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

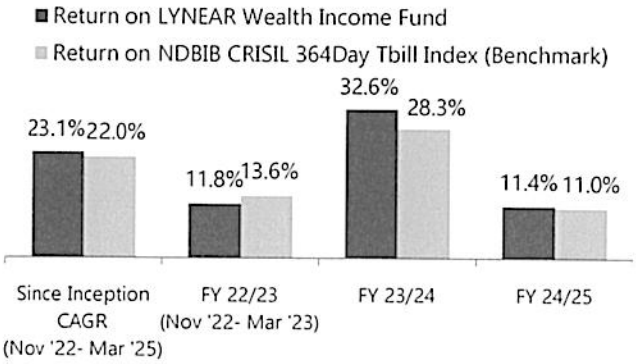
CONTENTS

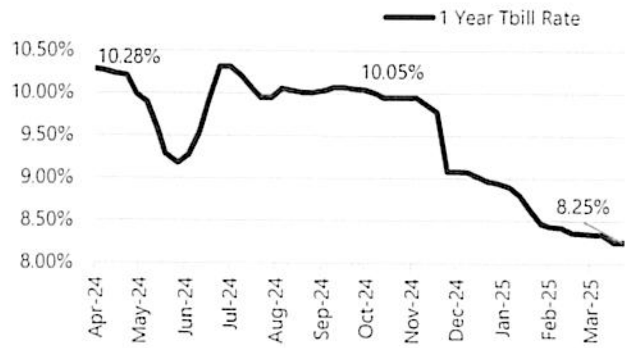
Fund Manager's Report

Dear Investor,

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

The Fund ended the year with Rs. 2,012.6 Mn of Assets Under Management (AUM) and recorded a Net Profit of Rs. 184.8 Mn for the year.





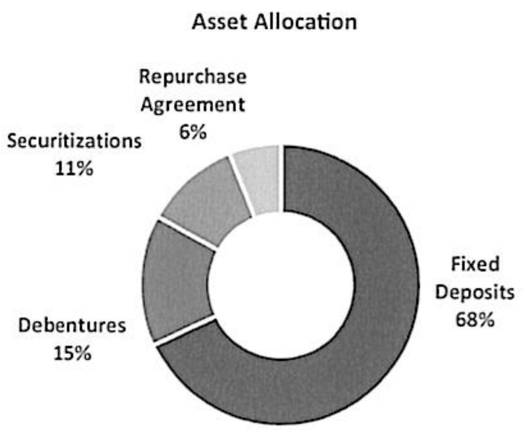
Source: LYNEAR Wealth Management, CRISIL Intelligence
Note: Returns for FY22/23 have not been annualized.

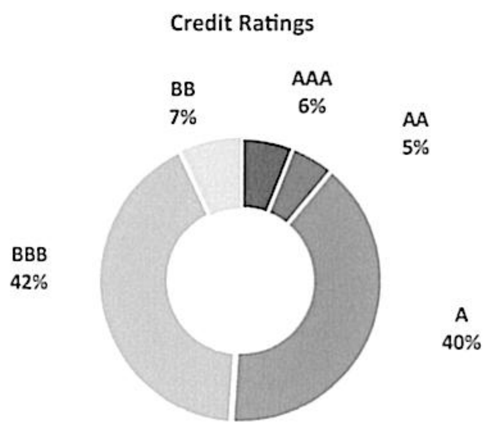
Source: Central Bank of Sri Lanka

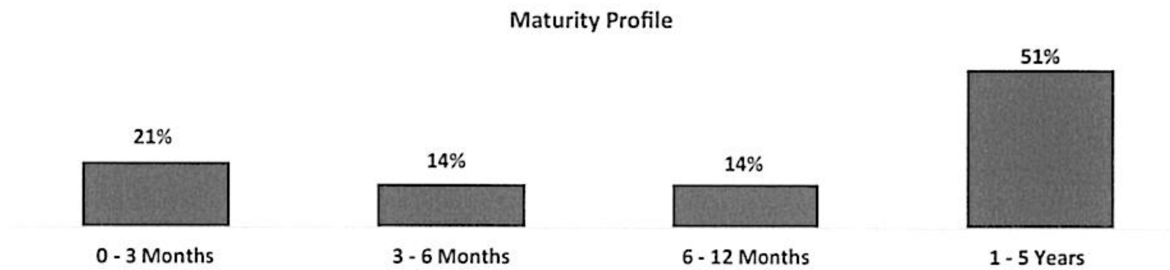
The fund return for the period was 11.4%, versus the benchmark NDBIB CRISIL 364 Day T-Bill Index of 11.0%. Although market rates continued to come down in the early part of the year, there was a pickup in interest rates prior to the September elections 2024. This was mainly on the back of market concerns of a deviation in economic policy in the event of an NPP victory at the election. Given our focus on minimizing the volatility in returns, we continued to reduce exposure to long-dated treasuries and other securities impacted by market rate fluctuations in the financial year. This allowed us to maintain a relatively stable return for investors during the year while taking up smaller trading positions in a lower risk environment.

With the new government making clear on its commitment to the IMF program and continuing with the path of fiscal consolidation and economic reforms, market rates have continued to decline post-election. With economic activity and credit expanding in the lower rate environment, debt issuances increased during the year. The fund's exposure to fixed deposits and corporate debt increased to 94% in FY25 vs end-FY24 where 68% was in treasuries.

Below three charts show the fund's asset and maturity mix as of 31st March 2025.







Source: LYNEAR Wealth Management

We expect the political and economic environment to remain stable and market interest rates to remain at low levels over the next twelve months albeit with a gradual upward movement towards year-end as credit expansion accelerates. Maturities in the 0-6 month bucket will be deployed to take advantage of any rate movements in the latter part of the year with a greater focus on positioning along the credit curve while maintaining moderate risk levels.

Investment Environment

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

The Central Bank of Sri Lanka (CBSL) undertook a series of monetary policy adjustments in FY25, aimed at stabilizing inflation and supporting economic growth. In July 2024, CBSL reduced policy rates by 25 basis points, bringing the SDFR to 8.25% and the SLFR to 9.25%. In a significant shift, in November 2024 the 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. Inflation continued to remain below the target level of 5% during the year but barring base effects, has been gradually moving in the target direction with the help of policy measures.

In the early part of the 2024, optimism surrounding the external debt restructuring and higher market liquidity (from CBSL dollar purchases) resulted in treasury yields coming off sharply. However, in the month of June 2024 with liquidity tightening and large treasury auctions there was some upward pressure on rates. Although this abated with the 25bps policy rate cut in July 2024, the uncertainty surrounding the presidential election resulted in market rates continuing to move up, before correcting downwards following the new president announcing his commitment to the IMF program. The new government's two-thirds majority at the General Election in November 2024, and the upgrade in Sri Lanka's credit ratings by Fitch from Restricted Default (RD) to CCC+ in December 2024, all contributed to the bond market remaining bullish.

Despite challenges such as a widening trade deficit driven by a 11.6% YoY (FYE 2024 Vs FYE 2025) rise in imports outpacing a 7% export increase in the same period, the inflows from services, tourism and remittances helped the country to continue to run a current account surplus in FY25. Worker remittances and tourism earnings for the period increased by 13% and 26% respectively compared to the previous financial year. Gross official FX reserves increased to USD 6.5 billion by March '25 (from March 2024: USD 4.9 billion). We expect the county to record a current account surplus at the end of 2025.

Improvements in revenue collection and expenditure management has enabled the country to run a primary surplus from 4Q-2023, and the country is on track to meet the IMF primary surplus target of 2.3% of GDP by end 2025.

Ongoing reforms have resulted in a structural shift in Sri Lanka's economic environment with the country maintaining both a current account surplus and primary surplus for the first time in decades. This would enable the country to maintain interest rates at lower levels and avoid the sharp spikes seen in previous years.

LYNEAR WEALTH INCOME FUND

FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT

FOR THE YEAR ENDED
31 MARCH 2025

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
TO THE UNIT HOLDERS OF LYNEAR WEALTH INCOME 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 Income 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 INCOME 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			
Interest income	6	181,137,773	92,397,578
Gain on sale of financial assets recognised through profit or loss -measured at fair value	9.3	80,192,415	30,148,261
Gain on fair valuation of financial assets recognised through profit or loss -measured at fair value	9.4	9,392,285	56,009,133
Loss on fair valuation of financial assets recognised through profit or loss -measured at fair value	9.4	(59,760,781)	-
Total investment income		210,961,692	178,554,972
Expenses			
Management fee		(21,468,044)	(7,118,021)
Audit fee		(1,006,458)	(455,781)
Trustee fee		(3,220,226)	(1,174,336)
Tax consultancy fee		(5,449)	(110,328)
Printing charges		(264,090)	(200,000)
Bank charges		(135,365)	(106,994)
		(26,099,632)	(9,165,460)
Net profit before taxation		**184,862,060**	**169,389,512**
Income tax expenses	7	-	-
Profit for the year		**184,862,060**	**169,389,512**
Increase in net assets attributable to unit holders		**184,862,060**	**169,389,512**

Figures in brackets indicate deductions.
The attached notes from 1 to 19 form an integral part of these financial statements.

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LYNEAR WEALTH INCOME FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	Note	31.03.2025 Rs.	31.03.2024 Rs.
Assets			
Cash at bank	8	98,998	304,292
Financial assets recognised through profit or loss - measured at fair value	9	326,761,186	888,241,457
Financial assets at amortised cost	10	1,685,789,201	316,112,033
Total assets		**2,012,649,385**	**1,204,657,782**
Unitholders' funds and liabilities			
Liabilities			
Accrued expenses and other liabilities	11	3,093,442	2,628,643
Total liabilities		**3,093,442**	**2,628,643**
Unit holders' funds			
Net assets attributable to unit holders		2,009,555,943	1,202,029,139
		2,009,555,943	**1,202,029,139**
Total unitholders' funds and liabilities		**2,012,649,385**	**1,204,657,782**
Net assets per unit (Rs.)	12	165.1836	148.2416

The attached notes from 1 to 19 form an integral part of these financial statements.

The Management Company of LYNEAR Wealth Income 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
Authorized Signatories
Trustee

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

	Unit holders' capital	Increase in net assets attribute to unit holders	Net assets attributable to unit holders
	Rs.	Rs.	Rs.
Balance as at 1 April 2023	180,102,045	12,456,083	192,558,128
Increase due to unit creation during the period	1,006,445,000	-	1,006,445,000
Decrease due to unit redemption during the period	(166,363,501)	-	(166,363,501)
Increase in net assets attributable to unit holders	-	169,389,512	169,389,512
Balance as at 1 April 2024	1,020,183,544	181,845,595	1,202,029,139
Increase due to unit creation during the period	1,641,828,963	-	1,641,828,963
Decrease due to unit redemption during the period	(1,019,164,219)	-	(1,019,164,219)
Increase in net assets attributable to unit holders	-	184,862,060	184,862,060
Balance as at 31 March 2025	1,642,848,288	366,707,655	2,009,555,943

Figures in bracket indicate deductions.
The attached notes from 1 to 19 form an integral part of these financial statements.

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LYNEAR WEALTH INCOME FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	2024/2025	2023/2024
	Rs.	Rs.
Cash Flows from Operating Activities		
Interest received	79,132,707	36,324,442
Management fees and Trustee fees paid	(23,666,883)	(7,162,791)
Other expenses paid	(1,967,964)	(613,573)
Investments in Treasury Bonds	(248,193,713)	(546,345,166)
Sale proceeds from Treasury Bonds	675,431,602	241,285,185
Investments in Treasury Bills	(672,657,367)	(558,573,728)
Sale proceeds from redeemed Treasury Bills	979,541,580	357,477,385
Investments in REPOs	(17,221,124,400)	(5,818,308,385)
Sale Proceeds from REPOs	17,191,394,400	5,756,585,638
Investments in debentures	(203,760,000)	(75,000,000)
Investments in fixed deposits	(1,062,000,000)	(147,500,000)
Investment in securitizations	(115,000,000)	(79,725,275)
Net Cash used in Operating Activities	(622,870,038)	(841,556,268)
Cash Flows from Financing Activities		
Cash received on creation of units	1,604,765,696	1,006,445,000
Cash paid on redemption of units	(982,100,952)	(165,662,092)
Net Cash Generated from Financing Activities	622,664,744	840,782,908
Net (decrease) / increase in cash and cash equivalents	(205,294)	(773,360)
Cash and cash equivalents at the beginning of the period	304,292	1,077,652
Cash and Cash Equivalents at the end of the period	98,998	304,292

Figures in brackets indicate deductions.
The attached notes from 1 to 19 form an integral part of these financial statements.

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1. Reporting entity

Lynear Wealth Income Fund is an Open-Ended Fixed Income Fund approved by the Securities and Exchange Commission of Sri Lanka on 05th October 2022 and operations commenced from 1st November 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 Income 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 fixed income securities on behalf of its unit holders.

The objective of Lynear Wealth Income Fund is to maximize risk adjusted returns on a medium term on a long term basis while providing semi-annual income by investing in fixed income securities through investments placed according to the parameters stated in the Collective Investment Scheme code (CIS code).

There were no significant changes in the nature of the principal activities of the unit trust during the year 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, the 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 and 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 the initial recognition depends on their contractual terms and the business model for managing the instruments. At the 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.

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4. Material accounting policies - (Contd.)

4.1 Financial instruments – (Contd.)

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

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 objective of which 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, Fixed deposits and Securitized papers with maturities less than 397 days. 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 when doing so 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 Intsrument 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 statement of financial position comprise of investment in Government Securities, Debentures and Securitised papers.

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.

4. Material accounting policies - (Contd.)

4.1 Financial instruments – (Contd.)

4.1.5 Financial liabilities– (Contd.)

b) Subsequent measurement

The measurement of financial liabilities depends on their 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.

4.1.6 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 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 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 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 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 rights to receive cash flows from the asset have expired.

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4. Material accounting policies - (Contd.)

4.1 Financial instruments – (Contd.)

4.1.8 De-recognition– (Contd.)

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.

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 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. Material accounting policies - (Contd.)

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 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 realised trading gains and losses on sale of government securities.

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 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 1.0% p.a. (on Net Asset Value of the Fund)

Trustee and custody fee - 0.15% p.a. (on Net Asset Value of the Fund) with a minimum charge of Rs. 80,000 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 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.

4. Material accounting policies - (Contd.)

4.11 Events occurring after the reporting period- (Contd.)

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.

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		2024/2025	2023/2024
		Rs.	Rs.
6.	**Investment income**		
	Interest income on		
	Treasury bonds	27,462,827	48,717,129
	Fixed deposits	91,892,356	29,500,368
	Repurchase agreements	19,664,056	6,855,275
	Debentures	24,625,051	4,731,389
	Securitised papers	17,466,672	2,494,837
	Interest income from saving accounts	26,811	98,580
		181,137,773	92,397,578

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 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	98,964	303,959
	DFCC Money Market Savings A/C	34	333
		98,998	304,292

The above balance represents as at 31 March 2025 and 31 March 2024 is with credit 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.

		31.03.2025	31.03.2024
		Rs.	Rs.
9.	**Financial assets recognised through profit or loss - measured at fair value**		
	Government securities - treasury bills	617,937	286,922,859
	Government securities - treasury bonds	25,233	442,468,467
	Quoted debentures *(Note 9.1)*	219,267,196	86,405,790
	Securitised papers *(Note 9.2)*	106,850,820	72,444,341
		326,761,186	888,241,457

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

9.1 Debentures

	31.03.2025			31.03.2024		
Name of the issuer	**Number of debentures**	**Market Value (Rs.)**	**Percentage exposure to each issuer against the net asset value of the fund**	**Number of debentures**	**Market Value (Rs.)**	**Percentage exposure to each issuer against the net asset value of the fund**
DFCC Bank PLC	400,000	46,522,496	2%	400,000	42,904,907	4%
NDB PLC	250,000	28,825,627	1%	250,000	27,201,479	2%
Seylan Bank PLC	100,000	89,236,743	4%	100,000	16,299,404	1%
Siyapatha Finance PLC	215,600	24,775,099	1%	-	-	-
Commercial Bank of Ceylon PLC	146,300	16,774,182	1%	-	-	-
Asia Asset Finance PLC	125,700	13,133,049	1%	-	-	-
		219,267,196			86,405,790	

9.2 Securitised papers

	31.03.2025		31.03.2024	
Name of the issuer	**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.**	
CDB Finance PLC	24,852,018	1%	22,490,509	2%
LB Finance PLC	56,104,855	3%	49,953,832	4%
Vallibel Finance PLC	25,893,947	1%	-	0%
	106,850,820		72,444,341	

The above securitization includes trust certificates and the receipts from the respective company's receivable portfolios.

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

	2024/2025	2023/2024
	Rs.	Rs.
Proceeds on maturity of T-Bills	979,541,580	357,477,385
Cost of T-Bills matured	(949,702,056)	(346,808,064)
Net realized gain on Treasury Bills	29,839,524	10,669,321
Proceeds on maturity of T-Bonds	675,431,602	241,285,185
Cost of T-Bonds matured	(625,078,711)	(221,806,245)
Net realized gain on Treasury Bonds	50,352,891	19,478,940

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

9.4 Gain / (loss) on fair valuation of financial assets recognised through profit or loss -measured at fair value

	2024/2025 Rs.	2023/2024 Rs.
Net unrealized gain / (loss) on treasury bills	(9,260,233)	9,465,075
Net unrealized gain / (loss) on treasury bonds	(50,129,381)	38,946,592
Net unrealized gain / (loss) on debentures	9,392,285	6,674,401
Net unrealized gain / (loss) on securitization	(371,167)	923,065
	(50,368,496)	56,009,133

10. Financial assets at amortised cost

Fixed deposits *(Note 10.1)*	1,373,110,033	220,903,765
Repurchase agreements *(Note 10.2)*	114,431,445	84,509,432
Securitised papers *(Note 10.3)*	105,474,225	10,698,836
Trust Certificates *(Note 10.4)*	92,773,498	-
	1,685,789,201	316,112,033

10.1 Fixed deposits

	31.03.2025		31.03.2024	
Name of the issuer	Value - Net as at 31 March 2025 Rs.	Percentage exposure to each issuer against the net asset value of the fund	Value - Net as at 31 March 2024 Rs.	Percentage exposure to each issuer against the net asset value of the fund
DFCC Bank PLC	12,325,479	1%	10,187,979	1%
People's Bank	23,887,379	1%	19,683,630	2%
Sampath Bank PLC	53,588,123	3%	46,368,123	4%
Seylan Bank PLC	15,036,301	1%	12,661,301	1%
NDB PLC	24,043,678	1%	20,457,696	2%
People's Leasing and Finance PLC	192,055,079	10%	34,170,465	3%
Senkadagala Finance PLC	148,729,431	7%	77,374,569	6%
Alliance Finance Company PLC	155,938,865	8%	-	0%
Asia Asset Finance PLC	105,971,335	5%	-	0%
Fintrex Finance Limited	136,769,454	7%	-	0%
Mercantile Investments & Finance PLC	171,192,985	9%	-	0%
Singer Finance (Lanka) PLC	122,057,849	6%	-	0%
Siyapatha Finance PLC	78,932,295	4%	-	0%
Vallibel Finance PLC	132,581,780	7%	-	0%
	1,373,110,033		220,903,765	

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

10. Financial assets at amortised cost - (Contd.)

10.3 Securitised papers

	31.03.2025		31.03.2024	
Name of the issuer	**Value - Net as at 31 March 2025**	**Percentage exposure to each issuer against the net asset value of the fund**	**Value - Net as at 31 March 2024**	**Percentage exposure to each issuer against the net asset value of the fund**
	Rs.		**Rs.**	
CDB Finance PLC	-	0%	10,698,836	1%
Assia Assets Finance PLC	10,349,808	1%	-	-
Mahindra Ideal Finance Limited	63,786,674	3%	-	-
Singer Finance (Lanka) PLC	26,170,257	1%	-	-
Vallibel Finance PLC	5,167,486	0%	-	-
	105,474,225		10,698,836	

The above securitization includes trust certificates and receipts from the specified vehilce loan agreements of the issuers and are collatralized for the mentioned securitizations.

10.4 Trust Certificates

	31.03.2025		31.03.2024	
Name of the issuer	**Value - Net as at 31 March 2025**	**Percentage exposure to each issuer against the net asset value of the fund**	**Value - Net as at 31 March 2024**	**Percentage exposure to each issuer against the net asset value of the fund**
CDB Finance PLC	25,032,494	1%	-	-
Merchant Bank of Sri Lanka & Finance PLC	67,741,004	3%	-	-
	92,773,498		-	

	31.03.2025	31.03.2024
	Rs.	Rs.
11. Accrued expenses and other liabilities		
Management fee payable	2,032,165	1,144,003
Audit fee payable	752,060	398,733
Trustee fee payable	304,825	171,600
Tax consultancy fee payable	-	206,139
Exit fee payable	3,062	705,835
WHT payable	20	63
Accrued bank charges	100	270
Accrued printing charges	1,210	2,000
	3,093,442	2,628,643

	31.03.2025 Rs.	31.03.2024 Rs.
12. Net assets per unit		
Net assets (Rs.)	2,009,555,943	1,202,029,139
Total number of units	12,165,591	8,108,581
Net assets per unit (Rs.)	165.1836	148.2416

Movements in the number of units during the period is as follows:

	No. of units	Rs.
Balance as at 1 April 2024	8,108,581	1,202,029,139
Increase due to unit creation during the period	10,562,156	1,641,828,963
Decrease due to unit redemption during the period	(6,505,147)	(1,019,164,219)
Increase in net assets attributable to unit holders	-	184,862,060
Balance as at 31 March 2025	12,165,591	2,009,555,943
Balance as at 1 April 2023	1,721,867	192,558,128
Increase due to unit creation during the period	7,602,248	1,006,445,000
Decrease due to unit redemption during the period	(1,215,533)	(166,363,501)
Increase in net assets attributable to unit holders	-	169,389,512
Balance as at 31 March 2024	8,108,581	1,202,029,139

Published NAV of the unit trust is Rs 2,009,555,943. Hence there is no difference between the published NAV and FS NAV.

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13. Analysis of financial instrument by 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				
Assets				
Financial assets				
Cash at bank	-	-	98,998	98,998
Financial assets recognised through profit or loss - measured at fair value	326,761,186	-	-	326,761,186
Financial assets at amortised cost	-	1,685,789,201	-	1,685,789,201
Total	326,761,186	1,685,789,201	98,998	2,012,649,385
Liabilities				
Accruals and other payables	-	-	3,093,442	3,093,442
Total	-	-	3,093,442	3,093,442
As at 31 March 2024				
Assets				
Financial assets				
Cash at bank	-	-	304,292	304,292
Financial assets recognised through profit or loss - measured at fair value	888,241,457	-	-	888,241,457
Financial assets at amortised cost	-	316,112,033	-	316,112,033
Total	888,241,457	316,112,033	304,292	1,204,657,782
Liabilities				
Accruals and other payables	-	-	2,628,643	2,628,643
Total	-	-	2,628,643	2,628,643

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14. 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	-	643,170	-	643,170
- Debentures	-	219,267,196	-	219,267,196
- Securitised papers	-	106,850,820	-	106,850,820
Total financial assets measured at fair value	-	326,761,186	-	326,761,186
As at 31 March 2024				
Financial assets measured at fair value				
Financial assets recognised through profit or loss - measured at fair value				
- Government securities	-	729,391,326	-	729,391,326
- Debentures	-	86,405,790	-	86,405,790
- Securitised papers	-	72,444,341	-	72,444,341
Total financial assets measured at fair value	-	888,241,457	-	888,241,457

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 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.

15. 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.

15.1 Risk management framework

The Board of Directors of 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, and set appropriate risk limits and controls to monitor risk and adherence to limits.

15.1(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 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 fund management company.
- The operational authority for managing market risk is vested with the investment/portfolio managers.

Market yield sensitivity is as follows:

	2024/2025	
	(-) 0.5% Decrease (Effect in Rs.)	**(+) 0.5% Increase (Effect in Rs.)**
Government securities - treasury bills	278	(277)
Government securities - treasury bonds	351	(346)
Debentures	3,052,476	(2,989,704)
Securitised papers	302,143	(300,300)

	2023/2024	
	(-) 0.5% Decrease (Effect in Rs.)	**(+) 0.5% Increase (Effect in Rs.)**
Government securities - treasury bills	598,381	(595,049)
Government securities - treasury bonds	6,442,570	(6,313,505)
Debentures	1,325,881	(1,296,223)
Securitised papers	465,456	(460,393)

15. Financial risk management (contd.)

15.1(b) Liquidity risk

Liquidity risk is the risk that the fund will not have adequate financial resources to meet 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.

Maturity analysis of the financial assets and financial liabilities

As at 31 March 2025	Carrying amount	Up to 3 months	3 Months to 1 year	1-3 years	3-5 years	Over 5 years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets						
Cash at bank	98,998	98,998	-	-	-	-
Financial assets recognised through profit or loss - measured at fair value						
Government securities - treasury bills	617,937	617,937		-	-	-
Government securities - treasury bonds	25,233	-	-	-	25,233	-
Debentures	219,267,196			13,133,049	206,134,147	-
Securitised papers	106,850,820	-	106,850,820		-	-
Financial assets at amortised cost						
Fixed deposits	1,373,110,033	251,904,242	400,219,774	588,743,628	132,242,389	-
Repurchase agreements	114,431,445	114,431,445	-	-	-	-
Trust certificates	92,773,498				92,773,498	
Securitised papers	105,474,225	52,794,640	52,679,585	-	-	-
Total financial assets	2,012,649,385	419,847,262	559,750,179	601,876,677	431,175,267	-

For treasury bills and repurchase agreement expected cash flow would be same as above. The expected undiscounted cash flow for others are as follows,

	Up to 3 months	3 Months to 1 year	1-3 years	3-5 years	Over 5 years
	Rs.	Rs.	Rs.	Rs.	Rs.
Government securities - treasury bonds	-	2,760	5,520	25,380	-
Fixed deposits	257,494,094	421,411,630	724,468,921	212,920,411	-

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15. Financial risk management (Contd.)

15.1(b) Liquidity risk (Contd.)

Maturity analysis of the financial assets and financial liabilities

As at 31 March 2024	Carrying amount	Up to 3 months	3 Months to 1 year	1-3 years	3-5 years	Over 5 years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets						
Cash at bank	304,292	304,292	-	-	-	-
Financial assets recognised through profit or loss - measured at fair value						
Government securities - treasury bills	286,922,859	91,637,082	195,285,777	-	-	-
Government securities - treasury bonds	442,468,467	10,897,820	15,400,795	57,197,867	346,427,234	12,544,750
Debentures	86,405,790	2,441,370	2,290,020	-	81,674,400	-
Securitised papers	72,444,341	-	1,796,001	70,648,340	-	-
Financial assets at amortised cost						
Fixed deposits	220,903,497	63,783,744	157,119,753			-
Repurchase agreements	84,509,357	84,509,357			-	-
Securitised papers	10,698,824	-	10,698,824	-	-	-
Total financial assets	1,204,657,427	253,573,665	382,591,170	127,846,207	428,101,634	12,544,750

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

	Up to 3 months	3 Months to 1 year	1-3 years	3-5 years	Over 5 years
	Rs.	Rs.	Rs.	Rs.	Rs.
Government securities - treasury bonds	14,717,385	48,208,338	125,223,945	415,087,518	16,300,000.00
Fixed deposits	-	77,061,815	243,738,921		-

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15. Financial risk management (Contd.)

15.1(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
1 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 monitor 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	98,998	-	-	98,998
Financial assets - at amortised cost	1,685,789,201	-	-	1,685,789,201
Financial assets - at fair value	326,761,186	-	-	326,761,186
Total financial assets	2,012,649,385	-	-	2,012,649,385

As at 31 March 2024	**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	304,292	-	-	304,292
Financial assets - at amortised cost	316,112,033	-	-	316,112,033
Financial assets - at fair value	888,241,457	-	-	888,241,457
Total financial assets	1,204,657,782	-	-	1,204,657,782

There are no differences in the net exposure to the credit risk and 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. 1,685,789,201 (Fixed deposits Rs. 1,373,110,033 Repurchase agreements Rs. 114,431,445, trust certificates Rs. 92,773,498 and Securitised papers Rs. 105,474,225)

As at 31 March 2024, the fair value of assets measured at amortized cost is Rs. 316,112,033 (Fixed deposits Rs. 220,903,765 Repurchase agreements Rs. 84,509,432 and Securitised papers Rs. 10,698,836)

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15. Financial risk management (Contd.)

15.1(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	-	643,170	114,431,445	115,074,615
Corporate	98,998	326,118,016	1,571,357,756	1,897,574,770
Total	98,998	326,761,186	1,685,789,201	2,012,649,385

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	-	729,391,326	84,509,432	813,900,758
Corporate	304,292	158,850,131	231,602,601	390,757,024
Total	304,292	888,241,457	316,112,033	1,204,657,782

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	114,431,445	643,170	115,074,615
Debt instruments having credit ratings*				
AA+ to A+	Low risk	92,773,498	102,369,792	195,143,290
A to BBB	Medium risk	105,474,225	223,748,225	329,222,450
Below BBB	High risk	-	-	-
Fixed Deposits				
AA+ to A+	Low risk	121,007,636	-	121,007,636
A to BBB	Medium risk	1,252,102,397	-	1,252,102,397
Below BBB	High risk	-	-	-

*This includes only investment in debentures and securitised papers and does not include equity investments.

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15. Financial risk management (Contd.)

15.1(d) Analysis of concentration risk - (Contd.)

Credit quality analysis of financial investments - (Contd.)

As at 31 March 2024

	Risk Status	Amortised cost	Fair value through profit or loss	Total
		Rs.	Rs.	Rs.
Government securities	Risk free	84,509,432	729,391,326	813,900,758
Debt instruments having credit ratings*				
AA+ to A+	Low risk	-	-	-
A to BBB	Medium risk	10,698,836	158,850,132	169,548,968
Below BBB	High risk	-	-	-
Fixed Deposits				
AA+ to A+	Low risk	66,051,753	-	66,051,753
A to BBB	Medium risk	77,477,442	-	77,477,442
Below BBB	High risk	-	-	-

15.1(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	115,074,615	6%	Risk Free	Sovereign
DFCC Bank PLC	Debentures	46,522,496	2%	A	Fitch
NDB PLC	Debentures	28,825,627	1%	A	Fitch
Seylan Bank PLC	Debentures	89,236,743	4%	A+	Fitch
Siyapatha Finance PLC	Debentures	24,775,099	1%	A	Fitch
Commercial Bank of Ceylon PLC	Debentures	16,774,182	1%	AA-	Fitch
Asia Asset Finance PLC	Debentures	13,133,049	1%	A+	Fitch
CDB Finance PLC	Trust Certificates	25,032,494	1%	BBB	Fitch
Merchant Bank of Sri Lanka & Finance PLC	Trust Certificates	67,741,004	3%	A	Fitch
CDB Finance PLC	Securitised papers	24,852,018	1%	BBB	Fitch
LB Finance PLC	Securitised papers	56,104,855	3%	A-	Fitch
Vallibel Finance PLC	Securitised papers	31,061,433	2%	BBB+	Fitch
Assia Asset Finance PLC	Securitised papers	10,349,808	1%	A+	Fitch
Mahindra Ideal Finance Limited	Securitised papers	63,786,674	3%	AA-	Fitch
Singer Finance (Lanka) PLC	Securitised papers	26,170,257	1%	BBB+	Fitch
DFCC Bank PLC	Fixed deposits	12,325,479	1%	A	Fitch
People's Bank	Fixed deposits	23,887,379	1%	AA-	Fitch
Sampath Bank PLC	Fixed deposits	53,588,123	3%	AA-	Fitch
Seylan Bank PLC	Fixed deposits	15,036,301	1%	A	Fitch
NDB PLC	Fixed deposits	24,043,678	1%	A	Fitch
People's Leasing and Finance PLC	Fixed deposits	192,055,079	10%	A	Fitch
Senkadagala Finance PLC	Fixed deposits	148,729,431	7%	BBB	Fitch
Alliance Finance Company PLC	Fixed deposits	155,938,865	8%	BBB-	Fitch
Asia Asset Finance PLC	Fixed deposits	105,971,335	5%	A+	Fitch

15. Financial risk management (Contd.)

15.1(e) Credit Quality by Counterparties wise - (Contd.)

Issuer Name	Instrument Type	Fair Value (Rs.)	Exposure (as of 31.03.2025)	Rating	
Fintrex Finance Limited	Fixed deposits	136,769,454	7%	BB	Fitch
Mercantile Investments and Financ	Fixed deposits	171,192,985	9%	BBB-	Fitch
Singer Finance (Lanka) PLC	Fixed deposits	122,057,849	6%	BBB+	Fitch
Siyapatha Finance PLC	Fixed deposits	78,932,295	4%	A	Fitch
Vallibel Finance PLC	Fixed deposits	132,581,780	7%	BBB+	Fitch

Issuer Name	Instrument Type	Fair Value (Rs.)	Exposure (as of 31.03.2024)	Rating	
Government of Sri Lanka	Government Securities	813,900,758	68%	Risk Free	Sovereign
DFCC Bank PLC	Debentures	42,904,908	4%	A-	Fitch
NDB PLC	Debentures	27,201,479	2%	A-	Fitch
Seylan Bank PLC	Debentures	16,299,404	1%	A-	Fitch
CDB Finance PLC	Securitised papers	33,189,345	3%	BBB	Fitch
LB Finance PLC	Securitised papers	49,953,832	4%	BBB+	Fitch
DFCC Bank PLC	Fixed deposits	10,187,979	1%	A-	Fitch
People's Bank	Fixed deposits	19,683,630	2%	A	Fitch
Sampath Bank PLC	Fixed deposits	46,368,123	4%	A	Fitch
Seylan Bank PLC	Fixed deposits	12,661,301	1%	A-	Fitch
NDB PLC	Fixed deposits	20,457,696	2%	A-	Fitch
People's Leasing and Finance PLC	Fixed deposits	34,170,465	3%	A-	Fitch
Senkadagala Finance PLC	Fixed deposits	77,374,569	6%	BBB	Fitch

15.1 (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

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 the senior management team of fund management company. 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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16. 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.

16.1 Transaction with managing company

Company Name and Nature of Relationship	Nature of Transaction	Transaction Value 2024/2025 Rs.	Transaction Value 2023/2024 Rs.	Outstanding Balance 31.03.2025 Rs.	Outstanding Balance 31.03.2024 Rs.
LYNEAR Wealth Management (Pvt) Ltd	Investment in unit trust	39,000,000	24,500,000	39,904,571	-
	Redemption of units	-	77,734,605		-
(Managing Company)	No. of units as of 31 March 2025 is 241,582.05 (31 March 2024: Nil)				
	Management fee	21,468,044	7,118,021	(2,032,165)	(1,144,003)
	Exit fee	328,654	-	(3,062)	(705,835)

16.2 Transaction with related funds

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

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16. Related party disclosures (contd.)

16.3 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 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.

Transactions with KMP/CFM			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 Rs.	No of Unit Holdings	Value of Unit Holdings Rs.	No of Unit Holdings	Value of Unit Holdings Rs.
Dr N J W Gunawardane	Director of the Managing Company	Individual Unit Investments	-	1,000	165,180	1,000	109,594
Mr S S Kulatunga	Director of the Managing Company	Individual Unit Investments	-	1,000	165,180	1,000	109,594
Dr K T M De Soysa	Director of the Managing Company	Individual Unit Investments	-	10,000	1,651,802	10,000	1,095,944
Mr Z S Jeevunjee & Mrs N Jeevunjee	Director of the Managing Company & His Mother	Joint Unit Investments	-	10,562	1,744,562	10,562	1,157,489
Mr Z S Jeevunjee & Mrs S M G Jeevunjee	Director of the Managing Company & His Spouse	Joint Unit Investments	28,750,000	458,838	79,860,308	48,808	5,349,069
Mrs Maria Tasneem Moosajee	Spouse of Mr S S Kulatunga(Director)	Individual Unit Investments	-	1,000	165,180	1,000	109,594

16.4 Directorships in other companies

The Directors of LYNEAR Wealth Management (Private) Limited (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) Limted	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	-	-

17. 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.	Rs.
Deutsche Bank AG, Colombo Branch (Trustee and Custodian has not invested in the Fund)	Trustee fee	3,220,226	1,174,336	(304,825)	(171,600)

18. 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.

19. 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 Income 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 Director

DEUTSCHE BANK AG
Colombo Branch

....

Trustee

Authorized Signatories
Trustee

FUND INFORMATION

Name of the Fund (Unit Trust)

LYNEAR Wealth Income 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