policy to provide relief to affected parties who were impacted by Covid-19 pandemic and to encourage economic growth, fund managers decided to shift from fixed income investments (FIS) to equity. It was also identified as a better income generating avenue compared with FIS as historical dividend yields on some of the stocks were better than 1-year FD rates in addition to their valuations. The combination of equity and FIS were kept at 70:30 which would make it eligible for tax free status as per the Unit Trust policy guide proposed by the Department of Fiscal Policy. The equity portfolio was built up after an in-depth analysis of stocks giving priority to

shares which would offset the low returns generated from fixed income instruments due to the decline in market interest rates through its dividend income. Additionally, the potential long-term capital appreciation was considered when selecting the stocks.

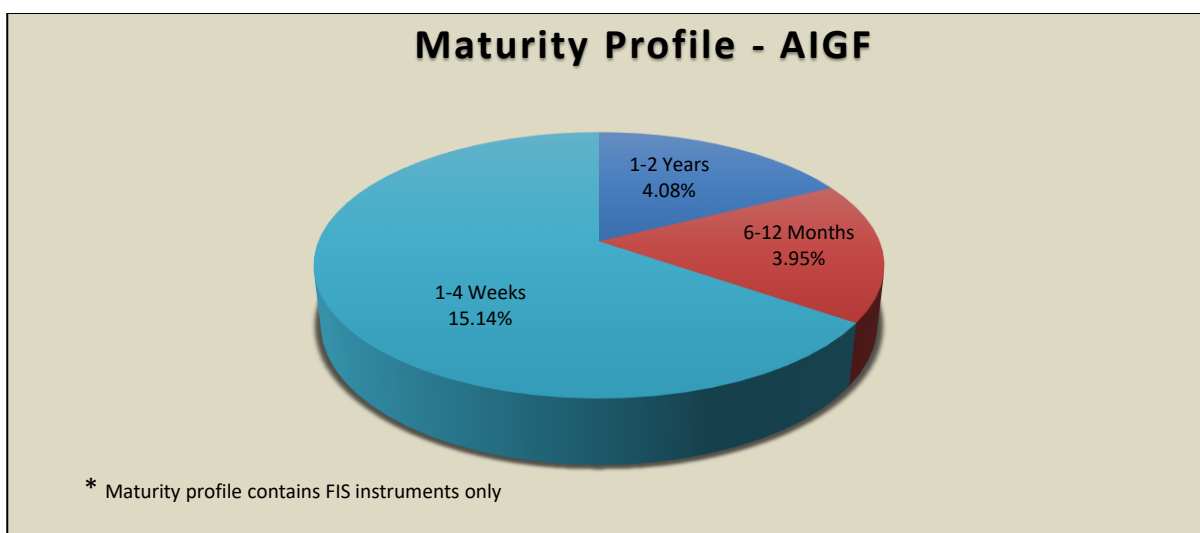
The FIS portfolio has an investment mix of fixed deposits, money market savings accounts and commercial papers whilst equity investments make up 76.92% of the NAV.

The maturities of fixed income portfolio of AIGF are diversified ranging from short term to long term with 15.14% of the investments in the fixed income portfolio maturing in "1-4" weeks followed by 4.08% and 3.95% of the investments maturing in the "1-2" years and "6-12" months categories respectively.

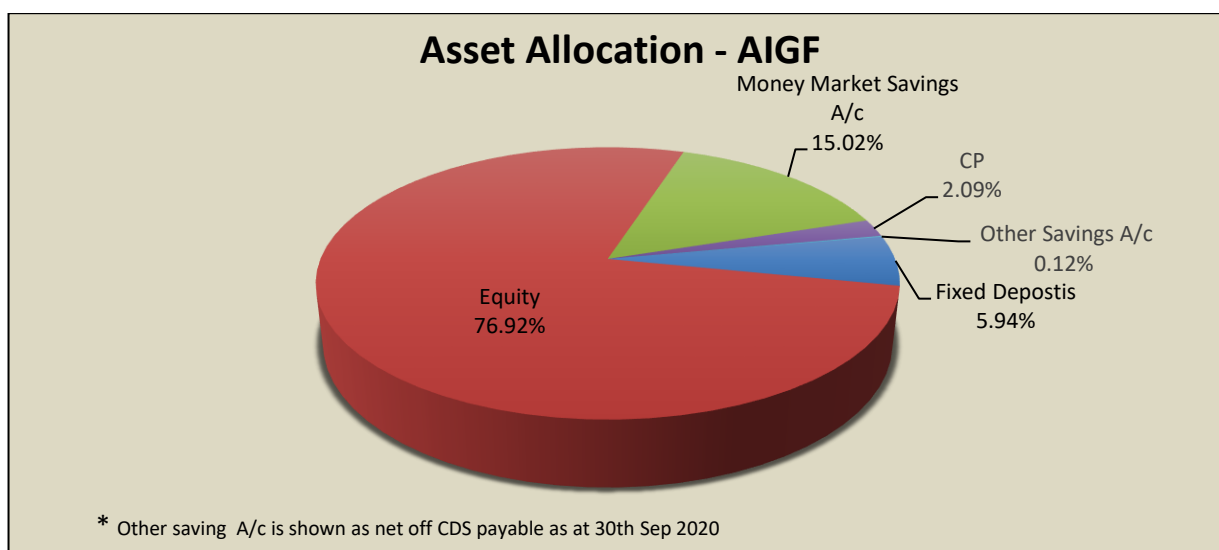
20.9% from the NAV is invested in FIS counterparties with "A+" rating and above, while 2.2% is with counterparties with credit rating between "BBB" to "A".



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



(Figure 2 : FIS Maturity profile of AIGF as at 30th September 2020)



(Figure 3 : Asset allocation of AIGF as at 30th September 2020)

Rating	Fitch		ICRA		Total	
	Amount	As a % of NAV	Amount	As a % of NAV	Amount	As a % of NAV
AA-	30,183,082	2.70%		0.00%	30,183,082	2.70%
A+	202,178,353	18.20%	-	0.00%	202,178,353	18.20%
A	-		23,123,941	2.10%	23,123,941	2.10%
BBB	1,359,435	0.10%	-	0.00%	1,359,435	0.10%
Total	233,720,870	21.00%	23,123,941	2.10%	256,844,811	23.10%

(Figure 4 : Credit profile of AIGF – Fixed Income Securities as at 30th September 2020)

ASSETLINE INCOME PLUS GROWTH FUND

Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees)

	Note	For the period from 1 April 2020 to 30 September 2020 (Unaudited)	For the year ended 31 March 2020 (Audited)
<u>Investment Income</u>			
Interest income from financial assets at amortised cost	01	6,135,195	12,874,916
Dividend income		51,175	-
Net gains on financial assets at fair value through profit or loss	02	40,340,914	2,252,534
Total investment income		46,527,284	15,127,450
<u>Expenses</u>			
Management fee		(1,437,780)	(1,498,038)
Trustee and custodian fee		(503,617)	(709,561)
Audit fee		(121,596)	(253,514)
Professional fee		(17,548)	(35,096)
Brokerage Charges		(9,143,540)	-
Other operating expenses		(17,282)	(25,709)
Total operating expenses		(11,241,363)	(2,521,918)
Net operating profit		35,285,921	12,605,532
Profit after deductions and before tax		35,285,921	12,605,532
Income tax expense		-	-
Increase in net assets attributable to unitholders		35,285,921	12,605,532

ASSETLINE INCOME PLUS GROWTH FUND

Statement of Financial Position

(all amounts in Sri Lanka Rupees)

	Note	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)
<u>ASSETS</u>			
<u>Current assets</u>			
Cash and cash equivalents		12,815,637	97,124
Financial assets at amortised cost	03	255,485,376	146,855,380
Financial assets held at fair value through profit or loss	04	852,763,882	11,900
Income tax receivables		1,622,001	1,622,001
Total assets		1,122,686,896	148,586,405
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accrued expenses and other payables		12,459,062	418,981
Liabilities (Excluding net assets attributable to unitholders)		12,459,062	418,981
<u>UNITHOLDERS' FUNDS</u>			
Net assets attributable to unitholders		1,110,227,834	148,167,424
Total unitholders' funds and liabilities		1,122,686,896	148,586,405



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Managing Director
Management Company



.....
Director
Management Company

ASSETLINE INCOME PLUS GROWTH FUND

Statement of Changes in Unitholders' Funds

(all amounts in Sri Lanka Rupees)

	For the period from 1 April 2020 to 30 September 2020 (Unaudited)	For the year ended 31 March 2020 (Audited)
Unitholders' funds at beginning of the period	148,167,424	210,769,592
Increase in net assets attributable to unitholders	35,285,921	12,605,532
Received on unit creations	926,849,010	67,821
Paid on unit redemptions	(74,521)	(75,275,520)
Unitholders' funds at end of the period	1,110,227,834	148,167,424

ASSETLINE INCOME PLUS GROWTH FUND

Statement of Cash Flows

(all amounts in Sri Lanka Rupees)

	For the period from 1 April 2020 to 30 September 2020 (Unaudited)	For the year ended 31 March 2020 (Audited)
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through profit or loss	41,249,762	30,970,000
Purchase of financial assets at fair value through profit or loss	(842,356,744)	(15,067)
Proceeds from sale of Financial assets at amortised cost	5,658,678,085	1,496,188,493
Purchase of Financial assets at amortised cost	(5,770,604,045)	(1,460,959,681)
Dividend received	51,175	-
Interest received	9,431,160	11,668,761
Management fees paid	(898,232)	(1,550,858)
Other expenses paid	(9,607,137)	(1,069,764)
Net cash flows from operating activities	(914,055,976)	75,231,885
Cash flows from financing activities		
Proceeds from subscription by unitholders	926,849,010	67,821
Payment for redemption by unitholders	(74,521)	(75,275,521)
Net cash flows from financing activities	926,774,489	(75,207,700)
Net increase / (decrease) in cash and cash equivalents	12,718,513	24,186
Cash and cash equivalents at beginning of the period	97,124	72,938
Net increase / (decrease) in cash and cash equivalents	12,718,513	24,186
Cash and cash equivalents at end of the period	12,815,637	97,124

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

	For the period from 1 April 2020 to 30 September 2020 (Unaudited)	For the year ended 31 March 2020 (Audited)
Interest income from fixed deposits	1,938,696	9,388,527
Interest Income From commercial papers	1,123,940	-
Interest Income From Money Market Savings	3,072,559	3,486,388
Total interest income from financial assets at amortised cost	6,135,195	12,874,916

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

	For the period from 1 April 2020 to 30 September 2020 (Unaudited)	For the year ended 31 March 2020 (Audited)
Net gain / (loss) on financial assets held for trading	40,340,914	(3,167)
Net gain / (loss) on financial assets designated as at fair value through profit or loss	-	2,255,701
	40,340,914	2,252,534
Net realised gain / (loss) on financial assets at fair value through profit or loss: (a)	5,089,246	1,747,998
Net unrealised gain / (loss) on financial assets at fair value through profit or loss	35,251,668	507,703
	40,340,914	2,255,701
(a) Net realised gain on financial assets measured at fair value through profit or loss:		
Gain/(Loss) on disposal of equity securities	5,089,246	-
Interest income on debentures	-	1,747,998
	5,089,246	1,747,998

03 Financial assets measured at amortised cost

	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)
Investment in fixed deposits	65,847,205	60,377,959
Investment in money market savings	166,514,230	86,477,421
Investment in commercial papers	23,123,940	-
Total financial assets at amortised cost	255,485,376	146,855,380

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

	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)
Financial assets held for trading		
Equity securities (see note (a) below)	852,763,882	11,900
Total financial assets held for trading	852,763,882	11,900
Total financial assets at fair value through profit or loss	852,763,882	11,900

a) Investment in equity securities:

As at 30 September 2020

<u>Company</u>	<u>Number of Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Percentage of Net Assets</u>
<u>BANKS</u>				
COMB-N-0000 COMMERCIAL BANK OF CEYLON PLC	350,000	28,597,915	27,965,000	2.52%
COMB-X-0000 COMMERCIAL BANK OF CEYLON PLC	1,770,354	120,000,993	123,747,745	11.15%
DFCC-N-0000 DFCC BANK PLC	654,102	43,561,088	45,721,730	4.12%
HNB -N-0000 HATTON NATIONAL BANK PLC	735,000	91,533,334	93,345,000	8.41%
HNB -X-0000 HATTON NATIONAL BANK PLC	600,000	53,629,693	59,760,000	5.38%
NDB -N-0000 NATIONAL DEVELOPMENT BANK PLC	186,988	14,090,693	16,641,932	1.50%
NTB -N-0000 NATIONS TRUST BANK PLC	1,120,824	71,536,008	69,491,088	6.26%
SAMP-N-0000 SAMPATH BANK PLC	1,140,020	147,485,457	150,482,640	13.55%
		570,435,181	587,155,134	
<u>CAPITAL GOODS</u>				
HHL -N-0000 HEMAS HOLDINGS PLC	676,513	41,727,533	50,535,521	4.55%
JKH -N-0000 JOHN KEELLS HOLDINGS PLC	919,999	121,701,011	123,831,865	11.15%
RCL -N-0000 ROYAL CERAMICS LANKA PLC	49,000	4,040,724	5,654,600	0.51%
SPEN-N-0000 AITKEN SPENCE PLC	190,247	7,616,415	7,590,855	0.68%
		175,085,683	187,612,842	
<u>CONSUMER DURABLES & APPAREL</u>				
TJL -N-0000 TEXTURED JERSEY LANKA PLC	313,569	9,404,607	10,943,558	0.99%
MGT -N-0000 HAYLEYS FABRIC PLC	400,000	8,982,929	10,400,000	0.94%
		18,387,536	21,343,558	
<u>FOOD BEVERAGE & TOBACCO</u>				
MELS-N-0000 MELSTACORP LIMITED	400,000	11,432,144	13,800,000	1.24%
		11,432,144	13,800,000	
<u>MATERIALS</u>				
LLUB-N-0000 CHEVRON LUBRICANTS LANKA PLC	106,558	8,230,641	9,249,234	0.83%
		8,230,641	9,249,234	
<u>TELECOMMUNICATION SERVICES</u>				
DIAL-N-0000 DIALOG AXIATA PLC	3,000,278	33,944,197	33,603,114	3.03%
		33,944,197	33,603,114	
Total value of Equity securities		817,515,381	852,763,882	

As at 31 March 2020

<u>Company</u>	<u>Number of Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Percentage of Net Assets</u>
<u>BANKS</u>				
SAMP-N-0000 SAMPATH BANK PLC	100	15,067	11,900	0.01%
		15,067	11,900	

ASSETLINE INCOME PLUS GROWTH FUND

Notes to the Financial Statements (Contd...)

(all amounts in Sri Lanka Rupees)

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

	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)
Net Asset Value as per Interim Financial Statements	1,110,227,834	148,167,424
Less :		
Income Tax Receivable	(1,622,001)	(1,622,001)
Net Asset Value as per SEC Return	1,108,605,833	146,545,423