LYNEAR WEALTH DYNAMIC OPPORTUNITIES FUND
ANNUAL REPORT
FOR THE YEAR ENDED 31ST MARCH 2025

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Fund Manager's Report

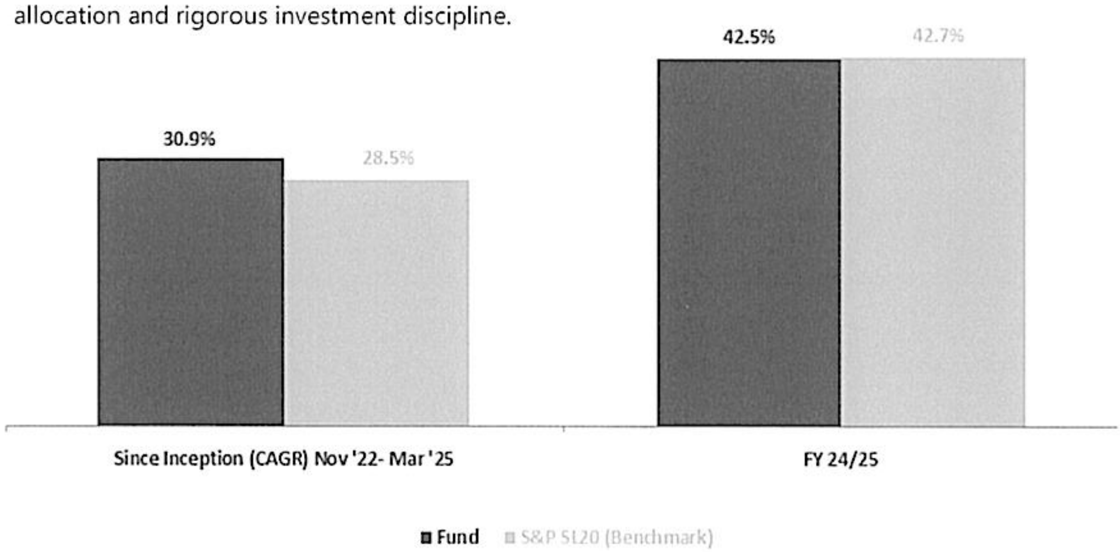
Dear Investors,

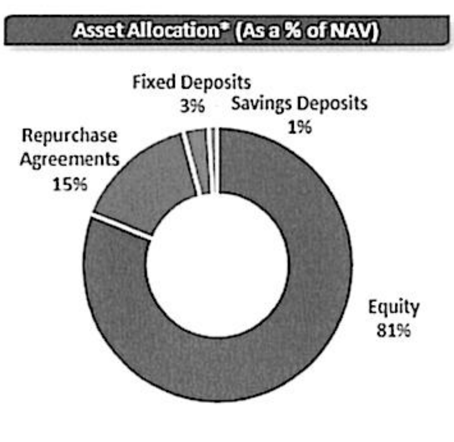
We are pleased to present the Audited Financial Statements of the LYNEAR Wealth Dynamic Opportunities Fund ("the Fund") for the year ended 31st March 2025.

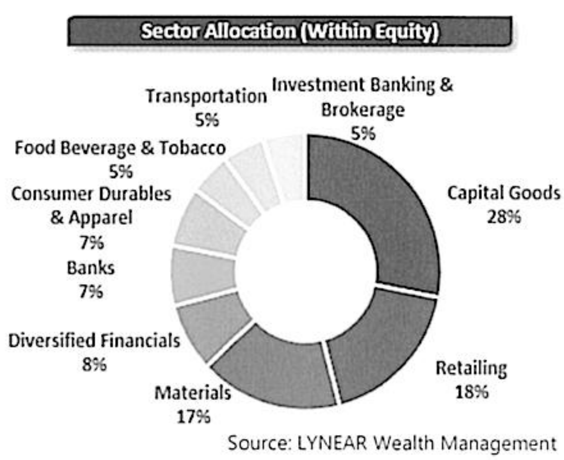
The Fund reported a Profit After Tax of Rs. 590.8 million and delivered a return of 42.5% for the period, marginally underperforming the S&P SL20 Index, which returned 42.7% over the same period. The fund manager prudently reduced the equity allocation during the early part of the financial year in anticipation of election-related volatility in the market, partially shielding the fund when the market materially corrected from July to mid-September.

As the market began to bottom out in August and September, we strategically increased equity allocation to our high-conviction positions, particularly in the construction, materials, consumer, and export-oriented sectors. While the fund returns had much lower volatility than the market, it marginally underperformed the return. We firmly believe that this strategy was in the best interest of the clients, and this was reflected in investor interest in the Fund with it growing to Rs. 3,454 million by 31st March 2025 from Rs. 1,097 million as of 31st March 2024.

We remain committed to delivering strong long-term risk adjusted performance through proactive asset allocation and rigorous investment discipline.

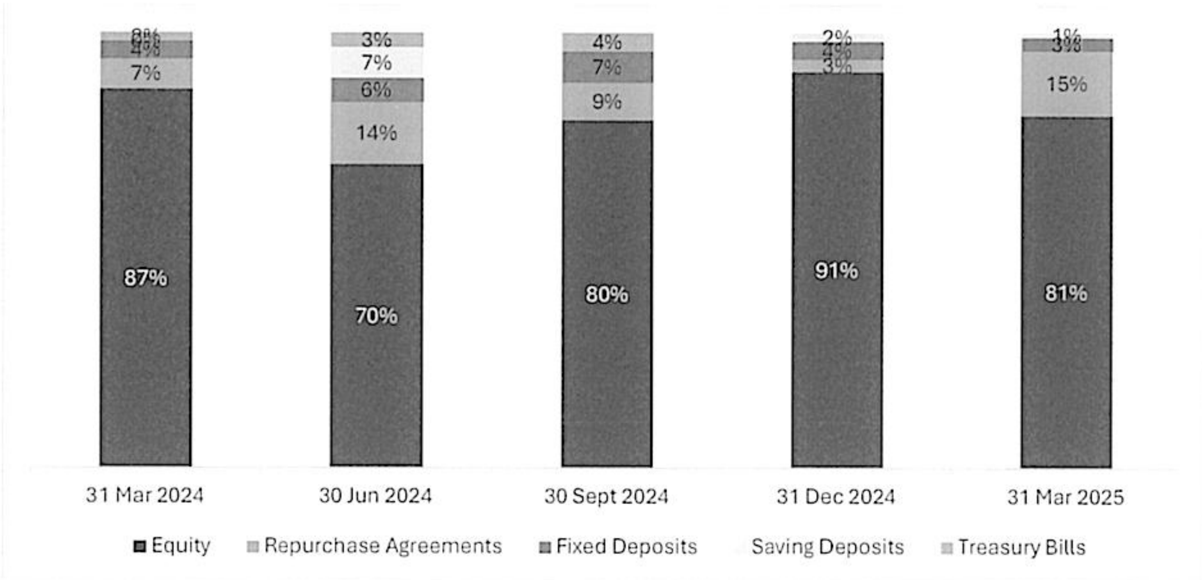






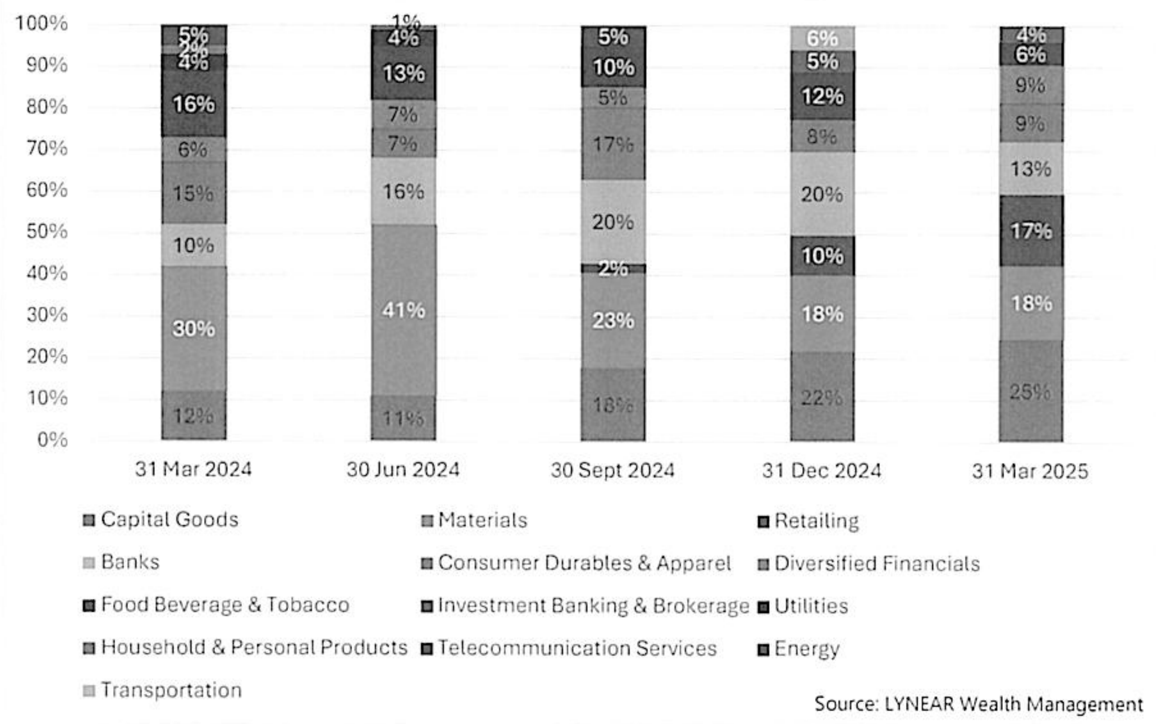
Source: LYNEAR Wealth Management

Quarterly asset allocation as a percentage of NAV from 31st March 2024 to 31st March 2025



Source: LYNEAR Wealth Management

Quarterly sector allocation from 31st March 2024 to 31st March 2025



Source: LYNEAR Wealth Management

Investment Environment

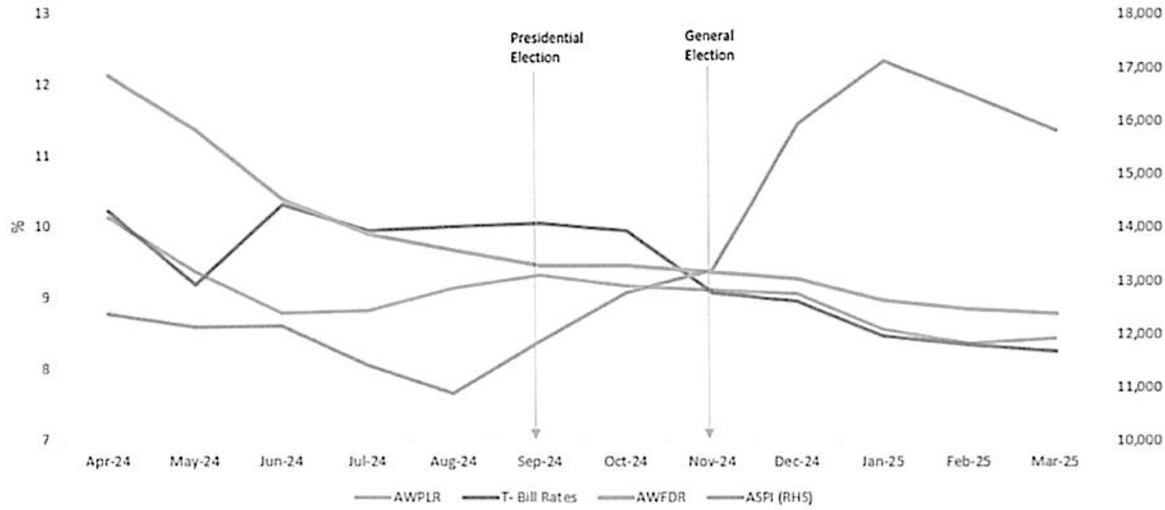
During FY25, Sri Lanka's investment environment demonstrated encouraging signs of stabilization, supported by the conclusion of sovereign debt restructuring, and continued commitment to the IMF program despite the change of government.

In the early part of the year, equity indices gained positive momentum, driven by a sharp drop in fixed income yields—possibly redirecting fund inflows from debt to equities—better-than-expected corporate earnings, optimism surrounding external debt restructuring, and improved macroeconomic fundamentals.

However, during July to early September the equity market corrected, and yields rose with uncertainty around the outcome of the presidential election. However, the market rebounded strongly and yields declined following the September 2024 Presidential Election, with the incoming president committing himself to the IMF program. The market was further lifted by a two-thirds majority victory by the ruling party in the General Elections, alongside strengthening economic indicators. This was supported by upgrades in sovereign credit ratings—Fitch raised the Long-Term Foreign-Currency Issuer Default Rating from Restricted Default (RD) to CCC+, while Moody's upgraded it from "Ca" to "Caa1."

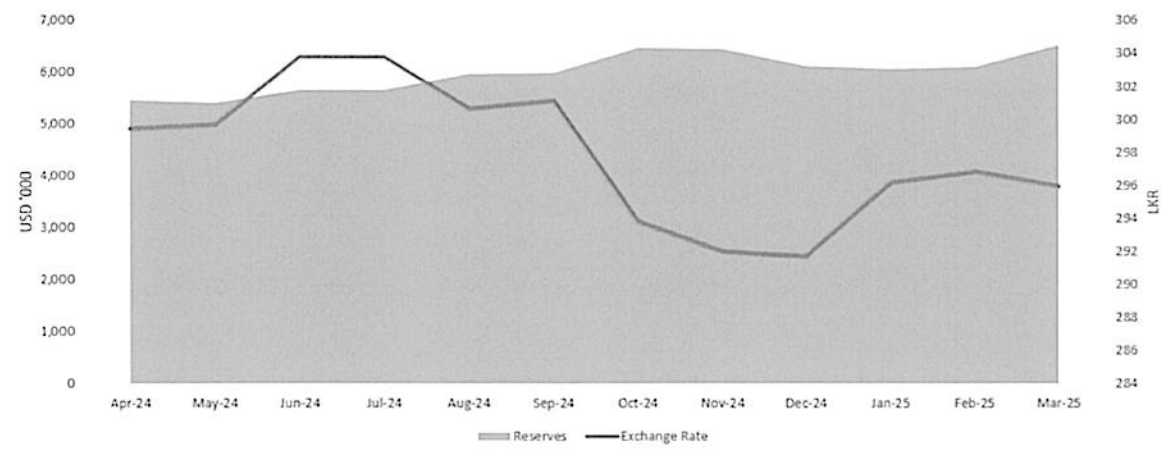
Throughout FY25, the Central Bank of Sri Lanka (CBSL) undertook a series of monetary policy adjustments aimed at stabilizing inflation and supporting economic growth. In March 2024, CBSL reduced the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) by 50 basis points to 8.50% and 9.50%, respectively. This was followed by a further 25 basis point reduction in July, bringing the SDFR to 8.25% and the SLFR to 9.25%. In a significant shift in November 2024, CBSL introduced a single policy rate—the Overnight Policy Rate (OPR) set at 8.00%, with the SDFR and SLFR maintained within a ±50 basis point corridor. As a result, by 31st March 2025, the SDFR had declined to 7.50% from 8.50% a year earlier, and the SLFR to 8.50% from 9.50%.

These monetary easing measures contributed to a broad-based decline in market interest rates. The Average Weighted Prime Lending Rate (AWPR) fell to 8.4% by end March 2025, down from 10.7% a year earlier, while the Average Weighted Fixed Deposit Rate (AWFDR) declined to 8.8% from 13.1%. Concurrently, Treasury bill yields also trended downward, reflecting improved liquidity conditions. The overall reduction in fixed income returns, net of taxes, incentivized a shift in investor preference toward equities, facilitating increased fund flows into the stock market during the period.



Source: Central Bank of Sri Lanka, CSE

Investor sentiment was further bolstered by a recovery in gross official reserves from USD 5.6 billion in early 2024 to USD 6.5 billion by March '25 and robust external sector performance. Worker remittances hit a record USD 693 million in March '25, and tourism earnings for the period grew 26.1% compared to last financial year. Despite a 11.6% YoY rise in imports outpacing a 7% export increase, inflows from services, tourism and remittances helped the country to continue to run a current account surplus.



Source: Central Bank of Sri Lanka

LYNEAR WEALTH DYNAMIC OPPORTUNITIES FUND

FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT

FOR THE YEAR ENDED
31 MARCH 2025

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INDEPENDENT AUDITOR'S REPORT
TO THE UNIT HOLDERS OF LYNEAR WEALTH DYNAMIC OPPORTUNITIES FUND

Report on the audit of the financial statements

Opinion
We have audited the financial statements (herein after referred to as financial statements) of LYNEAR Wealth Dynamic Opportunities Fund ("the Fund"), which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in unit holders' Funds and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying 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 its 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.

Other Information
The Fund manager is responsible for the other information. The other information generally comprises the report of the manager but does not include in the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information included in the Fund managers' commentary and we will not, express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on other information that we obtain prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have not been provided with other information and we have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
The Fund manager and trustee are responsible for the preparation and examination of financial statements respectively 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, Fund manager 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 Fund manager 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Fund manager.
- Conclude on the appropriateness of Fund manager'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 are prepared and presented in accordance with and comply with the requirements of the Collective Investment Scheme code (CIS code) of the Securities and Exchange Commission of Sri Lanka and the trust deed.

Deloitte Associates

Deloitte Associates
Chartered Accountants
Colombo

24 July 2025

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LYNEAR WEALTH DYNAMIC OPPORTUNITIES FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2024/2025 Rs.	2023/2024 Rs.
Investment income			
Dividend income	6.1	59,549,530	22,550,226
Interest income	6.2	27,326,675	14,510,646
Gain on sale of financial assets recognised through profit or loss -measured at fair value	9.2	388,381,256	87,582,640
Gain on fair valuation of financial assets recognised through profit or loss -measured at fair value	9.3	260,028,393	53,969,137
Total investment income		735,285,854	178,612,649
Expenses			
Management fee		(32,892,331)	(11,624,373)
Trustee fee		(4,385,645)	(1,711,734)
Audit fee		(1,006,458)	(442,413)
Tax consultancy fee		-	(110,328)
Transaction costs		(86,728,257)	(48,245,187)
Performance fee		(19,017,119)	(8,155,234)
Printing cost		(312,054)	(200,000)
Bank charges		(107,815)	(251,783)
		(144,449,679)	(70,741,052)
Net profit before taxation		**590,836,175**	**107,871,597**
Income tax expenses	7	-	-
Profit for the year		**590,836,175**	**107,871,597**
Increase in net assets attributable to unit holders		**590,836,175**	**107,871,597**

Figures in brackets indicate deductions.

The attached notes from 1 to 20 form an integral part of these financial statements.

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LYNEAR WEALTH DYNAMIC OPPORTUNITIES FUND
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2025

	Note	31.03.2025 Rs.	31.03.2024 Rs.
Assets			
Cash at bank	8	92,358,885	59,140,385
Financial assets recognised through profit or loss - measured at fair value	9	2,799,061,869	973,352,010
Financial assets at amortised cost	10	639,795,823	131,003,455
Other receivables	11	7,213	9,320,977
Total assets		**3,531,223,790**	**1,172,816,827**
Unit holders' funds and liabilities			
Liabilities			
Accrued expenses and other liabilities	12	76,992,506	76,251,049
Total liabilities		**76,992,506**	**76,251,049**
Unit holders' funds			
Net assets attributable to unit holders		3,454,231,284	1,096,565,778
		3,454,231,284	**1,096,565,778**
Total unitholders' funds and liabilities		**3,531,223,790**	**1,172,816,827**
Net assets per unit (Rs.)	13	191.1619	134.2086

The attached notes from 1 to 20 form an integral part of these financial statements.

The Management Company of LYNEAR Wealth Dynamic Opportunities Fund is responsible for the preparation and presentation of these financial statements in accordance with the Sri Lanka Accounting Standards.

Approved by the Fund Management Company and the Trustee on 24 July 2025.

....
(Director of Lynear Wealth Management Company)

....
(Director of Lynear Wealth Management Company)

DEUTSCHE BANK AG
Colombo Branch

....
Deutsche Bank
Trustee

Authorised Signatories

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LYNEAR WEALTH DYNAMIC OPPORTUNITIES FUND
STATEMENT OF CHANGES IN UNIT HOLDERS FUNDS
FOR THE YEAR ENDED 31 MARCH 2025

	Unitholders' capital	Increase in net assets attribute to unitholders	Net assets attributable to unitholders
	Rs.	Rs.	Rs.
Balance as at 1 April 2023	210,022,888	7,246,485	217,269,373
Increase due to unit creation during the period	776,630,136	-	776,630,136
Decrease due to unit redemption during the period	(5,205,328)	-	(5,205,328)
Increase in net assets attributable to unit holders	-	107,871,597	107,871,597
Balance as at 31 March 2024	981,447,696	115,118,082	1,096,565,778
Increase due to unit creation during the period	2,658,149,963	-	2,658,149,963
Decrease due to unit redemption during the period	(891,320,632)	-	(891,320,632)
Increase in net assets attributable to unit holders	-	590,836,175	590,836,175
Balance as at 31 March 2025	2,748,277,027	705,954,257	3,454,231,284

Figures in brackets indicate deductions.

The attached notes from 1 to 20 form an integral part of these financial statements.

LYNEAR WEALTH DYNAMIC OPPORTUNITIES FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2025

	2024/2025 Rs.	2023/2024 Rs.
Cash Flows from Operating Activities		
Interest received	17,607,711	1,819,976
Dividend received	58,034,650	19,470,796
Management fees and trustee fees paid	(33,722,893)	(11,789,487)
Other expenses paid	(1,261,516)	(57,444,320)
Investments in T-Bonds	-	-
Sale proceeds from T-Bonds	-	20,324,275
Investments in T-Bills	(97,717,050)	(37,838,355)
Sale proceeds from redeemed T-Bills	119,628,250	19,000,000
Investments in REPOs	(42,874,366,970)	(13,162,842,734)
Maturity Proceeds in REPO's	42,425,170,970	13,120,800,306
Investments in fixed deposits	(57,000,000)	(38,120,000)
Sale Proceeds from FD	7,120,000	-
Investments in shares	(4,650,828,286)	(2,468,115,264)
Sale proceeds from equity securities	3,346,478,856	1,849,288,852
Net Cash used in Operating Activities	(1,740,856,277)	(745,445,954)
Cash Flows from Financing Activities		
Cash received on creation of units	2,654,593,772	776,710,335
Cash paid on redemption of units	(880,518,995)	(5,205,328)
Net Cash Generated from Financing Activities	1,774,074,777	771,505,006
Net increase in cash and cash equivalents	33,218,500	26,059,052
Cash and cash equivalents at the beginning of the year	59,140,385	33,081,333
Cash and Cash Equivalents at the end of the year	92,358,885	59,140,385

Figures in bracket indicate deductions.

The attached notes from 1 to 20 form an integral part of these financial statements.

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1. Reporting entity

Lynear Wealth Dynamic Opportunities Fund is an Open-Ended Equity and Fixed Income Fund approved by the Securities and Exchange Commission of Sri Lanka on 5 October 2022.

The registered office/ place of business of the unit trust is located at No. 3/1, Lake Crescent, Colombo 02. Lynear Wealth Management (Pvt) Limited is the Managing Company of Lynear Wealth Dynamic Opportunities Fund. Deutsche Bank AG has been appointed as the Trustee and Custodian and their registered office/ place of business is located at Level 21, One Galle Face Tower, 1A, Centre Road, Galle Face, Colombo 2, Sri Lanka.

1.1 Principal activities

The unit trust engages in investment in a diversified pool of listed equity securities and fixed income securities on behalf of its unit holder.

The objective of Lynear Wealth Dynamic Opportunities Fund is to maximize risk adjusted returns on a medium to long term basis by actively investing in a portfolio of listed equity securities & fixed income securities according to the parameters stated in the Collective Investment Scheme code (CIS code).

There were no significant changes in the nature of the principle activities of the unit trust during the period under review.

1.2 Approval of financial statements

The financial statements of the fund for the period ended 31 March 2025 were authorized for issue by the Fund Management Company on 24 July 2025.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the unit trust which comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in unit holders' funds, statement of cash flows and notes thereto have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS and LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka and adopted as directed by the Securities and Exchange Commission of Sri Lanka.

The statement of financial position is presented on a liquidity basis and assets and liabilities are presented in the decreasing order of liquidity and are not distinguished between current and non-current.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for the financial assets at fair value through profit or loss.

2.3 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the unit trust's functional currency.

2. Basis of preparation – (Contd.)

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the Sri Lanka Accounting Standards requires 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 recognised during the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most material effect on the amounts recognised in the financial statements are described in the relevant Notes as follows.

- Recognition and measurement of financial instruments (Note 4.1.1 to 4.1.5)
- Identification, measurement and assessment of impairment (Note 4.1.6)

2.5 Going concern

The management has made an assessment of the unit trust's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, fund manager is not aware of any material uncertainties that may cast significant doubt upon the unit trust's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3. Materiality and aggregation

Each material class of similar item is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

4. Material accounting policies

4.1 Financial instruments

4.1.1 Initial recognition

Financial assets and liabilities are initially recognized on the trade date, i.e. the date that the Fund becomes a party to the contractual provisions of the instrument. This includes purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

4.1.2 Initial measurement of financial instrument

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. At initial recognition, the Fund measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss.

4.1.3 Measurement categories of financial assets and liabilities

The Fund classifies all its financial assets in the following measurement categories:

- those to be measured at amortised cost
- those to be measured at fair value through profit or loss

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4. Material accounting policies – (Contd.)

4.1 Financial instruments – (Contd.)

Financial liabilities of the Fund are measured at amortised cost, and includes all financial liabilities, other than those measured at fair value through profit or loss. These financial liabilities of the Fund include accrued expenses and other payables.

4.1.4 Subsequent measurement

Amortised cost: A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise to cash flows that are sole payments of principal and interest on the principal amount outstanding.

Debt instruments at amortised cost in the statement of financial position comprise of investments in Resale agreements against Government Securities and fixed deposits. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in realised gain/(loss) on debt instruments held at amortised cost.

Fair value through profit or loss: A financial asset is measured at fair value through profit or loss if:

(a) its contractual terms do not give rise to cash flows on specified dates that are sole payments of principal and interest on the principal amount outstanding
or

(b) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell
or

(c) at initial recognition, it is irrevocably designated as measured at fair value through profit or loss and when doing so to eliminate or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on it on different bases.

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within unrealised gains/(losses) in the period in which it arises. Financial assets at fair value through profit or loss at the statement of financial position comprise of investment in Listed Equity Securities and Government Securities.

4.1.5 Financial liabilities

a) Initial recognition and measurement

The Fund determines the classification of its financial liabilities at initial recognition.

The Fund's financial liabilities comprise of accrued expenses and other payables in the statement of financial Position.

b) Subsequent measurement

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

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the profit or loss and other comprehensive income statement when the liabilities are derecognised as well as through the EIR amortisation process.

4. Material accounting policies – (Contd.)

4.1 Financial instruments – (Contd.)

4.1.6 Identification, measurement and assessment of impairment

The Fund assesses on a forward-looking basis, the expected credit losses (ECLs) associated with its debt instruments not held at fair value through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in the credit risk.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).For those credit exposures from which there has been a significant increase in credit risk since the initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Fund uses the ratings from either Fitch Rating Lanka Limited to determine the significant deterioration in credit risk and to estimate the ECLs.

Impairment loss on assets carried at amortised cost is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment loss is recognised in profit or loss if any. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4.1.7 Sale and repurchase agreements

Securities sold subject to repurchase agreements (repos) remain on the statement of financial position, the counterparty liability is included under borrowings. Securities purchased under agreements to resell (reverse repos) are recorded as loans and advances. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

4.1.8 De-recognition

A financial asset is de-recognised when,

1) The right to receive cash flows from the asset has expired.
2) 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,
   - The Fund has transferred substantially all the risks and rewards of the asset or
   - The Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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4. Material accounting policies – (Contd.)

4.1.9 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if:

- there is a currently enforceable legal right to offset the recognised amounts and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

4.2 Provision

A provision is recognised if, as a result of a past event, the unit trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

4.3 Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingent liabilities are possible obligations the existence of which will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the statement of Financial Position but are disclosed unless they are remote.

4.4 Interest

Interest income and expenses on financial instruments which are measured at amortised cost are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the unit trust estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Interest income and expenses presented in the statement of profit or loss include interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis and contractual interest received or receivable on treasury bonds, debentures and securitization papers which have been measured at fair value through profit or loss.

No interest income was recognized on treasury bills which have been measured at fair value through profit or loss since there is no contractual interest income. The gain realized by the discount on the purchase date from the maturity/sale is accounted under realized gain/loss.

Fair value changes on all other financial assets and liabilities carried at fair value through profit or loss, are presented in net trading income in the statement of comprehensive income.

4.5 Gain / (loss) on securities

i. Unrealised gains / (losses) on financial assets at fair value through profit or loss

Unrealised gains / (losses) on financial assets at fair value through profit or loss includes all gains and losses that arise from changes in the fair value of the financial assets at fair value through profit or loss as at the reporting date.

ii. Realised gains / (losses) on financial assets at fair value through profit or loss

Realised gains / (losses) on financial assets at fair value through profit or loss includes realized trading gains and losses on sale of quoted equity securities and government securities.

4. Material accounting policies – (Contd.)

4.6 Income tax expenses

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The fund is not liable to pay income tax as at the reporting date in accordance with the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto. The fund's income generated through investment business are treated as "pass through vehicles" under the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.

4.7 Expenses

The management, trustee and custodian fees of the fund as per the trust deed is as follows,

Management Fee - A Fixed Fee of 1.50%p.a. (on Net Asset Value of the Fund) paid monthly and a Performance Fee of 10% of excess returns over the growth in the S&P Sri Lanka 20 index calculated daily and paid out annually by 31 December.

Trustee Fee - 0.20% p.a. (on Net Asset Value of the Fund) with a minimum charge of Rs. 20,000 per month.

4.8 Unit Holders' Funds

Unit holders' 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 unit holders as at the reporting date.

4.9 Statement of cash flows

The statement of cash flows has been prepared using the ""Direct Method"" of preparing cash flows in accordance with the Sri Lanka Accounting Standard LKAS 7 - "Statement of Cash Flows". Cash and cash equivalents comprise of short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

4.10 Presentation

Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. Where appropriate, the material accounting policies are disclosed in the succeeding notes.

4.11 Events occurring after the reporting period

Events occurring after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date the financial statements are authorised for issue.

All material and important events that occurred after the reporting date have been considered and appropriate disclosures are made in the financial statements.

5. Comparative information

The comparative information is re-classified wherever necessary to conform with the current year's classification in order to provide a better presentation.

		2024/2025	2023/2024
		Rs.	Rs.
6.	**Investment income**		
6.1	Dividend income	59,549,530	22,550,226
6.2	**Interest income on**		
	Financial assets - at fair value through profit and loss	-	211,218
	Financial assets - at amortised cost	26,262,662	13,489,741
	Interest income from savings accounts	1,064,013	809,687
		27,326,675	14,510,646

7. Income tax expenses

Fund is not liable to pay income tax as at the reporting date. The fund's income generated through investment business is treated as "pass through vehicles" under the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendment thereto.

		31.03.2025	31.03.2024
		Rs.	Rs.
8.	**Cash at bank**		
	Deutsche Bank - Savings A/C	92,358,880	59,140,330
	DFCC Money Market Savings A/C	5	55
		92,358,885	59,140,385

The above balance represents as at 31 March 2025 and 31 March 2024 is with creadit rating of (A-) and above.

8.1 Bank balances are maintained only to settle day to day operations. Excess cash balances are reviewed on a daily basis and transferred to the savings account. Remaining cash at bank represents the money market account with DFCC.

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	31.03.2025	31.03.2024
	Rs.	Rs.
9. Financial assets recognised through profit or loss - measured at fair value		
Equity securities *(Note 9.1)*	2,799,061,869	953,758,547
Government securities - Treasury bonds	-	-
Government securities - Treasury bills	-	19,593,463
	2,799,061,869	973,352,010

9.1 Equity securities

31.03.2025

Name of the Stock / Company	Number of shares	Market price of the shares	Market value of shares	Cost of the investment	Unrealized gain/loss	Percentage holding of each investment against the net asset value of the fund
		Rs.	Rs.		Rs.	
ACL Cables PLC	1,678,666	122.00	204,797,252	148,054,262	56,742,990	6%
Access Engineering PLC	4,033,019	38.50	155,271,232	107,252,173	48,019,058	4%
Capital Alliance PLC	2,516,607.00	54.80	137,910,064	130,544,862	7,365,202	4%
C I C Holdings PLC	557,502.00	117.25	65,367,110	66,607,012	(1,239,902)	2%
C I C Holdings PLC	134,523	77.90	10,479,342	11,113,744	(634,402)	0%
Commercial Bank of Ceylon PLC	1,203,762	147.50	177,554,895	141,837,884	35,717,011	5%
C. W. Mackie PLC	1,000,000	108.75	108,750,000	101,120,000	7,630,000	3%
Hatton National Bank PLC	63,988.00	305.00	19,516,340	19,540,809	(24,469)	1%
John Keells Holdings PLC	7,050,000	20.20	142,410,000	147,554,304	(5,144,304)	4%
LB Finance PLC	1,135,776.00	85.80	97,449,581	99,761,331	(2,311,751)	3%
Chevron Lubricants Lanka PLC	792,810	137.50	109,011,375	98,762,788	10,248,587	3%
Melstacorp PLC	1,204,000	127.00	152,908,000	142,374,729	10,533,271	4%
Hayleys Fabric PLC	1,209,394	45.00	54,422,730	58,216,032	(3,793,302)	2%
Digital Mobility Solutions Lanka PLC	2,090,373.00	73.10	152,806,266	103,881,144	48,925,122	4%
People's Leasing & Finance PLC	6,619,567	17.90	118,490,249	122,563,975	(4,073,725)	3%
Royal Ceramics Lanka PLC	3,973,398	37.00	147,015,726	160,109,227	(13,093,501)	4%
R I L Property PLC	10,521,071	15.10	158,868,172	169,391,137	(10,522,964)	5%
Singer (Sri Lanka) PLC	6,853,393	33.20	227,532,648	164,275,455	63,257,193	7%
Sierra Cables PLC	8,344,440	15.70	131,007,708	136,688,531	(5,680,823)	4%
Teejay Lanka PLC	2,783,733	51.00	141,970,383	133,187,762	8,782,621	4%
Tokyo Cement Company (Lanka) PLC	2,309,411	79.00	182,443,469	137,979,487	44,463,982	5%
Tokyo Cement Company (Lanka) PLC	1,593,189.00	64.70	103,079,328	84,247,691	18,831,637	3%
	67,668,622		2,799,061,869	2,485,064,339	313,997,531	

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9. Financial assets recognised through profit or loss - measured at fair value - (Contd.)

9.1 Equity securities - (Contd.)

31.03.2024

Name of the Stock / Company	Number of shares	Market price of the shares	Market value of shares	Cost of the investment	Unrealized gain/loss	Percentage holding of each investment against the net asset value of the fund
		Rs.	Rs.		Rs.	
Access Engineering PLC	1,054,037	22.60	23,821,236	20,676,325	3,144,911	2%
ACL Cables PLC	644,329	84	54,188,069	49,461,573	4,726,496	5%
B P P L Holdings PLC	1,010,662	20.00	20,213,240	19,995,229	218,011	2%
Central Finance Company PLC	517,000	106.75	55,189,750	54,032,165	1,157,585	5%
Ceylon Tobacco Company PLC	68,083	1,228.25	83,622,945	70,263,551	13,359,394	8%
Chevron Lubricants Lanka PLC	855,829	107.75	92,215,575	84,813,589	7,401,986	8%
Dialog Axiata PLC	3,769,995	11.70	44,108,942	41,355,827	2,753,114	4%
Distilleries Company of Sri Lanka PLC	700,000.00	26.90	18,830,000	18,403,840	426,160	2%
Ex-pack Corrugated Cartons PLC	2,282,454	14.30	32,639,092	31,033,538	1,605,554	3%
Hatton National Bank PLC - Voting	342,134	180.00	61584120	53,835,208	7,748,912	6%
Hatton National Bank PLC - Non voting	223,628	150.25	33,600,107	29,262,013	4,338,094	3%
Hela Apparel Holdings PLC	8,686,525	6.10	52,987,803	50,088,680	2,899,123	5%
Hemas Holding PLC	500,000	80.40	40,200,000	37,920,000	2,280,000	4%
Hayleys Fabric PLC	2,069,373	41.10	85,051,230	87,619,324	(2,568,094)	8%
Haycarb PLC	779,835	76.50	59,657,378	60,291,221	(633,843)	5%
Janashakthi Insurance PLC	91,725	43.80	4,017,555	3,793,468	224,087	0%
PGP Glass Ceylon PLC	1,631,595	29.50	48,132,053	44,417,133	3,714,919	4%
Sunshine Holdings PLC	891,599	59.50	53,050,141	52,434,252	615,888	5%
Tokyo Cement Company (Lanka) PLC - Non voting	1,272,639	43.90	55,868,852	56,878,195	(1,009,343)	5%
Vallibel One PLC	688,722	50.50	34,780,461	33,300,301	1,480,160	3%
	28,080,164		953,758,547	899,875,432	53,883,114	

9.2 Gain on sale of financial assets recognised through profit or loss -measured at fair value

	2024/2025 Rs.	2023/2024 Rs.
Proceeds on sales of equity securities	3,374,880,076	1,855,791,428
Average cost of equity securities sold	(2,985,830,781)	(1,772,366,578)
Loss from right issue share	(3,071,799)	-
Net realized gain on equity securities	385,977,496	83,424,850
Proceeds on maturity of T-Bills	119,628,250	19,000,000
Cost of T-Bills matured	(117,224,490)	(18,330,915)
Net realized gain on Treasury Bills	2,403,760	669,085
Proceeds on maturity of T-Bonds	-	20,324,275
Cost of T-Bonds matured	-	(16,835,570)
Net realized gain on Treasury Bonds	-	3,488,705

9.3 Gain on fair valuation of financial assets recognised through profit or loss -measured at fair value

Treasury bills	(86,023)	86,023
Equity securities	260,114,416	53,883,114
	260,028,393	53,969,137

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		31.03.2025	31.03.2024
		Rs.	Rs.
10.	**Financial assets at amortised cost**		
	Fixed deposits *(Note 10.1)*	109,270,141	50,147,149
	Repurchase agreements *(Note 10.2)*	530,525,682	80,856,306
		639,795,823	131,003,455

10.1 Fixed deposits

	31.03.2025		31.03.2024	
Name of the financial institution	**Value - as at 31 March 2025**	**Percentage exposure to each issuer against the net asset value of the fund**	**Value - as at 31 March 2024**	**Percentage exposure to each issuer against the net asset value of the fund**
	Rs.		**Rs.**	
DFCC Bank PLC	10,481,635	0.3%	8,664,760	1%
NDB PLC	5,456,076	0.2%	4,658,077	0%
Senkadagala Finance PLC	63,404,034	2%	29,259,002	3%
Vallibel Finance PLC	-	0%	7,565,310	1%
HNB Finance Limited	29,928,396	1%	-	0%
	109,270,141		50,147,149	

10.2 This represent investment in resale agreements entirely backed by Government Securities. No impairment provisions derived through these investments.

		31.03.2025	31.03.2024
11.	**Other receivables**		
	Dividend receivable	-	408,618
	Cash receivable on equity sales	-	8,907,741
	Interest receivable	7,213	4,618
		7,213	9,320,977
12.	**Accrued expenses and other liabilities**		
	Management fee payable	4,745,395	1,608,557
	Performance fee payable	19,017,119	-
	Audit fee payable	752,061	398,734
	Trustee fee payable	632,719	214,474
	Tax consultancy fee payable	14,962	206,139
	Payable on equity purchases	44,078,365	73,319,366
	Front end fee accrual	7,741,490	496,045
	WHT payable	9,110	6,524
	Printing charges payable	1,210	1,000
	Accrued bank charges	75	210
		76,992,506	76,251,049

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		31.03.2025	31.03.2024
		Rs.	Rs.
13.	**Net assets per unit**		
	Net assets (Rs.)	3,454,231,284	1,096,565,778
	Total number of units	18,069,659	8,170,605
	Net assets per unit (Rs.)	191.1619	134.2086

13.1 Net assets attributable to unitholders

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

	No. of Units	Rs.
Balance as at 1 April 2024	8,170,605	1,096,565,778
Increase due to unit creation during the period	15,750,836	2,658,149,963
Decrease due to unit redemption during the period	(5,851,782)	(891,320,632)
Increase in net assets attributable to unitholders	-	590,836,175
Balance as at 31 March 2025	18,069,659	3,454,231,284
Balance as at 1 April 2023	2,065,552	217,269,373
Increase due to unit creation during the period	6,147,967	776,630,136
Decrease due to unit redemption during the period	(42,914)	(5,205,328)
Increase in net assets attributable to unit holders	-	107,871,597
Balance as at 31 March 2024	8,170,605	1,096,565,778

Published Net Asset Value (NAV) of the unit trust is Rs 3,454,231,284. Hence there is no difference between the published NAV and Net Assets as per statement of financial position .

14. Analysis of financial instrument on measurement basis

The following tables compare the fair values of the financial instruments with their carrying values.

	Measured at fair value	Amortized cost	Carried at cost	Total
	Rs.	Rs.	Rs.	Rs.
As at 31 March 2025				
<u>**Assets**</u>				
Financial assets				
Cash at bank	-	-	92,358,885	92,358,885
Financial assets recognised through profit or	2,799,061,869	-	-	2,799,061,869
Financial assets at amortised cost	-	639,795,823	-	639,795,823
Total	2,799,061,869	639,795,823	92,358,885	3,531,216,577
<u>**Liabilities**</u>				
Accruals and other payables	-	-	76,992,506	76,992,506
Total	-	-	76,992,506	76,992,506

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14. Analysis of financial instrument by measurement basis - (contd.)

	Measured at fair value	Amortized cost	Carried at cost	Total
	Rs.	Rs.	Rs.	Rs.
As at 31 March 2024				
Assets				
Financial assets				
Cash at bank	-	-	59,140,385	59,140,385
Financial assets recognised through profit or loss - measured at fair value	973,352,010	-	-	973,352,010
Financial assets at amortised cost	-	131,003,455	-	131,003,455
Total	973,352,010	131,003,455	59,140,385	1,163,495,850
Liabilities				
Accruals and other payables	-	-	76,251,049	76,251,049
Total	-	-	76,251,049	76,251,049

15. Determining of fair value and hierarchy of fair value

The following tables show an analysis of financial instruments at fair value and by level of fair value hierarchy.

	Level 1	Level 2	Level 3	Total fair value
	Rs.	Rs.	Rs.	Rs.
As at 31 March 2025				
Financial assets measured at fair value				
Financial assets recognised through profit or loss - measured at fair value				
- Government securities - Treasury bills	-	-	-	-
- Government securities - Treasury bonds	-	-	-	-
- Equity securities	2,799,061,869	-	-	2,799,061,869
Total financial assets measured at fair value	2,799,061,869	-	-	2,799,061,869
As at 31 March 2024				
Financial assets measured at fair value				
Financial assets recognised through profit or loss - measured at fair value				
- Government securities - Treasury bills	-	19,593,463	-	19,593,463
- Government securities - Treasury bonds	-	-	-	-
- Equity securities	953,758,547	-	-	953,758,547
Total financial assets measured at fair value	953,758,547	19,593,463	-	973,352,010

15. Determining of fair value and hierarchy of fair value - (contd.)

Level 1 - Financial instruments that are measured in whole or partly by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 - Financial instruments that are measured at fair value on a regular basis. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined using the relevant information generated by the market transactions involving comparable securities.

Level 3 - Financial Instruments that are not supported by observable market prices information.

Due to the nature of the short term maturity, carrying value of the financial asset at amortised cost is approximated to its fair value.

16. Financial risk management

Overview
The fund has exposure to the following risks via financial instruments.

- Market risk
- Liquidity risk
- Credit risk
- Operational risk

This note presents information about the fund's exposure to each of the above risks and the objectives, policies and processes for measuring and managing risk.

16.1 Risk management framework
The Board of Directors of the fund management company has the overall responsibility for the establishment and oversight of the fund's risk management framework. The managing company reviews wide-ranging risk categories that includes market, liquidity, credit and operational risk and, manage these risks prudently. This process consists of identifying and analysing the risk confronted by the unit trust, to set appropriate risk limits and controls and to monitor risk and adherence to limits.

16.1(a) Market risk
Market risk is the risk that changes in market prices, such as interest rates which will affect the fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within the acceptable parameters, while optimising the return on risk.

Management of market risk includes the following elements.

- Overall authority for managing market risk is vested with the Board of Directors of the Fund Managing Company.

- The operational authority for managing market risk is vested with the investment/portfolio managers.

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16. Financial risk management - (Contd.)

16.1(a) Market risk

Price and Market yield Sensitivity is as follows:

	Increase / (decrease) in Percentage	Effect on the profit for the period 2024/2025 Rs.	Effect on the profit for the five month period 2023/2024 Rs.
Increase in share price	+1%	27,990,619	9,537,585
Decrease in share price	-1%	(27,990,619)	(9,537,585)

	Increase / (decrease) in basis points	Effect on the profit for the period 2024/2025 Rs.	Effect on the profit for the five month period 2023/2024 Rs.
Increase in T-Bill market yield	+0.5%	-	(19,755.32)
Decrease in T-Bill market yield	-0.5%	-	19,795.24

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16. Financial risk management (Contd.)

16.1(b) Liquidity risk

Liquidity risk is the risk that the fund will not have adequate financial resources to meet the fund's obligations as and when they fall due. This risk arises from mismatches in the timing of cash flows.

Management of liquidity risk includes the following elements:

Taking steps to ensure, as far as possible, that it will always have adequate financial resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the fund's reputation.

Maturity analysis of the financial assets and financial liabilities

As at 31 March 2025	Carrying amount Rs.	Up to 3 months Rs.	3 Months to 1 year Rs.	1-3 years Rs.	3-5 years Rs.	Over 5 years Rs.
Assets						
Cash at bank	92,358,885	92,358,885	-	-	-	-
Financial assets recognised through profit or loss - measured at fair value						
Government securities - treasury bills	-	-	-	-	-	-
Equity securities	2,799,061,869	2,799,061,869	-	-	-	-
Financial assets at amortised cost						
Fixed deposits	109,270,141	66,005,849		43,264,292	-	-
Repurchase agreement	530,525,682	530,525,682	-	-	-	-
Total financial assets	3,531,216,577	3,487,952,285	-	43,264,292	-	-

Other than fixed deposits the expected cash flow would be same as above. The expected undiscounted cash flow for fixed deposits are as follows,

	Up to 3 months Rs.	3 Months to 1 year Rs.	1-3 years Rs.	3-5 years Rs.	Over 5 years Rs.
Fixed deposits	67,446,685		54,075,000	-	-

As at 31 March 2024	Carrying amount Rs.	Up to 3 months Rs.	3 Months to 1 year Rs.	1-3 years Rs.	3-5 years Rs.	Over 5 years Rs.
Assets						
Cash at bank	59,140,385	59,140,385	-	-	-	-
Financial assets recognised through profit or loss - measured at fair value						
Government securities - treasury bills	19,593,463	19,593,463	-	-	-	-
Equity securities	953,758,547	953,758,547	-	-	-	-
Financial assets at amortised cost						
Fixed deposits	50,147,149	-	7,565,310	33,917,079	8,664,760	-
Repurchase agreement	80,856,306	80,856,306	-	-	-	-
Total financial assets	1,163,495,850	1,113,348,701	7,565,310	33,917,079	8,664,760	-

Other than treasury bonds and fixed deposits expected cash flow would be the same as above. The expected undiscounted cash flow for treasury bonds and fixed deposit are as follows,

	Up to 3 months Rs.	3 Months to 1 year Rs.	1-3 years Rs.	3-5 years Rs.	Over 5 years Rs.
Fixed deposits	-	8,081,200	43,817,500	15,937,500	-

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16. Financial risk management (contd.)

16.1(c) Credit risk

Credit risk is the risk of financial loss to the fund if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the fund's investment in corporate debt securities and investment in reverse repo agreements.

Management of credit risk includes the following components:

- The Fund Manager monitors financial instruments' fair values,credit risk exposures and ensures compliance with regulatory requirements and investment limits tailored to the Fund's strategy and market conditions.

Credit quality by class of financial assets

As at 31 March 2025	**12 Months expected credit losses**	**Life time expected credit losses not credit impaired**	**Life time expected credit losses credit impaired**	**Total**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Assets				
Cash at bank	92,358,885	-	-	92,358,885
Financial assets - at amortised cost	639,795,823	-	-	639,795,823
Total financial assets	732,154,708	-	-	732,154,708

As at 31 March 2024	**12 Months expected credit losses**	**Life time expected credit losses not credit impaired**	**Life time expected credit losses credit**	**Total**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Assets				
Cash at bank	59,140,385	-	-	59,140,385
Financial assets - at amortised cost	131,003,455	-	-	131,003,455
Total financial assets	190,143,840	-	-	190,143,840

There are no other differences in the net exposure to the credit risk or the maximum exposure to the credit risk for the above financial assets.

As at 31 March 2025, the fair value of assets measured at amortized cost is Rs. 639,795,823 (Fixed deposits Rs. 109,270,141 and Repurchase Agreements Rs. 530,525,682).

As at 31 March 2024, the fair value of assets measured at amortized cost is Rs. 131,003,455 (Fixed deposits Rs. 50,147,149 and Repurchase Agreements Rs. 80,856,306).

16.1(d) Analysis of concentration risk

The following table shows the risk concentration by sector for the components of the statement of financial position.

As at 31 March 2025	**Cash at bank**	**Financial assets - at fair value**	**Financial assets - at amortised cost**	**Total financial assets**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Sectorwise breakdown				
Government	-	-	530,525,682	530,525,682
Corporate	92,358,885	2,799,061,869	109,270,141	3,000,690,895
Total	92,358,885	2,799,061,869	639,795,823	3,531,216,577

As at 31 March 2024	**Cash at bank**	**Financial assets - at fair value**	**Financial assets - at amortised cost**	**Total financial assets**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Sectorwise breakdown				
Government	-	19,593,463	80,856,306	100,449,769
Corporate	59,140,385	953,758,547	50,147,149	1,063,046,081
Total	59,140,385	973,352,010	131,003,455	1,163,495,850

16. Financial risk management (Contd.)

Credit quality analysis of financial investments

As at 31 March 2025

	Risk Status	Amortised cost	Fair value through profit or loss	Total
		Rs.	Rs.	Rs.
Government securities	Risk free	530,525,682	-	530,525,682
Fixed Deposits				
AA+ to A+	Low risk	-	-	-
A to BBB	Medium risk	109,270,141	-	109,270,141
Below BBB	High risk	-	-	-

As at 31 March 2024

	Risk Status	Amortised cost	Fair value through profit or loss	Total
		Rs.	Rs.	Rs.
Government securities	Risk free	80,856,306	19,593,463	100,449,769
Fixed Deposits				
AA+ to A+	Low risk	-	-	-
A to BBB	Medium risk	50,147,151	-	50,147,151
Below BBB	High risk	-	-	-

16.1(e) Credit Quality by Counterparties wise

The funds' maximum exposure to credit risk can be analysed as follows;

Issuer Name	Instrument Type	Fair Value (Rs.)	Exposure (as of 31.03.2025)	Rating	
Government of Sri Lanka	Government Securities	530,525,682	15%	Risk Free	Sovereign
DFCC Bank PLC	Fixed deposits	10,481,635	0.3%	A	Fitch
NDB PLC	Fixed deposits	5,456,076	0.2%	A	Fitch
Senkadagala Finance PLC	Fixed deposits	63,404,034	2%	BBB	Fitch
HNB Finance Limited	Fixed deposits	29,928,396	1%	A	Fitch

Issuer Name	Instrument Type	Fair Value (Rs.)	Exposure (as of 31.03.2024)	Rating	
Government of Sri Lanka	Government Securities	100,449,769	3%	Risk Free	Sovereign
DFCC Bank PLC	Fixed deposits	8,664,760	0%	A-	Fitch
NDB PLC	Fixed deposits	4,658,077	0.1%	A-	Fitch
Senkadagala Finance PLC	Fixed deposits	29,259,002	1%	BBB	Fitch
Vallibel Finance PLC	Fixed deposits	7,565,312	0%	BBB+	LRA

16.1 (f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the fund's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The fund's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the business reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall fund's standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of the transaction
- Compliance with regulatory and other legal requirements
- Development of business contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation

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17. Related party disclosures

The Fund carries out transactions with parties who are defined as related parties as per Sri Lanka Accounting Standard (LKAS 24), "Related Party Disclosure", in the ordinary course of its business. The details of such transactions are reported below. The pricing applicable to such transactions is comparable with what is applied to transactions between the Fund and its unrelated customers.

17.1 Transaction with managing company

Company Name and Nature of Relationship	Nature of Transaction	Transaction Value	Transaction Value	Outstanding Balance	
		2024/2025	2023/2024	31.03.2025	31.03.2024
				Rs.	
	Investment in unit trust	40,000,000	57,300,000	(211,440,981)	(132,138,010)
	Unit redemptions	(20,000,000)			
LYNEAR Wealth Management (Pvt) Ltd	No. of units as of 31 March 2025 is 1,119,244 (31 March 2024: 1,001,812)				
	Management fee	32,892,331	11,624,373	(4,745,395)	(1,608,557)
	Performance fee	-	8,155,234	(19,017,119)	-
	Exit fee payable	29,061	-	-	-
(Managing Company)	Front end fee payable	18,214,122	-	(7,741,490)	(496,045)

17.2 Transaction with related funds

LYNEAR Wealth Management (Pvt) Ltd manages another licensed unit trust namely LYNEAR Wealth Income Fund and LYNEAR Wealth Liquid Money Fund, which are treated as a related fund. However, there were no transaction between the funds during the period.

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17. Related party disclosures (contd.)

17.3 Transactions with key management personnel (KMP) and their close family members (CFM)

According to Sri Lanka Accounting Standard LKAS 24 - "Related Party Disclosures", Key Management Personnel, are those having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity. Accordingly, the Board of Directors of the Managing Company has been classified as key management personnel of the entity.

Close Family Members of a Key Management Person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Entity. They may include;
a. The individual's domestic partner and children;
b. Children of the individual's domestic partner; and
c. Dependents of the individual or the individual's domestic partner

Close family members are related parties to the entity.

			2024/2025	As of 31.03.2025		As of 31.03.2024	
Name of KMP/CFM	Relationship	Nature of the transaction	Value of Unit Investments	No of Unit Holdings	Value of Unit Holdings	No of Unit Holdings	Value of Unit Holdings
			Rs.		Rs.		Rs.
Dr N J W Gunawardane	Director of the Managing Company	Individual unit investments	5,000,000	25,382	4,715,708	1,000	132,901
Mr Sanjay Kulatunga	Director of the Managing Company	Individual unit investments	25,700,000	169,309	32,071,662	1,000	132,901
Mr Z S Jeevunjee & Mrs N Jeevunjee	Director of the Managing Company & His Mother	Joint unit investments	-	1,000	189,427	1,000	132,901
Mr Z S Jeevunjee & Mrs S M G Jeevunjee	Director of the Managing Company & His Spouse	Joint unit investments	21,500,000	419,290	79,295,536	316,973	41,535,020
Mrs Maria Tasneem Moosajee	Spouse of Mr S S Kulatunga (Director)	Individual unit investments	-	1,000	189,427	1,000	132,901

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17. Related party disclosures (Contd.)

17.4 Directorships in other companies

The Directors of LYNEAR Wealth Management Company (Managing Company of the Unit Trust) are also Directors of the following companies (as of 31 March 2025).

Name of the company	Relationship	Dr Indrajit Coomaraswamy	Mr Sanjay Kulatunga	Dr Naveen Gunawardane	Dr Kemal De Soysa	Mr Zaffar Jeevunjee	Mr Shamindra Perera
LYNEAR Partners Pvt Ltd	Related party through KMP	-	Director	Director	Director	Director	-
Navitas (Private) Limited	Related party through KMP	-	-	Director	-	-	-
Invictus (Private) Limited	Related party through KMP	-	-	Director	-	-	-
Muhudu Vally (Private) Limited	Related party through KMP	-	Director	-	-	-	-
Expolanka Holdings PLC	Related party through KMP	-	Director	-	-	-	-
Tasz Holding Pvt Ltd	Related party through KMP	-	Director	-	-	-	-
Mayna Holding Pvt Ltd	Related party through KMP	-	Director	-	-	-	-
International Distillers Ltd	Related party through KMP	-	-	-	Director	-	-
East India Holdings Pvt Ltd	Related party through KMP	-	-	-	Director	-	-
Sun Tan Beach Resorts Pvt Ltd	Related party through KMP	-	-	-	Director	-	-
Jaywise Construction Pvt Ltd	Related party through KMP	-	-	-	-	Director	-
Jaywise Investments Pvt Ltd	Related party through KMP	-	-	-	-	Director	-
Adplast Pvt Ltd	Related party through KMP	-	-	-	-	Director	-
Mazaa Property Pvt Ltd	Related party through KMP	-	-	-	-	Director	-
Switz Lanka (Pvt) Ltd	Related party through KMP	-	-	-	-	CEO	-
Tokyo Cement PLC	Related party through KMP	Director	-	-	-	-	-
Dialog Axiata PLC	Related party through KMP	Director	-	-	-	-	-
Gamini Corea Foundation	Related party through KMP	Director	-	-	-	-	-
South Asia Policy Research Institute	Related party through KMP	Director	-	-	-	-	-
		-	-	-		-	-
Sozo Beverages (Pvt) Ltd	Related party through KMP	-	-	-	Director	-	-

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18. Transaction with Trustee

Company Name and Nature of Relationship	Nature of Transaction	Transaction Value	Transaction Value	Outstanding Balance	
		2024/2025	2023/2024	31.03.2025	31.03.2024
		Rs.	Rs.	Rs.	
Deutsche Bank AG, Colombo Branch	Trustee fee	4,385,645	1,711,734	(632,719)	(214,474)

(Trustee and Custodian has not invested in the Fund)

19. Capital commitments and contingent liabilities

There were no material capital commitments and contingent liabilities as at the reporting date which require disclosure in the financial statements.

20. Events occurred after the reporting period

There were no material events after the reporting period, which require adjustments to or disclosures in the financial statements.

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Declaration by Trustees and Managing Company

This declaration is issued in line with SEC circular No. 02/2009 on Guidelines for Trustees and Managing Companies of Unit Trusts Funds, by the Trustees and Management Company.

Deutsche Bank AG, the Trustee and LYNEAR Wealth Management (Pvt) Limited, the Managers of the LYNEAR Wealth Dynamic Opportunities Fund hereby declare that;

1. The requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been complied with during the period.

2. The transactions were and will be carried out at an arm's length basis on terms which are best available for the fund, as well as act, at all times, in the best interest of the fund's unit holders.

....

Director

DEUTSCHE BANK AG
Colombo Branch

....

Trustee Authorized Signatories
Trustee

....

Director

FUND INFORMATION

Name of the Fund (Unit Trust)

LYNEAR Wealth Dynamic Opportunities Fund

Managing Company

LYNEAR Wealth Management (Pvt) Limited

3/1 Lake Crescent, Colombo 02, Sri Lanka

Telephone: 0117-345678

www.lynearwealth.com

Trustee & Custodian of the Fund

Deutsche Bank AG, Colombo Branch

Level 21, One Galle Face Tower, 1A,

Centre Road, Galle Face, Colombo 2, Sri Lanka.

Bankers

Deutsche Bank

Auditors

Deloitte Associates, Chartered Accountants

No. 100, Braybrooke Place,

Colombo 2

Lawyers

FJ & G de Saram

216 De Saram Place, Colombo 10