

**LYNEAR WEALTH LIQUID MONEY FUND
ANNUAL REPORT
FOR THE SIX MONTHS PERIOD ENDED 31ST MARCH 2025**

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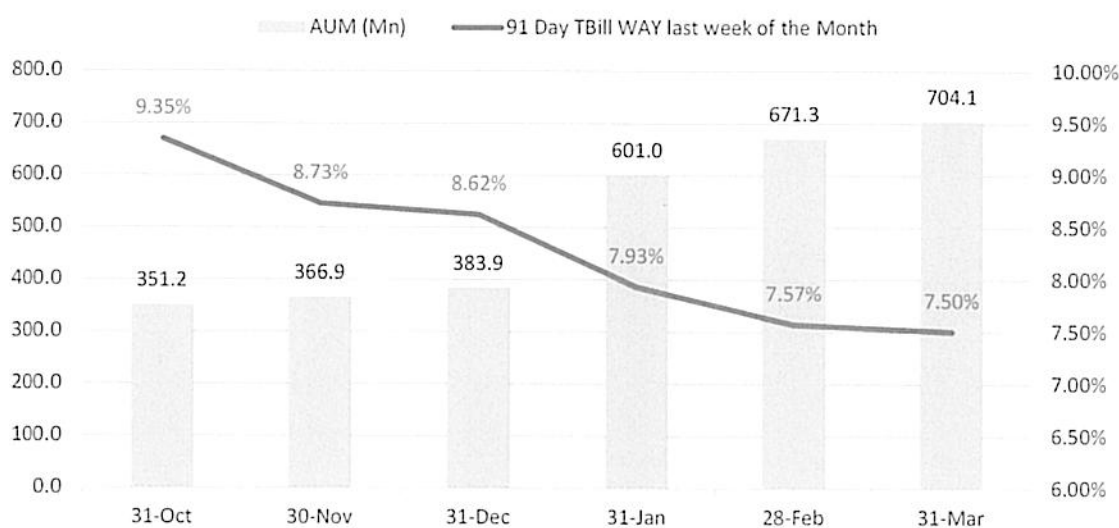
Fund Manager's Report

Dear Investor,

We are pleased to present the first Audited Financial Report of the LYNEAR Wealth Liquid Money Fund (the Fund) for the six-month period ended 31st March 2025 (period under review).

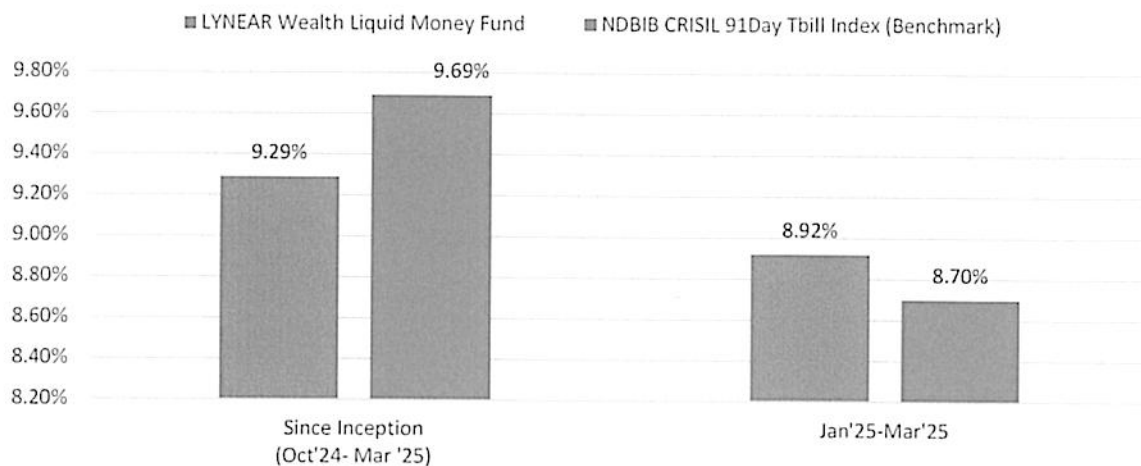
The Fund was launched on 2nd October 2024 with the investment objective of providing liquidity while maximizing returns by investing in high quality short-term fixed income securities. The Fund ended the period with Rs. 704.1 Mn of Assets Under Management (AUM) and a Net Profit of Rs. 21.1 Mn.

Market rates continued to come down during the year, backed by the 3rd policy rate cut for 2024 at the end of November 2024. The Fund launch coincided with the easing of the rate cycle and the sharp decline in market rates. Launching a new fund and increasing AUM in a rate declining environment proved to be challenging especially in terms of maintaining competitive returns (see Figure 1 below).



Source: Central Bank of Sri Lanka, LYNEAR Wealth Management

However, despite these challenges the Fund has managed to maintain a consistent monthly return and move above the benchmark rate as shown below. On the back of new fund inflows, investments were made into longer tenor securities early on, to secure higher returns while adhering to the regulatory liquidity and average maturity profile requirements of the fund.

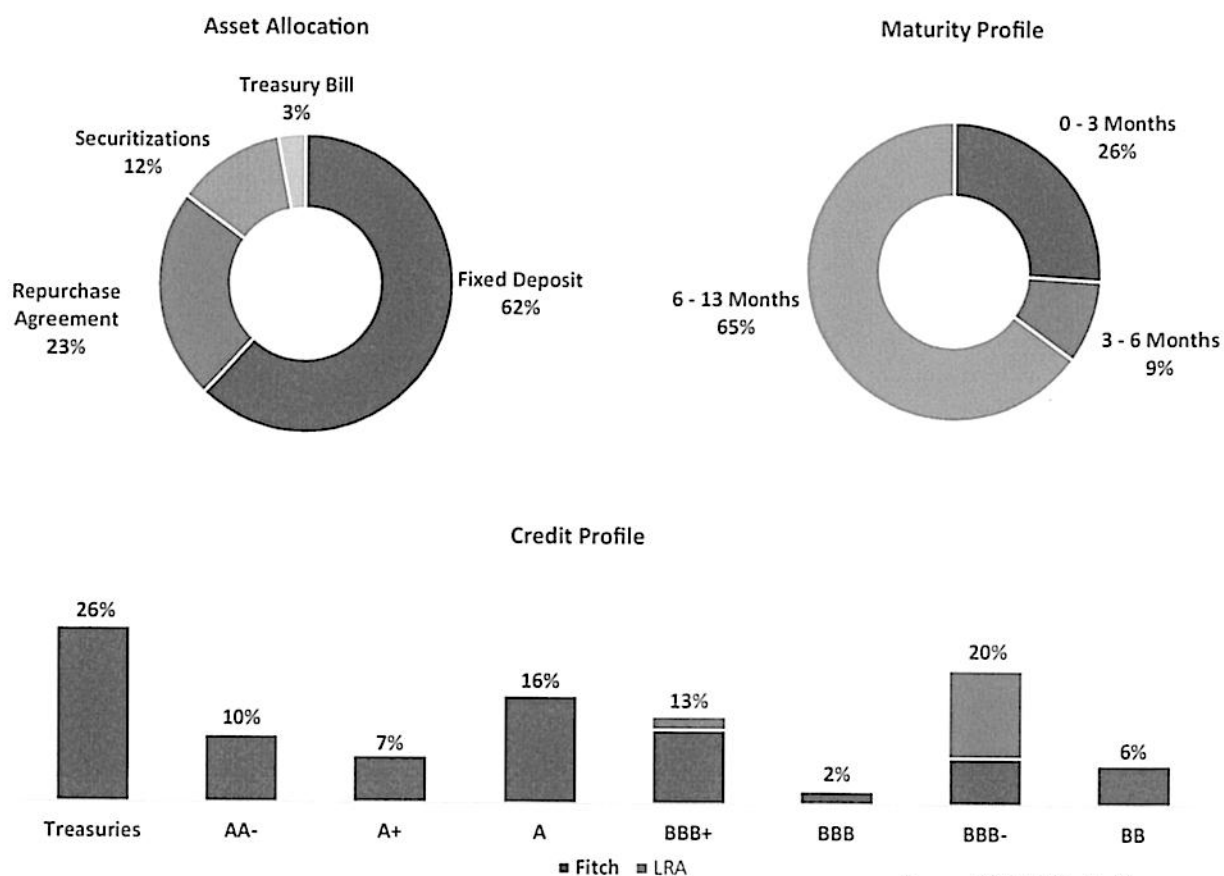


*Above returns have been simple annualized

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. We remain ready to rebalance the portfolio once rates move up while managing yield and credit risk.

Below three charts show portfolio profile as of 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 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 country 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 LIQUID MONEY FUND

**FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT**

**FOR THE YEAR ENDED
31 MARCH 2025**

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF LYNEAR WEALTH LIQUID MONEY 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 Liquid Money 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 six months period ended 31st March 2025, 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 six months period ended 31st March 2025 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.

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



LYNEAR WEALTH LIQUID MONEY FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2025

	Note	2024/2025 Six months period ended Rs.
Investment income		
Interest income	6	22,575,343
Realized Gain on Financial Assets	10.3	<u>365,753</u>
Total investment income		22,941,096
Expenses		
Management fee		(1,411,323)
Trustee fee		(265,874)
Tax consultancy fee		(96,760)
Bank charges		<u>(93,660)</u>
		(1,867,617)
Net profit before taxation		21,073,479
Income tax expenses	8	-
Profit for the year		<u>21,073,479</u>
Other comprehensive income / (expense) net of tax		
Items that will never be reclassified to profit or loss		
Items that are or may be reclassified to profit or loss		
Other comprehensive income / (expense), net of tax		
Increase in net assets attributable to unit holders		<u><u>21,073,479</u></u>

Figures in brackets indicate deductions.

The attached notes from 1 to 18 form an integral part of these financial statements.



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

	Note	31.03.2025 Rs.
Assets		
Cash at bank	9	107,924
Financial assets at amortised cost	10	703,953,279
Other receivables		9
Total assets		<u>704,061,212</u>
Unitholders' funds and liabilities		
Liabilities		
Accrued expenses and other liabilities	11	552,634
Total liabilities		<u>552,634</u>
Unit holders' funds		
Net assets attributable to unit holders		703,508,578
		<u>703,508,578</u>
Total unitholders' funds and liabilities		<u>704,061,212</u>
 Net assets per unit (Rs.)	 12	 104.5820

The attached notes from 1 to 18 form an integral part of these financial statements.

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

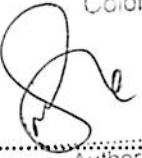
Approved by the Fund Management Company and the Trustee on 24 July 2025.



 (Director of Lyneer Wealth Management Company)
 Deutsche Bank AG
 Colombo Branch



 (Director of Lyneer Wealth Management Company)



 Authorized signatories
 Deutsche Bank Trustee
 Trustee



LYNEAR WEALTH LIQUID MONEY FUND
STATEMENT OF CHANGES IN UNIT HOLDERS FUNDS
FOR THE SIX MONTHS PERIOD 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 3 October 2024	-	-	-
Increase due to unit creation during the period	982,619,671	-	982,619,671
Decrease due to unit redemption during the period	(300,184,572)	-	(300,184,572)
Increase in net assets attributable to unit holders	-	21,073,479	21,073,479
Balance as at 31 March 2025	<u>682,435,099</u>	<u>21,073,479</u>	<u>703,508,578</u>

Figures in bracket indicate deductions.

The attached notes from 1 to 18 form an integral part of these financial statements.



LYNEAR WEALTH LIQUID MONEY FUND
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2025

	2024/2025 Six months period ended Rs.
Cash Flows from Operating Activities	
Interest received	4,887,640
Management fees and Trustee fees paid	(1,221,697)
Other expenses paid	(93,286)
Investments in Treasury Bills	(128,530,596)
Sale proceeds from redeemed Treasury Bills	108,476,278
Investments in REPOs	(5,599,825,944)
Sale Proceeds from REPOs	5,438,480,944
Investments in fixed deposits	(426,500,000)
Investment in securitizations	(78,000,514)
Net Cash used in Operating Activities	<u><u>(682,327,175)</u></u>
Cash Flows from Financing Activities	
Cash received on creation of units	982,619,671
Cash paid on redemption of units	(300,184,572)
Net Cash Generated from Financing Activities	<u><u>682,435,099</u></u>
 Net (decrease) / increase in cash and cash equivalents	 107,924
Cash and cash equivalents at the beginning of the period	<u>-</u>
Cash and Cash Equivalents at the end of the period	<u><u>107,924</u></u>

Figures in brackets indicate deductions.

The attached notes from 1 to 18 form an integral part of these financial statements.



**LYNEAR WEALTH LIQUID MONEY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2025**

1. Reporting entity

Lyneare Wealth Liquid Money Fund is an Open-Ended Money Market Fund approved by the Securities and Exchange Commission of Sri Lanka on 04 June 2024 and operations commenced from 03rd October 2024.

The registered office/ place of business of the unit trust is located at No. 3/1, Lake Crescent, Colombo 02. Lyneare Wealth Management (Pvt.) Limited is the Managing Company of Lyneare Wealth Liquid Money 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 Lyneare Wealth Liquid Money Fund is to provide liquidity while maximizing returns by investing in high quality short term 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 six months 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.



**LYNEAR WEALTH LIQUID MONEY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2025**

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 4.1.4)
- Identification, measurement and assessment of impairment (Note 4.1.5)

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.

**LYNEAR WEALTH LIQUID MONEY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2025**

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. 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.

4.1.4 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.



**LYNEAR WEALTH LIQUID MONEY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2025**

4. Material accounting policies - (Contd.)

4.1 Financial instruments – (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.

4.1.5 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.



**LYNEAR WEALTH LIQUID MONEY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2025**

4. Material accounting policies - (Contd.)

4.1 Financial instruments – (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 fixed deposit, treasury bills and securitization papers which have been measured at amortized cost.



**LYNEAR WEALTH LIQUID MONEY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2025**

4. Material accounting policies - (Contd.)

4.5 Gain / (loss) on securities

i. Realised gains / (losses) on financial assets at amortized cost

Realised gains / (losses) on financial assets at amortized cost 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 0.50% p.a. (on Net Asset Value of the Fund)

Trustee and custody fee - 0.15% p.a. (on Net Asset Value of the Fund)

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.

**LYNEAR WEALTH LIQUID MONEY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2025**

4. Material accounting policies - (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. However, the fund is established in current financial year. Hence, no comparative information to be presented.



LYNEAR WEALTH LIQUID MONEY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2025

	2024/2025 Six months period ended Rs.
6. Investment income	
Interest income on	
Fixed deposits	12,570,194
Treasury Bills	2,516,878
Repurchase agreements	5,010,457
Securitised papers	2,474,442
Interest income from saving accounts	3,372
	<u>22,575,343</u>

7. For the financial year ended 31 March 2025, the audit fee related to the LYNEAR Wealth Liquid Money Fund has been borne by LYNEAR Wealth Management (Pvt) Ltd, the managing company of the Fund. This decision was made by the management of LYNEAR Wealth Management (Pvt) Ltd in consideration of the Fund's first year of operation. Accordingly, no audit fee expense has been charged to the Fund for the year.

8. 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 Rs.
9. Cash at bank	
Deutsche Bank - Savings A/C	107,924
Deutsche Bank Current A/C	-
	<u>107,924</u>

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

- 9.1. 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.

	31.03.2025 Rs.
10. Financial assets at amortised cost	
Fixed deposits (Note 10.1)	438,915,591
Government Securities- Treasury Bills	22,936,949
Repurchase agreements	161,625,782
Securitised papers (Note 10.2)	80,474,957
	<u>703,953,279</u>



LYNEAR WEALTH LIQUID MONEY FUND
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10. Financial assets at amortised cost - (Contd.)

10.1 Fixed deposits

Name of the issuer	31.03.2025	
	Value - Net as at 31 March 2025	Percentage exposure to each issuer against the net asset value of the fund
	Rs.	
Alliance Finance Company PLC	100,643,751	14%
Asia Asset Finance PLC	16,266,729	2%
Fintrex Finance Limited	40,000,465	6%
HNB Finance PLC	10,472,397	1%
Mahindra Ideal Finance Limited	70,934,668	10%
Mercantile Investments and Finance PLC	48,962,138	7%
People's Leasing and Finance PLC	100,970,470	14%
Singer Finance (Lanka) PLC	50,664,973	7%
	<u>438,915,591</u>	

10.2 Securitised papers

Name of the issuer	Trustee	Interest Rate	31.03.2025	
			Value - Net as at 31 March 2025	Percentage exposure to each issuer against the net asset value of the fund
			Rs.	
Asia Asset Finance PLC		10.65%	4,047,677	
Asia Asset Finance PLC	National Development	10.75%	4,048,125	3%
Asia Asset Finance PLC	Bank PLC	11.20%	15,524,712	
CDB Finance PLC		10.60%	15,426,780	2%
Singer Finance (Lanka) PLC	Hatton National Bank PLC	10.33%	10,217,779	
Singer Finance (Lanka) PLC	National Development			4%
	Bank PLC	11.10%	15,715,038	
Vallibel Finance PLC	Hatton National Bank PLC	10.75%	10,327,360	2%
Vallibel Finance PLC		11.00%	5,167,486	
			<u>80,474,957</u>	

The Fund has invested in securitized instruments backed by Trust Certificates, which are issued against the respective company's receivable portfolios. As part of the securitization structure, a specified trustee has been appointed by the issuer and the trustee is contractually obligated to pay capital amount together with the interest payable on capital amount as per the trust certificate issued by trustee.

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

10.3 Gain on sale of financial assets.

	2024/2025 Six months period ended Rs.
Proceeds on sale of T-Bills	107,533,278
Cost of T-Bills Sold	<u>(107,167,525)</u>
Net realized gain on Treasury Bills	<u><u>365,753</u></u>

31.03.2025
Rs.

11. Accrued expenses and other liabilities

Management fee payable	350,385
Trustee fee payable	105,115
Tax consultancy fee payable	96,760
WHT payable	99
Accrued bank charges	<u>275</u>
	<u><u>552,634</u></u>

12. Net assets per unit

Net assets (Rs.)	703,508,578
Total number of units	6,726,862
Net assets per unit (Rs.)	<u><u>104.5820</u></u>

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

	No. of units	Rs.
Increase due to unit creation during the period	9,645,813	982,619,671
Decrease due to unit redemption during the period	(2,918,951)	(300,184,572)
Increase in net assets attributable to unit holders	-	21,073,479
Balance as at 31 March 2025	<u><u>6,726,862</u></u>	<u><u>703,508,578</u></u>

Published NAV of the unit trust is Rs 703,508,578. Hence there is no difference between the published NAV and FS NAV.



LYNEAR WEALTH LIQUID MONEY FUND
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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 Rs.	Amortized cost Rs.	Carried at cost Rs.	Total Rs.
As at 31 March 2025				
<u>Assets</u>				
Financial assets				
Cash at bank	-		107,924	107,924
Financial assets at amortised cost	-	703,953,279	-	703,953,279
Total	-	703,953,279	107,924	704,061,203
<u>Liabilities</u>				
Accruals and other payables	-	-	552,634	552,634
Total	-	-	552,634	552,634

14. 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.

14.1 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.

14.1(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.

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14. Financial risk management (contd.)

14.1(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	107,924	107,924	-	-	-	-
Financial assets at amortised cost						
Fixed deposits	438,915,591		438,915,591	-	-	-
Government securities - treasury bills	22,936,949	22,936,949	-	-	-	-
Repurchase agreements	161,625,782	161,625,782	-	-	-	-
Securitized papers	80,474,957	-	80,474,957	-	-	-
Total financial assets	704,061,203	184,670,655	519,390,548	-	-	-

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.
Fixed deposits	-	470,886,997	-	-	-



LYNEAR WEALTH LIQUID MONEY FUND
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14. Financial risk management (Contd.)

14.1(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 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 Rs.	Life time expected credit losses not credit impaired Rs.	Life time expected credit losses credit impaired Rs.	Total Rs.
Assets				
Cash at bank	107,924	-	-	107,924
Financial assets - at amortised cost	703,953,279	-	-	703,953,279
Total financial assets	704,061,203	-	-	704,061,203

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. 703,953,279 (Fixed deposits Rs. 438,915,591 T bills Rs. 22,936,949 Repurchase agreements Rs. 161,625,782 and Securitised papers Rs. 80,474,957)

14.1(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 Rs.	Financial assets - at amortised cost Rs.	Total financial assets Rs.
Sectorwise breakdown			
Government	-	184,562,731	184,562,731
Corporate	107,924	519,390,548	519,498,472
Total	107,924	703,953,279	704,061,203



LYNEAR WEALTH LIQUID MONEY FUND
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14. Financial risk management (Contd.)

Credit quality analysis of financial investments

As at 31 March 2025

	Risk Status	Amortised cost Rs.	Total Rs.
Government securities	Risk free	184,562,731	184,562,731
Debt instruments having credit ratings*			
AA+ to A+	Low risk	23,620,514	23,620,514
A to BBB	Medium risk	56,854,443	56,854,443
Below BBB	High risk	-	-
Fixed Deposits			
AA+ to A+	Low risk	16,266,728	16,266,728
A to BBB	Medium risk	373,686,725	373,686,725
Below BBB	High risk	48,962,138	48,962,138

14.1(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	184,562,731	26%	Risk Free	Sovereign
Alliance Finance Company PLC	Fixed Deposit	100,643,751	14%	BB+	Fitch
Asia Asset Finance PLC	Fixed Deposit	16,266,729	2%	A+	Fitch
Fintrex Finance Limited	Fixed Deposit	40,000,465	6%	BB	Fitch
HNB Finance PLC	Fixed Deposit	10,472,397	1%	A	Fitch
Mahindra Ideal Finance Limited	Fixed Deposit	70,934,668	10%	AA-	Fitch
Mercantile Investments and Finance PLC	Fixed Deposit	48,962,138	7%	BBB-	Fitch
People's Leasing and Finance PLC	Fixed Deposit	100,970,470	14%	A	Fitch
Singer Finance (Lanka) PLC	Fixed Deposit	50,664,973	7%	BBB+	Fitch
Asia Asset Finance PLC	Securitized Papers	23,620,514	3%	A+	Fitch
CDB Finance PLC	Securitized Papers	15,426,780	2%	BBB	Fitch
Singer Finance (Lanka) PLC	Securitized Papers	25,932,817	4%	BBB+	Fitch
Vallibel Finance PLC	Securitized Papers	15,494,846	2%	BBB+	Fitch

14.1 (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 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:

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14. Financial risk management (Contd.)

14.1 (f) Operational risk - (Contd.)

- 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

15. 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.

15.1 Transaction with managing company

Company Name and Nature of Relationship	Nature of Transaction	Transaction Value 2024/2025 Rs.	Outstanding Balance 31.03.2025 Rs.
LYNEAR Wealth Management (Pvt) Ltd (Managing Company)	Investment in unit trust	75,500,000	(37,259,482)
	Redemption of units	(40,000,000)	-
	No. of units as of 31 March 2025 is 356,270.51		
	Management fee	1,411,323	(350,385)

15.2 Transaction with related funds

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



LYNEAR WEALTH LIQUID MONEY FUND
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15. Related party disclosures (Contd.)

15.3 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

Name of KMP/CFM	Relationship	Nature of the transaction	As of 31.03.2025	
			2024/2025 Value of Unit Investments Rs.	No of Unit Holdings Value of Unit Holdings Rs.
Dr N J W Gunawardane	Director of the Managing Company	Unit investment/purchase	-	-
Mr S S Kulatunga	Director of the Managing Company	Unit investment/purchase	-	-
Dr K T M De Soysa	Director of the Managing Company	Unit investment/purchase	-	-
Dr K T M De Soysa & Mrs. I S Selvaratnam	Director of the Managing Company & His Mother	Unit investment/purchase	7,400,000	74,000
Mr Z S Jeevunjee & Mrs N Jeevunjee	Director of the Managing Company & His Spouse	Unit investment/purchase	-	-
Mr Z S Jeevunjee & Mrs S M G Jeevunjee	Director of the Managing Company & His Spouse	Unit investment/purchase	-	-
Mrs Maria Tasneem Moosajee	Spouse of Mr S S Kulatunga(Director)	Unit investment/purchase	-	-
			7,739,068	



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15. Related party disclosures (Contd.)

15.4 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	Director	-
International Distillers Limited	Related party through KMP	-	-	-	Director	-	-
East India Holdings (Pvt) Ltd	Related party through KMP	-	-	-	Director	-	-
Sun Tan Beach Resorts Ltd	Related party through KMP	-	-	-	Director	-	-
Sozo Beverages (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	-	-	-	-	Director	-
Navitas (Private) Limited	Related party through KMP	-	-	-	-	Director	-
Invictus (Private) Limited	Related party through KMP	-	-	-	-	Director	-
Expolanka Holdings PLC	Related party through KMP	-	-	Director	-	CEO	-
Tasz Holdings (Private) Limited	Related party through KMP	-	-	Director	-	-	-
Myna Holdings (Private) Limited	Related party through KMP	-	Director	-	-	-	-
Muhudu Vally (Private) Ltd	Related party through KMP	-	Director	-	-	-	-
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	-	-	-	-	-



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16. Transaction with Trustee

Company Name and Nature of Relationship	Nature of Transaction	Transaction Value	Outstanding Balance
		2024/ 2025 Rs.	31.03.2025 Rs.
Deutsche Bank AG, Colombo Branch (Trustee and Custodian has not invested in the Fund)	Trustee fee	265,874	(105,115)

17. 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.

18. 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.



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 Liquid Money 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 Liquid Money 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