

MUTUAL FUNDS

ANNUAL REPORT

2023-2024



ASSETLINE

Assetline Capital (Pvt) Limited

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ANNUAL REPORT 2023-2024**

Table of Contents	Page
01. Corporate Information	01
02. Assetline Capital (Private) Limited - Corporate Profile	02
03. Profile of Assetline Mutual Funds	03
04. Board of Directors of Assetline Capital (Private) Limited	04
05. Key Management Personnel of Assetline Capital (Private) Limited	09
06. Chief Executive Officer's Report	11
07. Fund Manager's Report	13
08. Fund Performance – Assetline Income Fund (AINF)	20
09. Independent Auditors' Report and Audited Financial Statements (AINF)	22
10. Fund Performance – Assetline Income Plus Growth Fund (AIGF)	23
11. Independent Auditors' Report and Audited Financial Statements (AIGF)	25
12. Summary of Transactions between Assetline Mutual Funds and its Related Parties	26
13. Declaration by Trustee and Management Company	27

01. Corporate Information

Assetline Mutual Funds: Assetline Income Fund

Assetline Income Plus Growth Fund

MANAGEMENT COMPANY & REGISTRAR

Assetline Capital (Private) Limited

Registered Office &

Principal Place of Business:

No. 120, 120A
Pannipitiya Road
Battaramulla
Sri Lanka

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Mr. G. L. W. N. Perera

Mr. A.Y.D. De Silva

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

Mr. A. G. De Alwis

TRUSTEE & CUSTODIAN

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

AUDITORS & TAX CONSULTANTS

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

BANKERS

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

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

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

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

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

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

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

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

02. Assetline Capital (Private) Limited

The Vision

To become the preferred unit trust and investment manager providing optimal returns for its clients based on their individual risk profiles.

The Mission

- Increase client wealth through prudent decision making and capitalising on market opportunities, inspired by a dedicated team that is committed to excellence.
- Manage portfolios by identifying different risk profiles of clients in a well-controlled and monitored environment.
- Build a professional and motivated team to cater to different client requirements.

The Corporate Profile

Assetline Capital (Private) Limited (ACPL) is a licensed Managing Company and Investment Manager approved by the Securities and Exchange Commission of Sri Lanka (SEC). The ultimate parent company of ACPL is David Pieris Holdings (Private) Limited. The David Pieris Group, through its subsidiary DPMC Assetline Holdings (Private) Limited, has diversified into financial services which include leasing, loans, margin trading, insurance broking, and corporate services. Further, the Group has subsidiaries that have ventured into the automotive industry, logistics, renewable energy, information technology, leisure, consumer durables, as well as property development & trading.

Since its inception in 2001, ACPL has been involved in capital market operations, initially as a margin provider. In 2013, ACPL broadened its scope by providing investment management services to corporate entities and high-net-worth individuals, and the initial business was transferred to another group company. In July 2014, the company launched Assetline Mutual Funds (AMF), marking its entry into the unit trust industry.

Assetline Mutual Funds' Assetline Income Fund (AINF) and Assetline Income Plus Growth Fund (AIGF) cater to investors' diverse risk-return preferences. AINF is geared toward investors who have a short investment horizon and a preference for fixed income securities. AIGF makes strategic investments in long term fixed income securities and listed equities with the goal of optimizing portfolio performance.

03. Profile of Assetline Mutual Funds

The Assetline Income Fund, is an open-ended money market scheme that invests in government securities, bank deposits, and corporate debt instruments with maturities of 397 days or less. It is designed to cater to investors with short investment horizons and low to moderate risk profiles.

The Assetline Income Plus Growth Fund, is an open-ended balanced scheme, which invests in both equity and fixed income securities. It is suitable for investors with medium to long-term investment horizons with a high-risk tolerance.

	Assetline Income Fund	Assetline Income Plus Growth Fund
Inception Date	11/07/2014	11/07/2014
Dividend Pattern	Irregular	Irregular
Front-end Fee	NIL	NIL
Trustee Fee	0.225% p.a.	0.22% p.a.
Management Fee	0.5% p.a.	1% p.a.
Custodian Fee for the Total Fund	Rs. 25,000/- per month Plus applicable government taxes	Rs. 25,000/- per month Plus applicable government taxes
Exit Fee	NIL	<ul style="list-style-type: none"> • For withdrawals within 1 Year: 1% • For withdrawals after 1 Year: NIL

04. Board of Directors of Assetline Capital (Private) Limited



Ms. Romany Parakrama, Chairperson

Ms. Romany Parakrama has been the Chairperson of the Board of Assetline Capital (Private) Limited, since February 01, 2017. Ms. Parakrama is also a Director of David Pieris Motor Company (Private) Limited and holds directorship positions in six other companies within the David Pieris Group.

Ms. Parakrama counts to over 30 years' experience in the banking industry with multi-national banks such as Amro Bank, American Express, Societe Generale and Standard Chartered Bank. Before joining the David Pieris Group in June 2015, she was the Regional Head, Internal Communications for Southeast Asia and the Head of Sustainability, Brand and Sponsorship for Standard Chartered Bank Singapore. In Sri Lanka, she has held a range of diverse roles including Head of Corporate Affairs, Head of Priority Banking and Head of Cash Management at Standard Chartered Bank.

Ms. Parakrama holds a Bachelor's Degree in Liberal Arts & Science (Magna cum Laude, Phi Beta Kappa) from Smith College USA and is an accredited Credit & Risk Professional with both Standard Chartered Bank and American Express.



Mr. Wishan Perera, Executive Director and Chief Executive Officer

Mr. Wishan Perera joined the Company as the Divisional Manager of Assetline Capital (Private) Limited, in June 01, 2016 and currently is designated as the Chief Executive Officer. He brings in wealth of financial and treasury expertise to the company.

Mr. Perera has over 25 years of experience in the areas of Fund Management, Treasury Management, Investment Management, Treasury Audits, Bank Operations and Credit. Prior to joining Assetline Capital, he held the position of Chief Manager Treasury at Axis Bank Colombo while heading the overall operation for over two years where he enhanced his expertise in asset and liability management & risk management. He also worked for Seylan Bank PLC and gained extensive experience in fund management, FX operations, speculative trading and held the position of the Dealer of Primary Dealer Unit of the bank involved in G-Sec trading.

Mr. Perera is an Associate Member of both the Chartered Institute for Securities & Investments UK and the Institute of Bankers of Sri Lanka. He holds an ACI (Paris) Dealing Certificate, Post Graduate Executive Diploma in Bank Management, Diploma in Treasury and Risk Management (IBSL), and CISI Level 3 Certificate in Wealth and Investment Management.



Mr. Dhanika De Silva – Executive Director

Mr. Dhanika De Silva has been a Director of Assetline Capital (Private) Limited, since May 01, 2016. Mr. De Silva presently, holds directorship positions in nine other group companies within the David Pieris Group including the David Pieris Motor Company (Pvt)Ltd. He is also the Chief Officer Treasury Operations of David Pieris Holdings (Pvt) Ltd and heads the Group Treasury Operations.

Mr. De Silva joined David Pieris Motor Company Limited in 2006 as Manager - Treasury and Investment and subsequently was promoted to Divisional Manager - Planning and Development, Deputy General Manager - Planning and Development and General Manager Treasury Operations. Before joining David Pieris Motor Company (Private) Limited he worked as an Executive Officer, Treasury Dealing Room at Commercial Bank of Ceylon PLC.

Mr. De Silva has a Master of Arts in Financial Economics and an LL.B. (Honors) Degree from the University of Colombo. He is an Associate Member of Chartered Institute of Management Accountants UK and a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka.



Mr. Sidath Kalyanaratne – Non-Executive Director

Mr. Sidath Kalyanaratne was appointed as a Director of Assetline Capital (Private) Limited, on 16th June 2020. Mr. Kalyanaratne is the head of new initiatives and research of David Pieris Holdings (Private) Limited and currently chairs Electrozen Global (Private) Limited – a joint venture company and Electrozen Distributors (Private) Limited – a fully owned subsidiary of the Group. He also serves on the Group Internal Audit Committee, Group Risk Management Committee, Group strategic Committee and the Group Investment Committee of David Pieris Holdings (Private) Limited.

Prior to joining the David Pieris Group, Mr. Kalyanaratne worked as the Vice President at NDB Securities (Private) Limited. He has also worked as an Investment Manager focusing on emerging markets, for a boutique investment advisory company based out of Dubai.

Mr. Kalyanaratne is a Charter holder of Chartered Financial Analyst – USA, passed finalist of Chartered Institute of Management Accountants, UK and a graduate in Electrical Engineering from the University of Moratuwa.



Mr. Gokula De Alwis, Independent Non-Executive Director

Mr. Gokula De Alwis has been an Independent Non-Executive Director of the Board of Assetline Capital (Private) Limited since January 16, 2024.

Mr. De Alwis is a dynamic leader with a proven record of over 35 working in diverse sectors, including Manufacturing, Import and Trading, Logistics, Information Technology, and E-commerce.

Currently, he is a Tax Consultant providing advisory and consultancy services to both corporates and high-net-worth individuals.

He holds a Certificate in Strategic Finance from Harvard University Business School, Boston, MA, a Certificate in General Management from the National University of Singapore (NUS) Business School and in Advance Taxation from the Department of Inland Revenue, Sri Lanka

05. Key Management Personnel of Assetline Capital (Private) Limited

Mr. Niwanka Seneviratne, Divisional Manager Treasury and Business Head - Portfolio Management

Mr. Niwanka Seneviratne joined the Company as Manager -Treasury of Assetline Capital (Private) Limited, in May 2022. He brings government security trading and treasury expertise to the company. He counts over 12-year experience in the Finance industry covering areas of treasury management, portfolio management, government securities and corporate debt.

Prior joining Assetline Capital, Mr. Seneviratne worked as the Assistant Vice President – Treasury at Capital Alliance PLC and specialised in Fixed Income trading and customer portfolio management.

Mr. Seneviratne holds a Master of Business Administration from the University of West London and bachelor's degree from Cardiff Metropolitan University (UK).

Mr. Janitha Jayawardana, Head of Compliance, Risk & Control

Mr. Janitha Jayawardana joined the Company as Manager Risk and Control in August 2023. Mr. Jayawardana is a banking professional with nearly 13 years of banking & finance experience, which includes 8 years of specialisation in treasury operations, treasury risk and market risk management.

Prior to joining Assetline Capital, he held the position of Executive Officer, Treasury and Market Risk Management at Seylan Bank Plc. He has also worked at the Union Bank of Colombo Plc, National Development Bank Plc and Pan Asia Banking Corporation PLC.

Mr. Jayawardana earned his Bachelor of Science Management External Degree (Bsc.Mgt) from the University of Sri Jayewardenepura and has a Certificate in Treasury & Foreign Exchange Operations from the Central Bank of Sri Lanka (CBSL). He has completed the Certificate in Banking & Finance from the Institute of Bankers of Sri Lanka (IBSL). He is currently, pursuing a Diploma in Bank Integrated Risk Management at IBSL.

Mr. Hasitha Samarasinghe, Assistant Manager – Treasury Front Office

Mr. Samarasinghe joined Assetline Capital (Pvt) Ltd in 2022. Prior to which he worked at the National Development Bank PLC, where he gained 6 years of Treasury experience and 7 years of experience in International Trade Finance in the Banking and Finance Industry.

Mr. Samarasinghe has a Master of Business Administration from the University of Gloucestershire (UK), a Diploma in Strategic Management and Leadership from IDM Colombo Campus, a Diploma in Treasury and Risk Management and a Diploma in Portfolio and Investment Management from the Institute of Bankers of Sri Lanka (IBSL). He also holds a Lean Six Sigma Yellow Belt certification.

Mr. Lakshan Thilakarathne, Senior Executive Treasury and Business Head - Unit Trust

Mr. Thilakarathne counts over 7 years at Assetline Capital (Pvt) Ltd in treasury operations and currently manage the portfolio of the scheme.

He holds a Bachelor of Business Administration (Management) Special Degree in Accounting & Finance, from the University of Ruhuna. He has also completed the Diploma in Treasury and Risk Management awarded by the Institute of Bankers of Sri Lanka; the Advance Diploma in Financial Markets conducted by the Colombo Stock Exchange; AAT Sri Lanka and the Executive Level examination of the Institute of Chartered Accountants of Sri Lanka; and the Diploma in Business IT from the Siksil Institute of Business & Technology (Pvt).

Ms. Sathsarani Wijethunga, Compliance Officer

Ms. Wijethunga joined Assetline Capital (Pvt)Ltd as an Associate Operations in October 2016 and was designated as an Associate Compliance in April 2018.

She was appointed the Compliance Officer of the company in August 2022.

Ms. Wijethunga holds a Bachelor of Commerce (General) External degree from University of Sri Jayewardenepura. She has also completed the Diploma in Treasury and Risk Management offered by the Institute of Bankers of Sri Lanka (IBSL) and the Certificate in Unit Trust awarded by Securities and Exchange Commission of Sri Lanka.

06. Chief Executive Officer's Report

“Grey clouds ahead through the bright sky, preserve what you have earned.”

Dear Investors,

It is with profound delight that I forward our annual report for the year ended 31st March 2024.

Despite a few challenges, FY 23/24 was an excellent year, creating lifetime opportunities for our unit holders as I mentioned in last year's CEO report. The main highlight was the successful completion of the Domestic Debt Optimization (DDO), which eliminated the additional risk premiums of Government Securities. Receiving two tranches of the IMF Extended Fund Facility (EFF) and successfully completing the second review of the staff-level agreement during the latter part of the financial year were other key factors for markets confidence. The enactment of the CBSL Act, last year, was also a major highlight conferring independence, transparency, and accountability to the policy maker.

The government strove to meet the IMF targets to weather difficult challenges while making unpopular decisions such as broadening the tax net, restructuring state-owned enterprises (SOEs), implementing cost-reflective utility prices, increasing VAT, and removing most exceptions and subsidies. On the expenses front, non-essential capital expenses and infrastructure projects were cut down or delayed. Last year, due to these initiatives Sri Lanka passed a significant milestone by achieving a primary surplus for the first time in 5 years. Meanwhile, the external sector demonstrated resilience, with stability largely restored in 2023, supported by improved foreign exchange inflows. This reinforced the Balance of Payments (BOP) position and facilitated the organic buildup of international reserves, thereby strengthening the Sri Lanka rupee. The exchange rate stabilized, resulting in Gross Official Reserves of \$5 billion at the end of April 2024.

Another positive factor was inflation, which had accelerated to unprecedented levels in 2022 but was brought down to single-digit levels. This resulted in decelerating price levels and disinflation. The credible deceleration of inflation and well-anchored inflation expectations within the targeted range allowed the Central Bank to begin its monetary policy easing cycle in mid-2023. This commenced in June 2023, in view of the deceleration of inflation, benign inflation expectations, a stable inflation outlook, and improvements in the external sector. As a result of the monetary policy easing measures and administrative measures, market interest rates declined significantly, particularly deposit rates.

Supported by a 7.0% reduction in policy rates on six occasions, liquidity injections, and the expulsion of extra risk premiums via DDO, market interest rates, especially in government securities, came down substantially. This enabled the company to realize substantial capital gains and deliver exceptional returns to our valued unit holders. Despite the equity market being choppy at the beginning of the FY, it bounced back very strongly by mid-year, supported by the restoration of economic resilience gained with the aforementioned measures. ASPI reached

11,724 points from 9,301 points within six months on 8th August 2023, before closing at 11,444 during the FY.

Among the challenges the country could face going forward are political instability and External Debt Restructuring (EDR). With the next FY being an election year, there could be some volatility in the markets. Regardless of who comes to power, it is imperative to maintain the same fiscal path and continue the same policies without derailing from the IMF program. Impacts from geopolitical events, global uncertainties, and the monetary policy stance of developed countries are risk factors that policymakers must closely monitor. For continued success, they must ensure monetary and financial stability, continue structural reforms, present sustainable economic policies, and uphold effective governance.

Both our funds were actively managed, focusing on trading opportunities in both interest rates and stocks. Towards the 4th quarter of the FY, our focus was to preserve the gains and remain liquid to take advantage of opportunities when they arose. Specifically, the Income Plus Growth fund booked Rs. 1,226 million as capital gains throughout the FY.

At the end of the financial year 23/24, Assetline Income Plus Growth Fund posted a 50.13% financial year yield compared to last year's 11.93%, while Assetline Income Fund posted a 17.50% financial year yield compared to 21.25% posted in the previous year.

I am optimistic that regardless of which political party comes into power, they will continue the same policies and conclude EDR so that the country can overcome the default status and restore even stronger economic stability. Moreover, I am positive about the equity market, which is the only alternative to lower interest rates and is supported by healthy performances of listed entities. However, temporary setbacks like the elections and fund flight if vehicle restrictions are relaxed are things to watch out for. I believe that the unit trust industry, now at its highest fund size, may slow down with the easing of yields that push investors towards the equity market.

I would like to take this opportunity to thank my staff who have continued to deliver their best in very challenging circumstances, often going the extra mile beyond their scope of work. I am also thankful to my Board of Directors, the Auditors, the Securities and Exchange Commission of Sri Lanka, and the Trustees for their continued support and guidance. Most importantly, I wish to extend our sincere appreciation to our loyal unit holders and assure them that we remain committed to delivering the best possible returns in the coming year.

Wishan Perera

Chief Executive Officer

07. Fund Manager's Report

With great pleasure we present the annual report of the Assetline Mutual Fund (AMF) for the financial year from April 1, 2023, to March 31, 2024. The financial year began with an optimistic outlook, offering numerous opportunities for fund managers to enhance investors' wealth. During the review period, the country witnessed significant developments, including the successful completion of the Domestic Debt Optimization (DDO) program, the receipt of the first two tranches from the IMF, a relaxation of monetary policy rates, and a reduction in inflation rates. Consequently, both the equity and debt markets exhibited considerable volatility throughout the year which created immense opportunities for fund managers to accomplish the objectives of the schemes.

During the review period, the Sri Lankan economy showed signs of gradual recovery. The Central Bank of Sri Lanka (CBSL) and policymakers played a crucial role in stabilizing macroeconomic factors.

Policymakers made pivotal decisions such as increasing individual and corporate tax rates, curtailing non-essential imports, and enabling a cost base approach for essential utilities and fuel to achieve the reforms suggested by the International Monetary Board under the Extended Fund Facility. Although there are still a number of reforms to be met, Government has showed the commitment to achieve these as well.

The Central Bank of Sri Lanka has also taken several steps to increase the market liquidity by easing some restrictions on the SDF and SLF facilities and continuous buying US dollars from the market to enhance the foreign reserves in the country.

Additionally, the reduction of the Standing Deposit Facility (SDF) and Standing Lending Facility (SLF) rates by 700 basis points during the review period significantly increased the value of government securities, enabling fund managers to realize healthy capital gains. In response to the interest rate reduction and low inflation, the stock market also began to recover. The All-Share Price Index (ASPI) and S&P indices rose by 23.04% and 23.66%, respectively.

Throughout the review period, the positive measures implemented by policymakers led to an increase in the real returns for investors, primarily due to lower borrowing costs, currency appreciation, reductions in commodity prices and utility charges, and the easing of some import restrictions.

Looking ahead to 2024, political factors will play a crucial role, especially considering the two major elections scheduled to take place. We anticipate some market volatility during the 3rd and 4th quarters of the next financial year. However, we remain optimistic that macroeconomic factors will continue to stabilize. The ongoing commitment to IMF-recommended reforms is expected to drive a strong recovery from the current situation, which will help us achieve the scheme's objectives and ensure stable returns as well as safety for our investors.

The following Economic Outlook for 2024 developed with the key macro-economic indicators is clear evidence of the country's recovery path. Despite the political stability being the key risk, we believe that the policy makers will be independent and transparent in their policies to maintain a stable currency, easing interest rates and inflation to maintain price stability. Hence, we are optimistic that the country will transform into even stronger recovery from the current situation which will help to meet the schemes' objectives.

.Our Schemes

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

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

AIGF is designed for investors with a high-risk appetite and a long-term investment horizon. The asset classes include government securities, corporate debt, bank fixed deposits and equity without restriction on tenors.

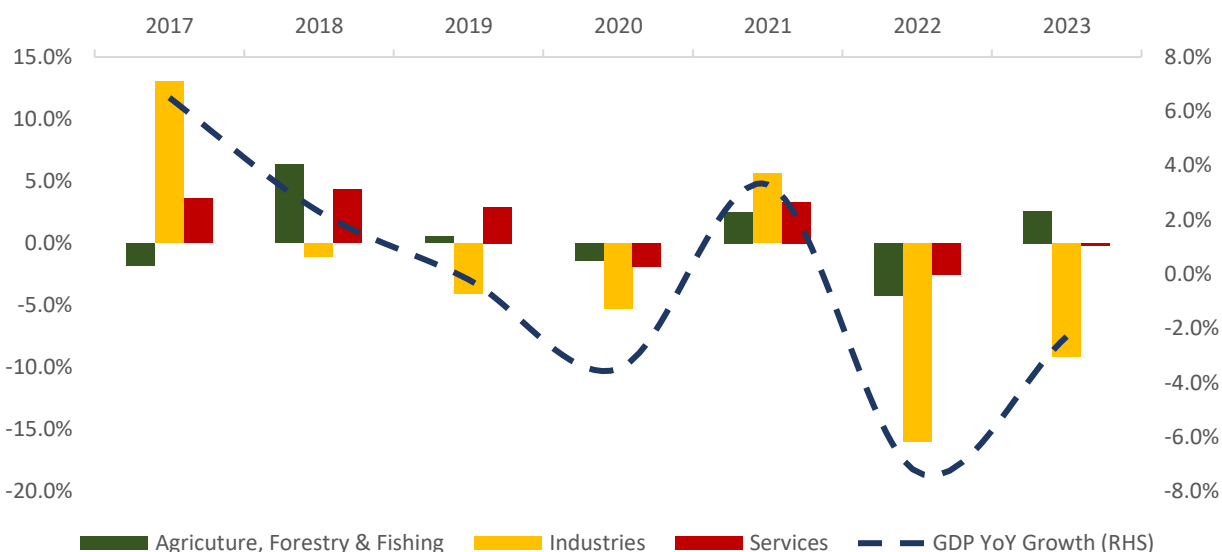
As of 31st March 2024, AINF & AIGF posted financial year yields of 17.50% & 50.13% and the number of unit holders were 932 & 114 respectively. The NAV of AINF was Rs. 5.47 billion whilst AIGF was Rs. 14.15billion.

The investment strategy of AINF was to have a balanced maturity profile within the investment horizon, placing more emphasis on liquidity. This allowed higher reinvestment returns and provision to take advantage on further rate increases.

The strategy of AIGF was to lock long term investments at the top of the yield curve with the expectation of the interest rate to fall once DDO is announce and to gradually realize capital gains. Equity strategy was to invest in fundamentally strong growth and income shares which benefits in an economic recovery and stable returns.

ECONOMIC OUTLOOK FOR 2023

GDP and Sectorial Growth from 2017 – 2023



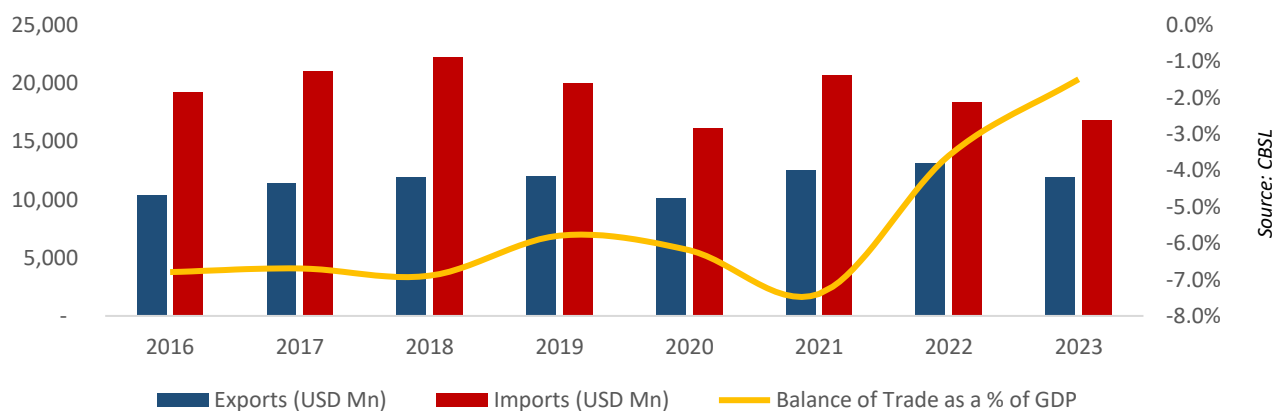
Source: CBSL

Expectations for continued recovery of domestic economic activities.

The economy is predicted to have expanded by 4.5% year over year in the fourth quarter of 2023, according to GDP projections released by the Department of Census and Statistics (DCS). This comes after a sluggish 1.6% year on year growth in the third quarter of 2023. In contrast to the revised 7.3% decline of the economy in 2022, the total contraction of the economy in 2023 was kept at 2.3% thanks to favorable growth outcomes in the second half of the year. It is anticipated that this growth momentum would carry over into the next quarters.

Source: [Monetary Policy Review: No 02 - March 2024](#), page 03

Balance of Trade as a % GDP



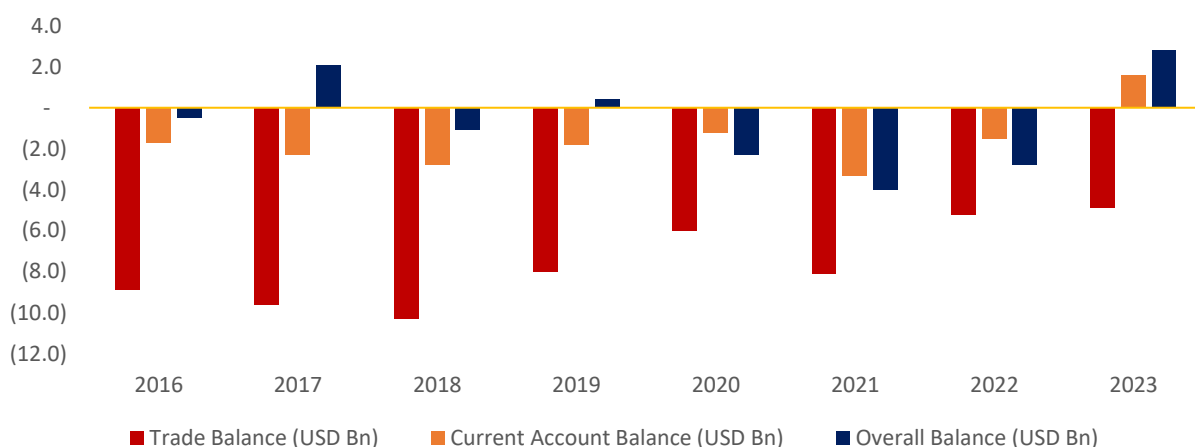
Source: CBSL

The external sector is anticipated to continue to be robust, for the foreseeable future.

Due mainly to a greater growth in exports than in imports, the merchandise trade account deficit shrank from USD 412 million in March 2023 to USD 369 million in March 2024. But compared to February 2024 (USD 319 million), it widened. In the meantime, the trade account's cumulative deficit from January to March 2024 (USD 1,229 million) was more than the deficit from the same period in 2023 (USD 896 million). From USD 1,037 million in March 2023 to USD 1,139 million in March 2024, the earnings from merchandise exports climbed by 9.8%. In comparison to USD 1,450 million in March 2023, expenditure on merchandise imports increased by 4.0% to USD 1,508 million in March 2024.

Source: [External Sector Performance - March 2024](#)

BOP Position



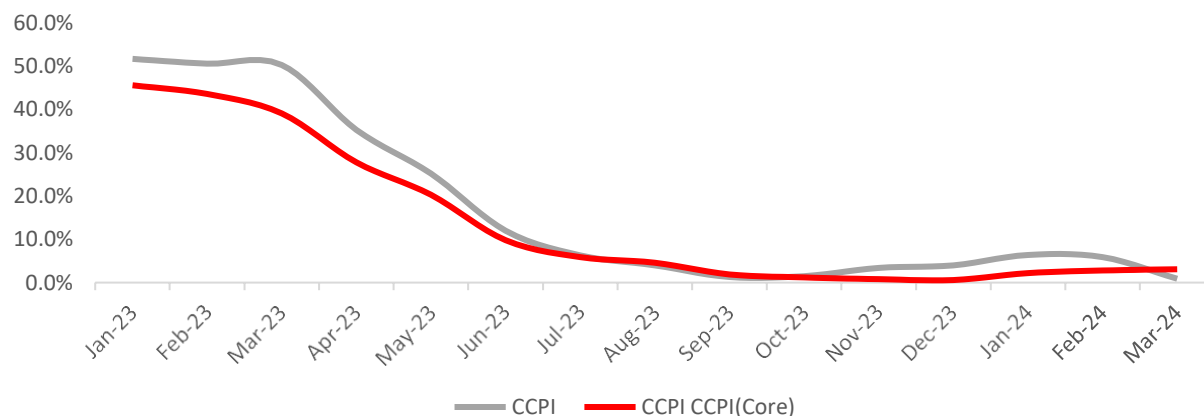
Source: CBSL

Expected improvement of gross official reserves

According to estimates, a greater rise in imports was the primary factor behind the merchandise trade deficit's expected widening in January 2024 when compared to the same time in 2023. However, during the two months that ended in February 2024, trade in services—primarily profits from tourism—recovered dramatically, and worker remittances continued to grow positively. By the end of February 2024, gross official reserves (GOR) had increased to USD 4.5 billion, which included the People's Bank of China swap facility. In the face of higher foreign currency inflows than withdrawals, the Central Bank made sizable net purchases from the domestic foreign exchange market to sustain the reserve buildup.

Source: [Monetary Policy Review: No 02 - March 2024](#), page 03

CCPI Inflation of Headline and Core, YoY Basis



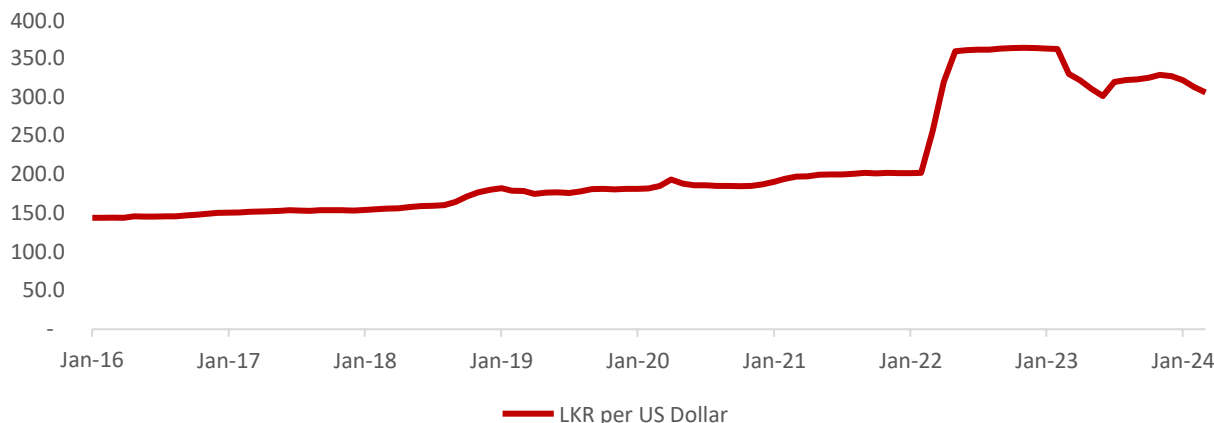
Source: Department of Census and Statistics

Inflation is anticipated to steadily rise to the desired levels, in the period ahead.

Headline inflation, as determined by the Colombo Consumer Price Index (CCPI, 2021=100) year-on-year change, decreased to 5.9% in February 2024 from 6.4% in January 2024. This decline was mostly caused by a slowdown in non-food inflation. In February 2024, there was a month-over-month deflation in food prices, despite an acceleration of food inflation on an annual basis. In February 2024, core inflation, which measures the economy's underlying demand pressures, stayed low at 2.8%. Furthermore, realized inflation for the first two months of 2024 suggests that the Value Added Tax (VAT) amendments implemented in January 2024 might not have as significant of an impact on inflation as first anticipated. Furthermore, in contrast to earlier forecasts, headline inflation is expected to moderate in the upcoming months as the recent downward revision to the electricity tariff and the moderation of food prices are expected to partially offset the effects of the temporary spike in inflation caused by the VAT amendments. With the help of the right policy measures, inflation is anticipated to eventually converge to the targeted level in the near future and stay there over the medium term.

Source: [Monetary Policy Review: No 02 - March 2024](#) ,

Exchange Rate Movements



the value of the Sri Lankan rupee against the US dollar increased by 9.1%. During the year ending April 30th, 2024, the value of the Sri Lankan rupee increased in relation to major currencies like the Australian dollar, the euro, the pound sterling, the Japanese yen, and the Indian rupee, indicating fluctuations in cross-currency movements. The real effective exchange rate (REER 24) increased in March 2024 in line with the nominal appreciation. REER 24's index, however, continued to be well below the 100 index point cutoff, demonstrating the persistence of external competitiveness.

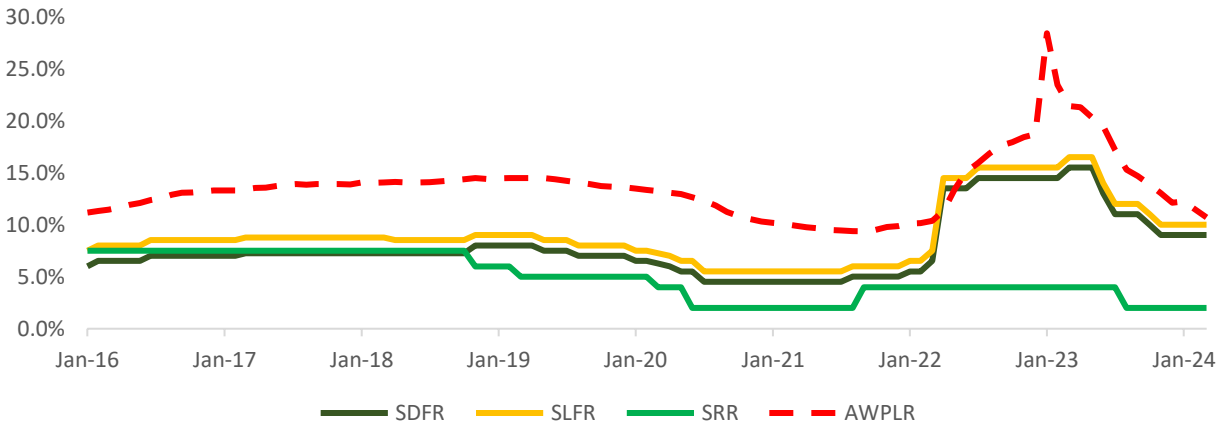
Source: [External Sector Performance - March 2024](#), page 07

For the foreseeable future, a further reduction in market interest rates is warranted.

The monetary policy easing measures that have been put in place thus far, along with the removal of risk premia associated with yields on government securities after the domestic debt optimization (DDO) operation was put into place, have caused an adjustment downward in the overall market interest rate structure. The rate at which market interest rates, especially lending rates, have been declining has, however, slowed recently, and government bond yields, which saw a significant decline in the first two months of the year, have somewhat reversed. In January 2024, the amount of credit outstanding from Licensed Commercial Banks (LCBs) to the private sector contracted. This was partly because of valuation effects brought on by the appreciation of the Sri Lankan rupee compared to the US dollar and potential settlements following the festive season. The LCBs had been in an expansionary phase since June 2023. However, the preliminary data for February 2024 shows that credit growth has somewhat resumed. In the coming months, it is anticipated that the current accommodating monetary policy stance and the policy interest rate reduction will cause market lending rates to drop even further and promote LCBs' expansion of credit to the private sector.

Source: [Monetary Policy Review: No 02 - March 2024](#),

Policy Rates Movements Vs AWPLR



Source: CBSL

In light of the medium-term stable inflation outlook and the muted demand pressures, policy interest rates are further reduced.

At its meeting on March 25, 2024, the Monetary Policy Board of the Central Bank of Sri Lanka resolved to lower the Central Bank's Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) by 50 basis points, to 8.50% and 9.50%, respectively, considering the above-highlighted macroeconomic developments. The Board observed that supply-driven and administratively set prices were the driving forces behind the recent and anticipated changes in inflation in the coming months, but it also noted that inflation expectations were still firmly grounded. The Board believed that additional monetary policy easing would create the necessary room for market interest rates, especially lending rates, to continue falling to levels that support the continuous expansion of credit to the private sector and, consequently, the ongoing recovery of economic activity.

Source: [Monetary Policy Review: No 02 - March 2024](#)

08. Fund Performance – Assetline Income Fund (AINF)

The NAV of the Assetline Income Fund (AINF) as of 31st March 2024 was Rs. 5.47Bn. The fund generated a financial year YTD yield of 17.50% for the financial year ended 31st March 2024 while the number of unit holders were 932.

The funds under management were Rs. 3.29 Bn as of 1st April 2023 and fluctuated within a range of Rs. 2.62 Bn and Rs. 7.25Bn during the period.

The financial-year yield of AINF continued to increase until May 2023, reaching 22.26% on 31 May 2023, compared to 21.70% as of 01st April 2023. The increase in the yield was mainly driven by Central Bank policy rates hikes which were the highest in its history and lasted until end of May 2023. From June 2023 onward the yield continued to fall due to Central Bank policy rate cuts. Consequently, Government Securities rate also changed in line with policy rates, whilst banks similarly adjusted their rates downwards. This impacted the income since the fund is restricted to invest only up to 397 days to ensure liquidity.

Given our opinion of future interest rate movements and to mitigate risk of uncertainty due to political factors, investment was made in

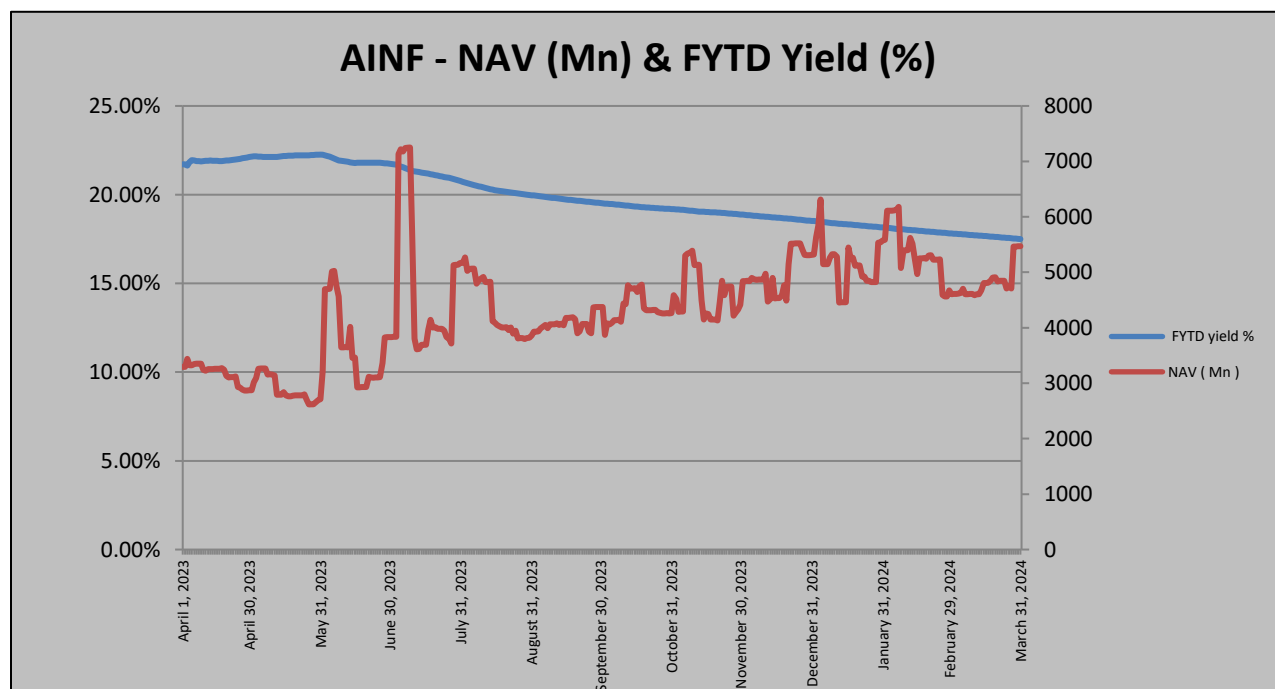
treasury bills with mixed tenors up to one year. Government securities being the highest yielding asset class, majority of the portfolio was invested in treasury bills and the rest was retained in money market accounts for liquidity requirements.

The number of unit holders in AINF increased by 1.19% to 932 from 921 during the one-year period.

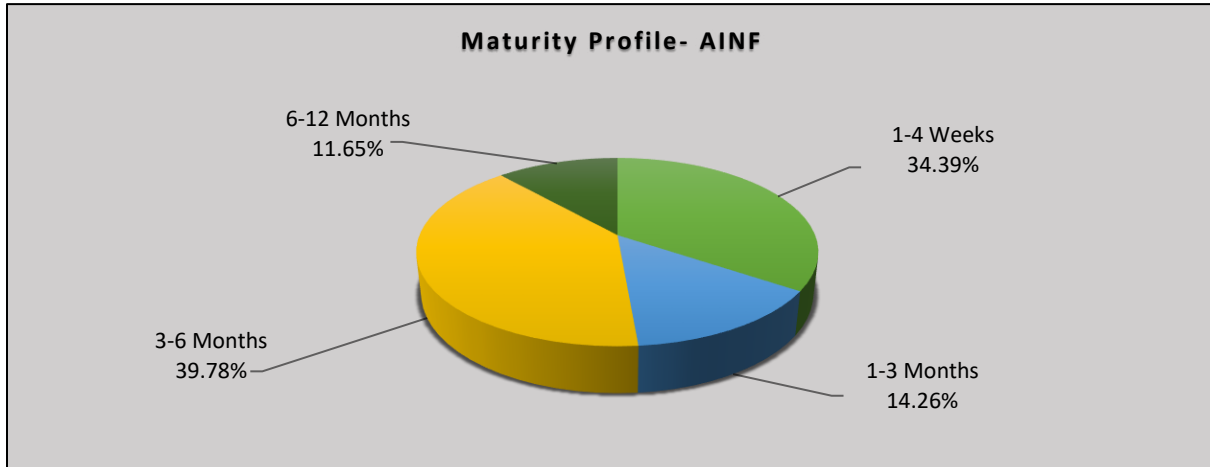
Fund managers placed more emphasis on providing liquidity for the unit holders and placed 34.39% portion in a 1-4-week maturity bucket whereas the balance portion was invested in mixed tenors of up to 1 year.

The AINF has an investment mix of money market savings accounts 27% and Government securities 73%.

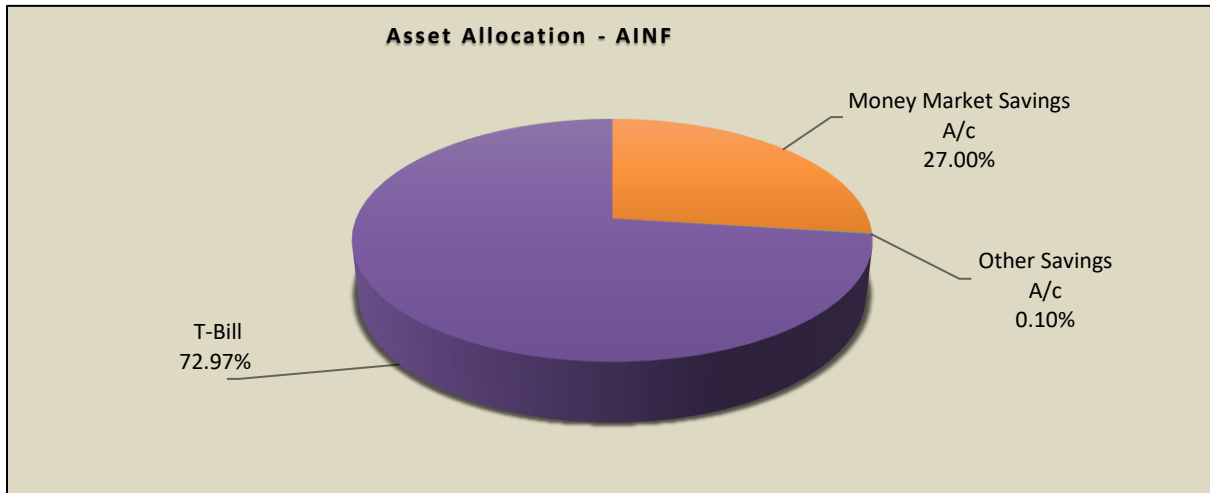
From the funds under management, 78% was invested in Government securities and companies with a credit rating of AAA(PACRA), of which the majority was in government securities (73%) and the balance 5.5% was invested in counter parties with “AAA” followed by “A” (0.003%), “A-” (21.5%) respectively (Fitch).



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



(Figure 2: Maturity profile of AINF as of 31st March 2024)



(Figure 3: Asset allocation of AINF as of 31st March 2024)

Rating	Fitch		PACRA		Total	
	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV
Government Securities	-	-	-	-	3,990,777,891.41	72.97%
AAA	-	-	301,427,280.81	5.51%	301,427,280.81	5.51%
A	145,001.43	0.003%	-	-	145,001.43	0.003%
A-	1,175,540,238.86	21.49%	-	-	1,175,540,238.86	21.49%
BBB-	5,248,231.83	0.10%	-	-	5,248,231.83	0.10%
Total	1,180,933,472.12	21.59%	301,427,280.81	5.51%	5,473,138,644.34	100.07%

(Figure 4: Credit profile of AINF as of 31st March 2024)

Assetline Income Fund

FOR THE YEAR ENDED 31st MARCH 2024

Private & Confidential

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF ASSETLINE INCOME FUND**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Assetline Income Fund ("the Fund"), which comprise the statement of financial position as at 31st March 2024 and the statement of comprehensive income, statement of changes in unitholders' fund and 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 of the Fund give a true and fair view of the financial position of the Assetline Income Fund as at 31st March 2024, and its financial performance and 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 management company is responsible for the other information presented in the annual report together with financial statements. Our opinion on the financial statements does not cover this other information and accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. We have nothing to report in this respect.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements 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, management 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 management 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 an assurance of a high level, but 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 management.
- Conclude on the appropriateness of management'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 of Assetline Income Fund is complied with the requirements of the Collective Investment Scheme Code issued by Securities and Exchange Commission of Sri Lanka and the Trust Deed.



B. R. DE SILVA & CO.
Chartered Accountants
Colombo 05.

Date... 2024 / 06 / 20
(LW/ST/ca)



ASSETLINE INCOME FUND**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH,**

	<i>Note</i>	2024 Rs.	2023 Rs.
<u>INVESTMENT INCOME</u>			
Interest income from financial assets at amortised cost	(04)	713,300,045	682,589,254
Other Income		-	6,322
Total investment income		<u>713,300,045</u>	<u>682,595,576</u>
<u>EXPENSES</u>			
Management fee	(09 (g))	(22,942,491)	(16,844,224)
Trustee and custodian fee	(09 (g))	(12,013,381)	(9,023,725)
Audit fee		(260,275)	(239,999)
Professional fee		(87,008)	(37,000)
Other operating expenses		(115,000)	(64,553)
Total operating expenses		<u>(35,418,155)</u>	<u>(26,209,501)</u>
Net operating profit		<u>677,881,890</u>	<u>656,386,075</u>
Finance costs		(285,686)	(288,562)
Profit after deductions and before tax		<u>677,596,204</u>	<u>656,097,513</u>
Income tax expense	(10)	-	-
Increase in net assets attributable to unitholders		<u><u>677,596,204</u></u>	<u><u>656,097,513</u></u>

The Notes to the Financial Statements in pages (05) to (22) form an integral part of these Financial Statements.



ASSETLINE INCOME FUNDSTATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH,

	Note	2024 Rs.	2023 Rs.
<u>ASSETS</u>			
<u>Current assets</u>			
Cash and cash equivalents	(05)	5,669,547	6,863,695
Financial assets at amortised cost	(06)	5,467,469,097	3,286,087,842
Tax receivables		42,338,456	42,338,456
Total assets		5,515,477,100	3,335,289,993
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accrued expenses and other payables		3,818,383	2,555,500
Liabilities (excluding net assets attributable to unitholders)		3,818,383	2,555,500
<u>UNITHOLDERS' FUNDS</u>			
Net assets attributable to unitholders	(07)	5,511,658,717	3,332,734,493
Total unitholders' fund and liabilities		5,515,477,100	3,335,289,993
Net assets per unit(Rs.)	(07)	25.5038	21.6971

The Management Company of Assetline Income Fund is responsible for the preparation and presentation of these financial statements in accordance with the Sri Lanka Accounting Standards .

Signed for and on behalf of the Management Company by:

	Name	Signature
DIRECTOR	1. Dhanuka De Silva	
	2. Wishan Perera	
TRUSTEE		
DATE OF APPROVAL	2024.06.20	

The Notes to the Financial Statements in pages (05) to (22) form an integral part of these Financial Statements.



ASSETLINE INCOME FUND**STATEMENT OF CHANGES IN UNITHOLDERS' FUND
FOR THE YEAR ENDED 31ST MARCH,**

	<i>Note</i>	2024	2023
		Rs.	Rs.
Unitholders' fund at the beginning of the year		3,332,734,493	2,586,787,377
Increase in net assets attributable to unitholders		677,596,204	656,097,513
Received on unit creations		31,584,846,859	50,132,945,830
Paid on unit redemptions		(30,083,518,839)	(50,043,096,227)
Unitholders' fund at the end of the year	(07)	<u>5,511,658,717</u>	<u>3,332,734,493</u>

The Notes to the Financial Statements in pages (05) to (22) form an integral part of these Financial Statements.

ASSETLINE INCOME FUND**STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED 31ST MARCH,

	<i>Note</i>	2024 Rs.	2023 Rs.
<u>Cash flows from operating activities</u>			
Proceeds from sale of Financial assets at amortised cost		122,842,167,987	138,946,754,970
Purchase of Financial assets at amortised cost		(125,066,495,343)	(139,448,344,027)
Interest received		756,246,144	437,412,011
Management fees paid		(21,987,629)	(16,482,762)
Other expenses paid		(12,453,328)	(9,380,493)
Net cash in outflow from operating activities		<u>(1,502,522,168)</u>	<u>(90,040,301)</u>
<u>Cash flows from financing activities</u>			
Proceeds from subscription by unitholders	(07)	31,584,846,859	50,132,945,830
Payments for redemptions by unitholders	(07)	(30,083,518,839)	(50,043,096,227)
Net cash from financing activities		<u>1,501,328,020</u>	<u>89,849,604</u>
Net increase in cash and cash equivalents		<u>(1,194,148)</u>	<u>(190,697)</u>
Cash and cash equivalents at the beginning of the year		6,863,695	7,054,392
Net increase in cash and cash equivalents		(1,194,148)	(190,697)
Cash and cash equivalents at the end of the year	(05)	<u>5,669,547</u>	<u>6,863,695</u>

The Notes to the Financial Statements in pages (05) to (22) form an integral part of these Financial Statements.

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024****1. GENERAL INFORMATION**

Under Section 31 of the Securities and Exchange Commission of Sri Lanka, Act No.36 of 1987 as amended by the Act No. 26 of 1991 and the Act No. 18 of 2003, the Securities and Exchange Commission of Sri Lanka granted a license to operate the Assetline Income Fund ('the Fund') to Assetline Capital (Private) Limited (the 'Management Company') on 17 June 2014. The Fund commenced its commercial operations on 11 July 2014. The registered office of the Management Company is located at No 120, 120A Pannipitiya Road, Battaramulla.

The primary investment objective of the Fund would be to maximize the total return of the Fund and provide an investment vehicle for investors with short term investment horizon by carefully investing in fixed income securities which include fixed deposits and other money market securities with tenures less than 1 year.

The Fund's investment activities are managed by Assetline Capital (Private) Limited. The Trustee of the Assetline Income Fund is Deutsche Bank AG.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1. Basis of preparation**2.1.1 Statement of Compliance**

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Collective Investment Scheme of the Securities and Exchange Commission of Sri Lanka.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. As per the CIS Code, all assets invest only in short term liquid fixed income securities with a maturity period less than 397 calendar days shall continue to be valued on a cost plus accrued interest method.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders.

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024****2.1.2. Comparative Information**

The accounting policies have been consistently applied by the Fund with those of the previous financial year. Further comparative information is reclassified wherever necessary to comply with the current presentation in the Financial Statements.

2.2. Significant Accounting Policies

The following are the significant accounting policies consistently applied by the Fund in preparing its Financial Statements.

2.2.1. Financial Instruments

A financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

2.2.1.1 Financial Assets**a) Initial Recognition and Subsequent Measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them.

b) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial Assets at Amortised Cost (Debt Instruments)

The Fund measures financial assets at amortised cost if both of the following conditions are met:

Contd..... (07)

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024**

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in net assets attributable to unitholders when the asset is derecognised, modified or impaired.

The Fund's financial assets at amortised cost include cash and cash equivalent, Fixed deposits and money market savings.

c) Derecognition

A financial asset is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
- Or
- 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 (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

2.2.1.2 Financial Liabilities**a) Initial Recognition and Measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Fund's financial liabilities include Management fee, Trustee fees, Custodian fee and professional fee payables.

Contd..... (08)

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024****b) Subsequent Measurement**

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

Loans and Borrowings (Financial liabilities at amortised cost)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.2.2. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.2.3. Impairment of Financial Assets

The Fund assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost. 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.

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024**

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 ratings from either Fitch Rating or ICRA as applicable to determine the significant deterioration in credit risk and to estimate the ECLs. ICRA rating was ceased with effect from 31.01.2023.

Consistent with the policies of the Fund, investments when rated below BBB- are considered as noninvestment grade investments and the Fund considers such investments as having incurred significantly deteriorated credit risk. Such investments are considered for lifetime ECL calculation.

Further, movements within the ratings of the investment grade stipulate significant deterioration of credit risk. Significant deterioration is measured through the two-notch-downgrade of the external credit rating of the counterparty since the origination of the instrument.

For debt instruments at amortized cost issued by Sovereign, the Fund applies the low-risk simplification. Investment in corporate debt securities measured at amortized cost has been considered for 12-month ECL and as at 31 March 2024, the impact on the financial statements resulting from the same is not significant.

2.3. Net assets attributable to unitholders

Unitholders' funds have been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, as at the statement of financial position date.

Units can be issued and redeemed based on the fund's net asset value per unit, calculated by dividing the net assets of the fund in accordance with the valuation guidelines issued by the Unit trust Association of Sri Lanka and approved by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.

Distribution to unit holders is recognised in the statement of changes in unitholders' funds. Income not distributed is included in net assets attributable to unitholders.

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024****2.4. Cash and Cash Equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, at bank and bank overdrafts. The Bank overdrafts are shown within borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities

2.5. Investment Income

Interest income is recognized in profit or loss for all financial assets that are measured at amortized cost or loss using the effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

2.6. Expenses

All expenses, including management fees and trustee fees, are recognised in profit or loss on accruals basis.

The management participation fees of the fund are as follows:

Management Fee	- 0.50% of Net Asset Value of the Fund
Trustee Fee	- 0.225% of Net Asset Value of the Fund
Custodian Fee	-Flat Fee of Rs. 25,000 per month + Applicable Government Taxes

2.7 Income tax

The Unit Trust act as pass through agent and a beneficiary of Trust (instead of the Trust) is liable to tax on the income of the Trust in terms of Section 57 of the Inland Revenue Act No.24 of 2017.

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024****2.8. Distributions**

In accordance with the trust deed, the Fund distributes income adjusted for amounts determined by the Assetline Capital (Private) Limited, to unitholders by cash or reinvestment. The distributions are recognized in statement of changes in unitholders' funds.

2.9. Subscriptions and redemptions

Subscriptions received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

2.10. Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.11. New accounting standards and interpretations

There are no Accounting standards which have been issued by the Institute of Chartered Accountants of Sri Lanka but not yet effective, having a material impact on the financial statements of the Fund.

3. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's investment policy. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All security investments present a risk of loss of capital. The maximum loss of capital on debt securities is limited to the fair value of those positions.

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024**

The management of these risks is carried out by the Management Company under policies approved by investment advisory panel of the responsible entity. It provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, the use of non-derivative financial instruments and the investment of excess liquidity.

The Fund uses different methods to measure different types of risks to which it is exposed. These methods are explained below.

a) Price risk

The Fund is not exposed to equity price risk since there are no investments in equity securities.

b) Foreign exchange rate risk

The Fund is not exposed to the fluctuations in exchange rates. The Fund's all investments and transactions are denominated in LKR.

c) Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest-bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis in Note 3.2 may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2024

- Cash flow and fair value interest rate risk (Contd...)

The table below summarises the Fund's exposure to interest rate risks.

31st March 2024	<i>Floating interest rate</i>	<i>Fixed interest rate Rs.</i>	<i>Non- interest bearing Rs.</i>	<i>Total Rs.</i>
<u>Financial assets</u>				
Cash and cash equivalents (Note 5)	-	-	5,669,547	5,669,547
Financial assets measured at amortised cost (Note 6)	-	5,467,469,096	-	5,467,469,096
<u>Financial liabilities</u>				
Accrued expenses and other payables	-	-	(3,818,384)	(3,818,384)
Net exposed	-	5,467,469,096	1,851,163	5,469,320,259

31st March 2023	<i>Floating interest rate</i>	<i>Fixed interest rate</i>	<i>Non- interest bearing</i>	<i>Total</i>
<u>Financial assets</u>				
Cash and cash equivalents (Note 5)	-	-	6,863,695	6,863,695
Financial assets measured at amortised cost (Note 6)	-	3,286,087,842	-	3,286,087,842
<u>Financial liabilities</u>				
Accrued expenses and other payables	-	-	(2,555,500)	(2,555,500)
Net exposed	-	3,286,087,842	4,308,195	3,290,396,037

Contd..... (14)

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024****3.2 Summarised sensitivity analysis**

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and / or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

<i>Change in interest rate of the Financial assets at amortized cost</i>	<i>Impact on operating profit / net assets attributable to unitholders' Interest rate risk</i>	
	<i>2024 Rs.</i>	<i>2023 Rs.</i>
+1%	54,674,691	32,860,878
-1%	(54,674,691)	(32,860,878)

3.3 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents, other financial assets.

In accordance with the Fund's policy, the Management Company monitors the Fund's credit position on a daily basis.

- Debt securities

The Fund invests in debt securities which have a minimum credit rating of BBB- as designated by reputed rating agencies. An analysis of debt by rating is set out in the table below. (These ratings were calculated by percentage of total assets)

Contd..... (15)

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024**- Debt securities (*Contd...*)

<i>Debt securities by rating category</i>	2024	2023
AAA (ICRA)	-	2.92%
AAA (PACRA)	5.51%	-
A (Fitch)	0.00%	7.57%
A- (Fitch)	21.48 %	1.46%
BBB+ (Fitch)	-	0.19%
BBB-(Fitch)	0.10%	15.68%
Assetline Finance Limited (AFL)	-	6.09%
	27.10%	33.83%
<u>Government of Sri Lanka</u>		
Treasury Bills- C (Fitch)	72.92%	66.17%
	100%	100%

3.4 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of redeemable units. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed.

The Fund has the ability to borrow in the short term to ensure settlement. No such borrowings have been arisen during the year.

In accordance with the Fund's policy, the Management Company monitors the Fund's liquidity position on a daily basis.

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH,

	2024 Rs.	2023 Rs.
(04) <u>INTEREST INCOME FROM FINANCIAL ASSETS AT AMORTISED COST</u>		
Interest Income from Fixed Deposits	23,834,336	143,390,410
Interest Income from Money Market Savings	109,458,374	199,827,743
Interest on treasury bills	550,230,623	335,109,425
Interest on repurchase agreements	29,776,712	4,261,676
Total Interest income from fixed income securities	<u>713,300,045</u>	<u>682,589,254</u>
(05) <u>CASH AND CASH EQUIVALENTS</u>		
Cash at Bank	5,669,547	6,863,695
	<u>5,669,547</u>	<u>6,863,695</u>
(06) <u>FINANCIAL ASSETS MEASURED AT AMORTISED COST</u>		
- Fixed Deposit [See Note (a) below]	-	545,099,447
- Money Market Savings [See Note (b) below]	1,476,691,206	563,783,671
- Treasury bills [See Note (c) below]	3,990,777,891	2,177,204,723
Total Financial Assets at amortised cost	<u>5,467,469,097</u>	<u>3,286,087,842</u>

ASSETLINE INCOME FUNDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024

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

31st March 2024	<i>Cost</i>	<i>Market Value</i>
	-	-
	-	-
	-	-
31st March 2023	<i>Cost</i>	<i>Market value</i>
People's Bank	100,000,000	120,756,849
Bank Of Ceylon	109,767,014	127,894,359
National Savings Bank	82,627,515	96,089,064
Assetline Finance Limited	200,000,000	200,359,176
	<u>492,394,529</u>	<u>545,099,447</u>

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

31st March 2024	<i>Cost</i>	<i>Market Value</i>
	<i>Rs.</i>	<i>Rs.</i>
Seylan Bank PLC	388,119,083	388,441,011
Pan Asia Bank	5,240,003	5,248,232
National Development Bank PLC	1,152,128	1,152,128
DFCC Bank PLC	779,549,294	780,422,554
MCB Bank Limited	301,175,137	301,427,281
	<u>1,475,235,645</u>	<u>1,476,691,206</u>

31st March 2023	<i>Cost</i>	<i>Market value</i>
	<i>Rs.</i>	<i>Rs.</i>
National Development Bank PLC.	46,142,841	46,142,842
Pan Asia Bank	512,292,571	515,952,837
DFCC Bank PLC	1,687,993	1,687,993
	<u>560,123,405</u>	<u>563,783,671</u>

(c) Financial Assets measured at amortised cost : Treasury bills

31st March 2024	<i>Cost</i>	<i>Market Value</i>
	<i>Rs.</i>	<i>Rs.</i>
Investment in Government Security - Treasury Bills	3,726,384,945	3,990,777,891
	<u>3,726,384,945</u>	<u>3,990,777,891</u>

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

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH 2024**(07) NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

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

	Number of units	Net assets attributable to unitholders (Rs.)
Opening balance	142,186,896	2,586,787,377
Subscriptions	2,626,624,485	50,132,945,830
Redemptions	(2,617,160,545)	(50,043,096,227)
Increase in net assets attributable to unitholders	-	656,097,513
At 31 March 2023	151,650,836	3,332,734,493
Net Assets per unit as at 31st March 2023 (Rs.)		21.6971
Opening balance	151,650,836	3,332,734,493
Subscriptions	1,330,230,182	31,584,846,859
Redemptions	(1,267,430,403)	(30,083,518,839)
Increase in net assets attributable to unitholders	-	677,596,204
At 31 March 2024	214,450,615	5,511,658,717
Net Assets per unit as at 31st March 2024 (Rs.)		25.5038

As stipulated within the Trust deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

Daily Subscriptions and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company. Under the terms of the Unit Trust Code, the responsible entity has the discretion to reject an application for units and to defer a redemption of units if the exercise of such discretion is in the best interests of unitholders.

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH 2024**(08) REMUNERATION OF AUDITORS**

During the year, the following fees were paid or payable for services provided by the auditor of the Fund:

	2024	2023
	Rs.	Rs.
Audit and other assurance services		
Audit of financial statements	230,000	215,000
Total remuneration for audit and other assurance services	230,000	215,000
Taxation services		
Tax compliance services	38,400	37,000
Total remuneration for taxation services	38,400	37,000

It is the Fund's policy to employ B.R. De Silva & Co. on assignments additional to their statutory duties where B.R. De Silva & Co.'s expertise and experience with the Fund are important. These assignments are principally tax compliance services or where B.R. De Silva & Co. is awarded assignments on a competitive basis. It is the Fund's policy to seek competitive tenders for all major consulting projects.

(09) RELATED PARTY TRANSACTIONS***a) Responsible entity***

The responsible entity of Assetline Income Fund is Assetline Capital (Private) Limited.

b) Key management personnel**i) Directors**

Key management personnel includes persons who were directors of Assetline Capital (Private) Limited at any time during the financial year.

- Ms. R.M.A.S. Parakrama - Non-Executive Chairperson (From 01.02.2017 onwards)
- Mr. A.Y.D. De Silva - Executive Director (From 01.05.2016 onwards)
- Mr. N.D.P.S.R. Kalyanaratne - Non-Executive Director (From 01.06.2020 onwards)
- Mr. G.L.W.N. Perera - Director and Chief Executive Officer (From 10.02.2022 onwards)
- Mr. Gokula De Alwis -Non-Executive Director (From 16.01.2024 onwards)

ii) Other key management personnel

There were no other key management persons other than persons given in 09 [b (i)] above with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial year.

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH 2024**c) Key management personnel unitholdings**

The key management personnel of Assetline Capital (Private) Limited held units in the Fund as follows:

<i>Unitholder</i>	<i>No of units held opening</i>	<i>No of units held closing</i>	<i>Fair value of investment</i>	<i>Dividend paid or payable by the fund</i>
Mr. A.Y.D.De Silva	-	278,636	7,106,268	-
Ms. R.M.A.S. Parakrama	556,276	1,793,729	45,746,914	-
Mr. G.L.W.N. Perera	127	127	3,229	-
Mr. N.D.P.S.R. Kalyanaratne	94	94	2,401	-
Mr: T.M.J.K. Ratnayake	328,480	265,707	6,776,531	-
Mr. K.A.H. Kuruppu	-	332,717	8,485,556	-
Mr K S Katipearachchi	-	7,695	196,249	-

d) Key management personnel compensation

Key management personnel are paid by Assetline Capital (Private) Limited. Payments made from the Fund to Assetline Capital (Private) Limited do not include any amounts directly attributable to the compensation of key management personnel.

e) Related party unitholding

The Management Company of the Fund Assetline Capital (Pvt) Ltd. DPMC Assetline Holdings (Private) Limited, the immediate parent company of the Management Company and other related parties of the Management Company, held units in the Fund as follows:

31 March 2024

<i>Unitholder</i>	<i>No of units held opening</i>	<i>No of units held closing</i>	<i>Fair value of investment</i>	<i>Dividend paid or payable by the fund</i>
Assetline Capital (Pvt) Ltd	163,147	1,170,092	29,841,792	-
DPMC Assetline Holdings(Private) Limited	3,065,424	8,399,643	214,222,822	-

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2024**

31 March 2024

Unitholder	No of units held opening	No of units held closing	Fair value of investment	Dividend paid or payable by the fund
Other related parties:				
David Pieris Motor Company (Lanka) Limited	-	22,691,327	578,715,065	-
David Pieris Motor Company (Private) Limited	-	3,543,261	90,366,621	-
David Pieris City Developments (Pvt) Ltd	-	422,873	10,784,876	-
D P Infotech (private) Limited	-	239,938	6,119,323	-
David Pieris Automobiles (Pvt) Limited	22,022,138	18,567,126	473,532,258	-
Assetline Lands (Private) Limited	6,457,901	7,668,914	195,586,454	-
David Pieris Holdings (Private) Limited	25,620,453	-	-	-
Assetline Insurance Brokers (Pvt) Limited	407,198	1,655,838	42,230,161	-
David Pieris Leisure (Pvt) Ltd	4,716,939	2,002,773	51,078,310	-
D P Logistics (Pvt) Ltd	4,910,965	2,418,420	61,678,891	-
Hill Cottage Nuwara Eliya (Pvt) Ltd	284,783	168,102	4,287,248	-
David Pieris Racing and Leisure (Pvt) Ltd	6,684,047	1,354,037	34,533,098	-
David Pieris Aviation (Private) Limited	393,695	-	-	-
Assetline Corporate Services (Private) Limited	129,040	171,982	4,386,192	-
Affiniti Innovations (Pvt) Ltd	79,334	624	15,915	-
David Pieris Trust	300,435	300,435	7,662,239	-
MRS: Esther Maureen Pieris	25,373,464	43,936,517	1,120,548,147	-
MR: David Percival Pieris	22,552,585	61,715,259	1,573,973,626	-
MR: Eshan David Pieris	18,130,420	24,059,640	613,612,251	-
MR: Johann David Pieris	6,845,810	4,802,496	122,481,903	-
MR: Johann David Pieris joint with Mrs. A.D. Wettimuny (Mr. J.D. Pieris's spouse)	-	1,110,909	28,332,393	-
MRS: Galhenage Yasanthi Poornima Perera Ratnayake	51,953	69,749	1,778,869	-
Close family member of KMP				-
MRS: Hettiarachchige Sepali Nilmini Hettiarachchi	476,877	737,745	18,815,291	-
BABY: Ambalangodage Dihain Harshika De Silva	14,727	17,420	444,279	-
BABY: Gammeda Liyanage Dinuli Natosha Sehansi Perera	-	843	21,495	-

f) Transactions held and amounts due to related parties

The fees were charged by the management company and trustee for services provided during the year and the balances outstanding from such dues as at year end are as disclosed below:

	Charge for the year ended 31 March 2024	Charge for the year ended 31 March 2023	Balance outstanding 31 March 2024	Balance outstanding 31 March 2023
Management fees	22,942,491	16,844,224	2,411,003	1,456,141
Trustee and custodian fees	12,013,381	9,023,725	1,143,027	802,362
	34,955,872	25,867,949	3,554,030	2,258,503

ASSETLINE INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH 2024**(10) INCOME TAX EXPENSES**

Assetline Income Fund is a Unit Trust licensed by the Securities and Exchange Commission of Sri Lanka. Unit Trust is defined as "Pass Through Vehicle" and is not taxed as an entity in accordance with the Inland Revenue Act, No. 24 of 2017 and the amendments thereto.

Reconciliation between current tax expense and the accounting profit.

	2023/2024	2022/2023
Profit before tax	677,596,204	656,097,513
Less: Exempted Income	<u>(677,596,204)</u>	<u>(656,097,513)</u>
	<u>-</u>	<u>-</u>

(11) CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

There were no material contingent liabilities at the statement of financial position date.

(12) RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE SEC RETURN

	As at 31 March 2024	As at 31 March 2023
Net Asset Value as per Financial Statements	5,511,658,717	3,332,734,493
Less :		
Income Tax Receivable	<u>(42,338,456)</u>	<u>(42,338,456)</u>
Net Asset Value as per SEC Return	<u>5,469,320,261</u>	<u>3,290,396,037</u>

(13) EVENTS OCCURRING AFTER THE REPORTING PERIOD

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue. No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the Financial Statements.

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

The NAV of the Assetline Income Plus Growth Fund (AIGF) as of 31st March 2024 was Rs. 14.15Bn. The fund generated a 50.13% financial year YTD yield for the period ended 31st March 2024 while the number of unit holders were 114.

AIGF’s financial year yield experienced fluctuations within a range of 5.80% and 153.96% for the period due to the high volatility of the equity market and fall in yields of Government securities.

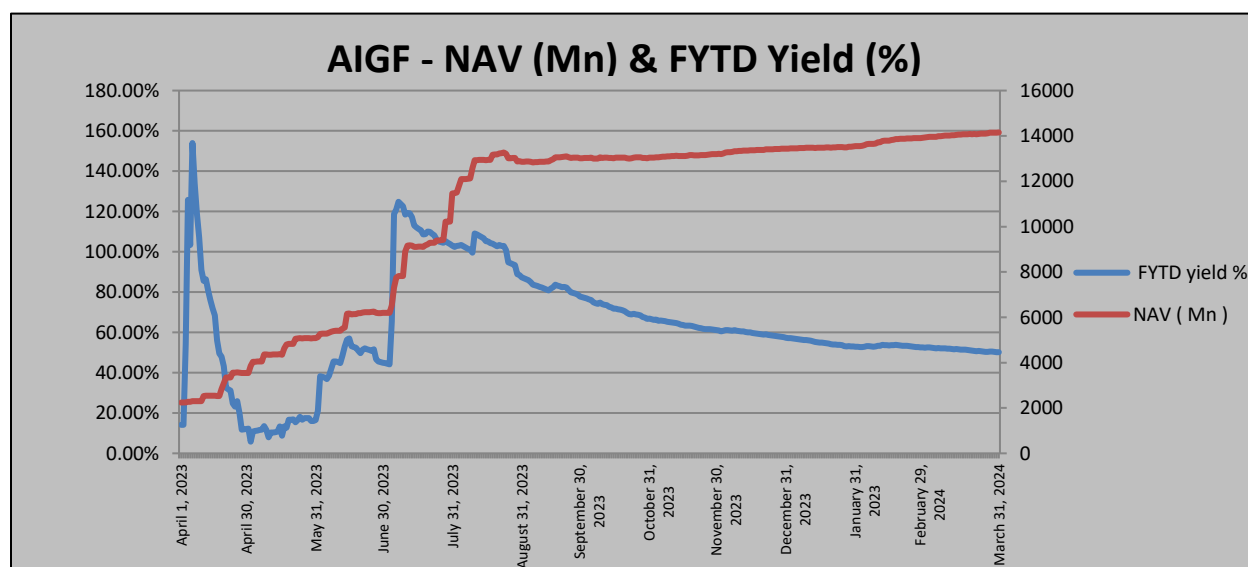
The economy witnessed a gradual revival from the deepest economic downturn in its post-independence history. Decisive policy adjustments and structural reforms implemented helped improve macroeconomic stability. Government also took stringent decisions to increase taxes to improve revenue.

The domestic debt optimisation resulted in a downward adjustment in the market interest rates that led the fund managers to prudently manage the portfolio by realising capital gains and reinvesting the proceeds in more short-term Government securities to mitigate future interest rate risks. In keeping with the investment objective of the fund, asset allocation was maintained at 4 : 96 between

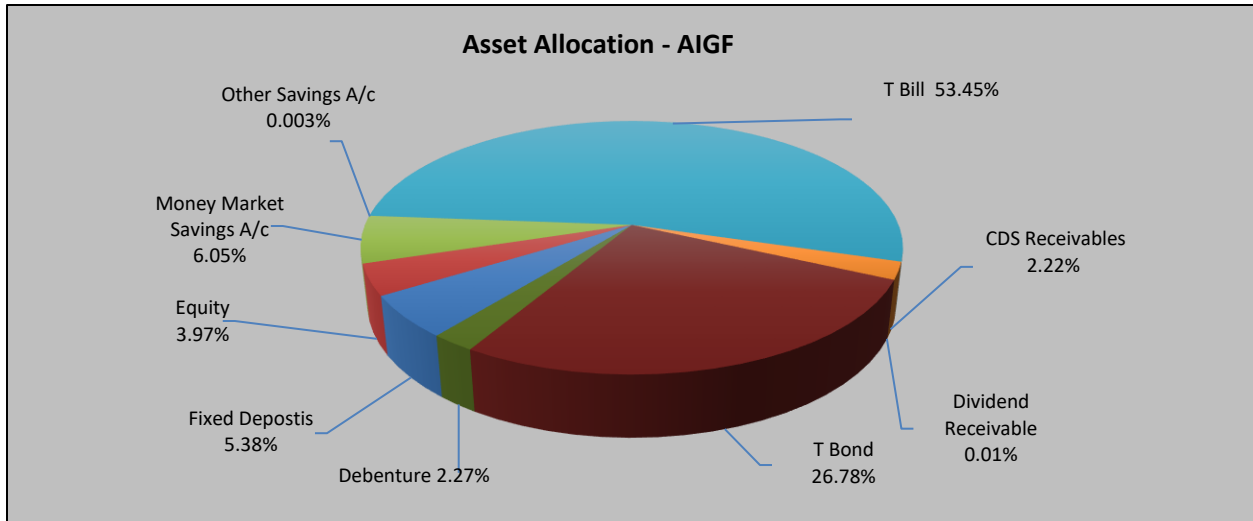
equity and FIS at the financial year ended on 31st March 2024. Equity market experienced some volatility from time to time even though the debt restructure and IMF reviews were positive and ended the financial year with 23.04% overall gain. As of 31st March 2024, key sectors of portfolio’s investments stood at 2.15% in capital goods, 0.85% in materials, 0.43% in food beverage & tobacco, 0.34 % in telecommunication services sectors and 0.15% in diversified financials companies.

A portion of fixed income securities was maintained for liquidity purposes in money market deposits which accounted for 6.05% of the portfolio. Fixed deposits and government securities investments were 5.38% and 80.22% of the portfolio respectively.

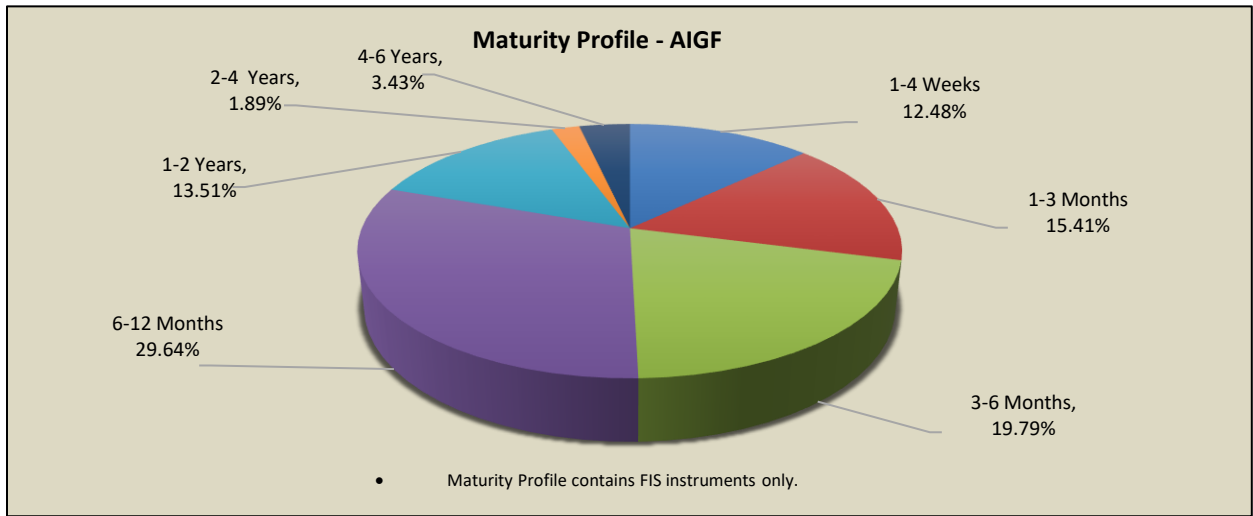
The maturities of fixed income securities ranged from short term to long term with 12.5% of the investments in the “1-4” weeks category and 15% of the investments in the “1-3” months category; 4.47% of the NAV was invested in fixed income securities with counterparties with “A-” rating and above, while 9.23% was with counterparties with a credit rating of “BBB-”



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



(Figure 2 : FIS Maturity profile of AIGF as at 31st March 2024)



(Figure 3 : Asset allocation of AIGF as at 31st March 2024)

Rating	Fitch		PACRA		Total	
	Amount	As a % of NAV	Amount	As a % of NAV	Amount	As a % of NAV
Government Securities	-	-	-	-	11,353,537,062.96	80.22%
AAA	-	-	1,176,390.27	0.01%	1,176,390.27	0.01%
A	28,830.63	0.0002%	-	-	28,830.63	0.0002%
A-	631,117,659.73	4.46%	-	-	631,117,659.73	4.46%
BBB-	1,306,653,169.56	9.23%	-	-	1,306,653,169.56	9.23%
Total	1,937,799,659.92	13.69%	1,176,390.27	0.01%	13,292,513,113.15	93.93%

(Figure 4 : Credit profile of AIGF – Fixed Income Securities as at 31st March 2024)

Assetline Income Plus Growth Fund

FOR THE YEAR ENDED 31st MARCH 2024



Private & Confidential

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF ASSETLINE INCOME PLUS GROWTH FUND****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Assetline Income Plus Growth Fund ("the Fund"), which comprise the statement of financial position as at 31st March 2024 and the statement of comprehensive income, statement of changes in unitholders' fund and 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 of the Fund give a true and fair view of the financial position of the Income Plus Growth Fund as at 31st March 2024, and its financial performance and 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 management company is responsible for the other information presented in the annual report together with financial statements. Our opinion on the financial statements does not cover this other information and accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. We have nothing to report in this respect.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements 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, management 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 management either intends to liquidate the Fund or to cease operations or has no realistic alternative but to do so.

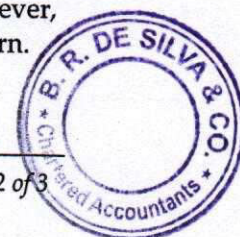
Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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 an assurance of a high level, but 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 management.
- Conclude on the appropriateness of management'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 of Assetline Income Plus Growth Fund is complied with the requirements of the Collective Investment Scheme Code issued by Securities and Exchange Commission of Sri Lanka and the Trust Deed.



B. R. DE SILVA & CO.
Chartered Accountants
Colombo 05.

Date... 2024/06/20
(LW/ST/ca)



ASSETLINE INCOME PLUS GROWTH FUND**STATEMENT OF COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31ST MARCH,

	<i>Note</i>	2024 Rs.	2023 Rs.
<u>Income</u>			
Interest income from financial assets at amortised cost	(05)	50,902,815	48,039,408
Interest income from financial assets at fair value through other comprehensive income	(06)	9,049,727	-
Dividend income		30,332,626	36,705,581
Net gain on financial assets measured at fair value through profit or loss	(07)	3,371,777,185	110,421,833
Total investment income		<u>3,462,062,353</u>	<u>195,166,822</u>
<u>Expenses</u>			
Management fee	(15 (f))	(113,702,753)	(13,695,751)
Trustee & Custodian fee	(15 (f))	(28,486,922)	(3,798,516)
Audit fee		(263,224)	(239,999)
Professional fee		(70,008)	(37,000)
Brokerage Charges		(42,941,249)	(11,404,572)
Other operating expenses		(171,292)	(12,885)
Total operating expenses		<u>(185,635,448)</u>	<u>(29,188,723)</u>
Operating profit		<u>3,276,426,905</u>	<u>165,978,099</u>
Finance costs		(91,060)	(35,257)
Profit after deductions and before tax		<u>3,276,335,845</u>	<u>165,942,842</u>
Income tax expense	(16)	-	-
Profit after the tax		<u>3,276,335,845</u>	<u>165,942,842</u>
<u>Other Comprehensive Income</u>			
Profit on changes in fair value on financial assets at fair value through other comprehensive income	(06)	12,737,082	-
Total Other Comprehensive Income		<u>12,737,082</u>	<u>-</u>
Increase in net assets attributable to unit holders		<u>3,289,072,927</u>	<u>165,942,842</u>

The Notes to the Financial Statements in pages (05) to (31) form an integral part of these Financial Statements.






ASSETLINE INCOME PLUS GROWTH FUNDSTATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH,

	Note	2024 Rs.	2023 Rs.
ASSETS			
Current assets			
Cash and cash equivalents	(08)	461,064	21,376,779
Financial assets at amortised cost	(09)	1,616,728,177	157,102,199
Financial assets measured at fair value through profit or loss	(10)	11,915,081,812	2,081,163,571
Financial assets measured at fair value through other comprehensive	(11)	321,786,809	-
Other Receivables	(12)	315,750,509	2,675,000
Tax receivables		1,622,001	1,622,001
Total assets		14,171,430,372	2,263,939,550
LIABILITIES			
Current liabilities			
Accrued expenses and other payables		17,567,429	22,535,047
Liabilities (excluding net assets attributable to unitholders)		17,567,429	22,535,047
UNITHOLDERS' FUNDS			
Net assets attributable to unitholders	(13)	14,153,862,943	2,241,404,503
Total unitholders' fund and liabilities		14,171,430,372	2,263,939,550
Net assets per unit(Rs.)	(13)	26.8487	17.8671

The Management Company of Assetline Income Plus Growth Fund is responsible for the preparation and presentation of these financial statements in accordance with the Sri Lanka Accounting Standards .

Signed for and on behalf of the Management Company by:

	NAME	SIGNATURE
DIRECTOR }	1. Dhanika Desilva	
	2. Wisvan Perera	
TRUSTEE		
DATE OF APPROVAL	2024/06/20	

The Notes to the Financial Statements in pages (05) to (31) form an integral part of these Financial Statements.



ASSETLINE INCOME PLUS GROWTH FUND**STATEMENT OF CHANGES IN UNITHOLDERS' FUND**
FOR THE YEAR ENDED 31ST MARCH,

	<i>Note</i>	<i>Unitholders' Capital & Retained Earning</i>	<i>FVTOCI Reserve</i>	<i>Net Assets attributable to unitholders</i>
		<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Balance as at 1st of April 2022		1,546,778,173	-	1,546,778,173
Increase in net assets attributable to unitholders		165,942,840	-	165,942,840
Received on unit creations		640,031,000	-	640,031,000
Paid on unit redemptions		(111,347,512)	-	(111,347,512)
Balance as at 31st March 2023		<u>2,241,404,503</u>	<u>-</u>	<u>2,241,404,503</u>
Increase in net assets attributable to unitholders		3,276,335,845	12,737,082	3,289,072,927
Received on unit creations		8,637,043,705	-	8,637,043,705
Paid on unit redemptions		(13,658,192)	-	(13,658,192)
Balance as at 31st March 2024	(13)	<u>14,141,125,861</u>	<u>12,737,082</u>	<u>14,153,862,943</u>

The Notes to the Financial Statements in pages (05) to (31) form an integral part of these Financial Statements.

ASSETLINE INCOME PLUS GROWTH FUND**STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED 31ST MARCH

	<i>Note</i>	2024	2023
		Rs.	Rs.
<u>Cash flows from operating activities</u>			
Proceeds from sale of financial instruments held at fair value through profit or loss		12,435,780,609	636,794,134
Purchase of financial assets at fair value through profit or loss		(20,426,182,688)	(422,497,134)
Proceeds from sale of Financial assets at amortised cost		30,771,802,200	7,887,774,785
Purchase of Financial assets at amortised cost		(32,230,381,461)	(8,683,713,318)
Purchase of financial assets at fair value through OCI		(300,000,000)	-
Dividends received		31,657,626	63,443,501
Interest received		1,243,280,260	39,397,715
Management fees paid		(101,016,957)	(13,687,417)
Other expenses paid		(69,240,818)	(15,463,006)
Net cash outflow from operation activities		<u>(8,644,301,228)</u>	<u>(507,950,740)</u>
<u>Cash flows from financing activities</u>			
Proceeds from subscription by unitholders	(13)	8,637,043,705	640,031,000
Payments for redemptions by unitholders	(13)	(13,658,192)	(111,347,512)
Net cash inflow from financing activities		<u>8,623,385,513</u>	<u>528,683,488</u>
Net increase in cash and cash equivalents		<u>(20,915,715)</u>	<u>20,732,748</u>
Cash and cash equivalents at the beginning of the year		21,376,779	644,031
Net increase in cash and cash equivalents		(20,915,715)	20,732,748
Cash and cash equivalents at the end of the year	(8)	<u><u>461,064</u></u>	<u><u>21,376,779</u></u>

The Notes to the Financial Statements in pages (05) to (31) form an integral part of these Financial Statements.

ASSETLINE INCOME PLUS GROWTH FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024**

1. GENERAL INFORMATION

Under Section 31 of the Securities and Exchange Commission of Sri Lanka, Act No.36 of 1987 as amended by the Act No. 26 of 1991 and the Act No. 18 of 2003, the Securities and Exchange Commission of Sri Lanka granted a license to operate the Assetline Income Plus Growth Fund ('the Fund') to Assetline Capital (Private) Limited (the 'Management Company') on 17th June 2014. The Fund commenced its commercial operations on 11th July 2014. The registered office of the Management Company is located at No 120, 120A Pannipitiya Road, Battaramulla.

The objective of the Fund is to maximize the total return of the Fund by carefully investing in listed equity securities and fixed income securities without a limitation on the time to maturity. This Fund by nature would be ideal for investors with a high risk profile and medium-longer time horizon.

The Fund's investment activities are managed by Assetline Capital (Private) Limited. The Trustee of the Assetline Income Plus Growth Fund is Deutsche Bank AG.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1. Basis of preparation

2.1.1. Statement of Compliance

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the CIS Code of the Securities and Exchange Commission of Sri Lanka.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders.

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024****2.1.2. Comparative Information**

The accounting policies have been consistently applied by the Fund with those of the previous financial year. Further comparative information is reclassified where ever necessary to comply with the current presentation in the Financial Statements.

2.2. Significant Accounting Policies

The following are the significant accounting policies consistently applied by the Fund in preparing its Financial Statements.

2.2.1. Financial Instruments

A financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

2.2.1.1 Financial Assets**a) Initial Recognition and Subsequent Measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them.

b) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial Assets at Amortised Cost (Debt Instruments)

The Fund measures financial assets at amortised cost if both of the following conditions are met:

ASSETLINE INCOME PLUS GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in net assets attributable to unitholders when the asset is derecognised, modified or impaired.

The Fund's financial assets at amortised cost include cash and cash equivalent, Fixed deposits and money market savings.

Financial assets at fair value through OCI (Debt Instruments)

Fund measures debt instruments at fair value through OCI if both of the following conditions are met:

The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

And

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Fund's financial assets at fair value through OCI (Debt Instruments) include investment in Debentures.

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024*****Financial Assets at Fair value through Profit or Loss (FVPL)(Contd....)*****- Financial Assets held for trading**

The fund classified financial assets as held for trading when they have been purchased primarily for short-term profit making through trading activities. Held-for trading assets are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net gain or loss on financial assets measured at fair value through profit or loss net trading income. Interest income from financial assets held for trading is recorded under net interest income while dividend income is recorded in net trading income when the right to payment has been established. Included in this classification are debt securities and equity investment that have been acquired principally for the purpose of selling in the near term.

The fund has classified equity securities as held for trading financial assets

- Financial Assets designated at fair value through profit or loss

Financial assets in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under SLFRS 9. Management only designated an instrument at FVPL upon initial recognition when the following criteria is met. Such designation is determined on an instrument-by-instrument basis.

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them in a different basis.

Financial Assets designated at fair value through profit or loss

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on financial asset designated at FVPL is accrued in interest income using the EIR, taking into account any discount/premium and qualifying transaction costs being integral part of the instrument.

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024****c) Derecognition**

A financial asset is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
- Or
- 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 (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.2.1.2 Financial Liabilities**a) Initial Recognition and Measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Fund's

financial liabilities include Management fee, Trustee fees, Custodian fee and professional fee payables.

b) Subsequent Measurement

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

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024***Loans and Borrowings (Financial liabilities at amortised cost)*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.2.2. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024****2.2.3. Impairment of Financial Assets**

The Fund assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost. 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 ratings from either Fitch Rating or ICRA as applicable to determine the significant deterioration in credit risk and to estimate the ECLs. ICRA rating was ceased with effect from 31.01.2023.

Consistent with the policies of the Fund, investments when rated below BBB- are considered as noninvestment grade investments and the Fund considers such investments as having incurred significantly deteriorated credit risk. Such investments are considered for lifetime ECL calculation.

Further, movements within the ratings of the investment grade stipulate significant deterioration of credit risk. Significant deterioration is measured through the two-notch-downgrade of the external credit rating of the counterparty since the origination of the instrument.

For debt instruments at amortized cost issued by Sovereign, the Fund applies the low-risk simplification.

Investment in corporate debt securities measured at amortized cost has been considered for 12-month ECL and as at 31 March 2024, the impact on the financial statements resulting from the same is not significant.

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024***Impairment of Financial Assets cost)*

financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.5.4 Net assets attributable to unitholders

Unitholders' 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 unitholders, as at the statement of financial position date.

Units can be issued and redeemed based on the fund's net asset value per unit, calculated by dividing the net assets of the fund in accordance with the valuation guidelines issued by the Unit trust Association of Sri Lanka and approved by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.

Distribution to unit holders is recognised in the statement of changes in unitholders' funds. Income not distributed is included in net assets attributable to unitholders.

2.5.5 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, at bank and bank overdrafts. Bank overdrafts are shown within borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities.

2.5.6 Investment Income

Interest income is recognised in profit or loss for all financial assets that are measured at amortised cost or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/ (losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 5.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees

Contd..... (13)

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024***Investment Income (Contd...)*

paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date.

2.5.7 Expenses

All expenses, including management fees and trustee fees, are recognised in profit or loss on accruals basis.

The management participation fees of the fund are as follows:

Management Fee	- 1 % of Net Asset Value of the Fund
Trustee Fee	- 0.22% of Net Asset Value of the Fund
Custodian Fee	- Flat Fee of Rs. 25,000 per month + Applicable Government Taxes
Exit Fees	- For withdrawals within 1 year : 1% For withdrawals after 1 year : Nil

2.5.8 Income tax

The Unit Trust act as pass through agent and a beneficiary of Trust (instead of the Trust) is liable to tax on the income of the Trust in terms of Section 57 of the Inland Revenue Act No.24 of 2017.

2.5.9 Distributions

In accordance with the trust deed, the Fund distributes income adjusted for amounts determined by the Assetline Capital (Private) Limited, to unitholders by cash or reinvestment. The distributions are recognised in statement of changes in unitholders' funds.

2.5.10 Subscriptions and redemptions

Subscriptions received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

2.6 Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For more information on how fair value is calculated please see Note 5 to the financial statements.

Contd..... (14)

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024****2.7 New accounting standards and interpretations**

There are no Accounting standards which have been issued by the Institute of Chartered Accountants of Sri Lanka but not yet effective, having a material impact on the financial statements of the Fund.

3 FINANCIAL RISK MANAGEMENT

The Fund's activities expose them to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's investment policy. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the management company. The Investment committee of assetline Capital (Pvt) Ltd. provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and non-derivative financial instruments and the investment of excess liquidity.

The Fund uses different methods to measure different types of risks to which it is exposed. These methods are explained below.

a) Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Paragraph below sets out how this component of price risk is managed and measured. Investments are classified in the statement of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the management company. Between 0 % and 97% of the net assets attributable to unitholders is expected to be invested in equity securities and fixed income securities. Minimum 3% is expected to be in short term investments.

Contd..... (15)

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST MARCH, 2024***Price risk (Contd...)*

The Fund's policy also limits individual equity securities to no more than 15% of net assets attributable to unitholders.

All of the Fund's equity investments are publicly traded. The Fund's policy requires that the overall market position is monitored on a daily basis by the Management Company.

As at 31st March, the fair value of equities exposed to price risk were as follows:

	<i>Fair Value 2024</i> <i>Rs.</i>	<i>Fair Value 2023</i> <i>Rs.</i>
Equity securities held for trading	561,544,749	898,562,373
Total	561,544,749	898,562,373

a) Foreign exchange rate risk

The Fund is not exposed to the fluctuations in exchange rates. The Fund's all investments and transactions are denominated in LKR.

b) Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis in note 3.2 may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

Contd..... (16)

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST MARCH, 2024**

The table below summarises the Fund's exposure to interest rate risks.

<i>31st March 2024</i>	<i>Floating interest rate Rs.</i>	<i>Fixed interest rate Rs.</i>	<i>Non- interest bearing Rs.</i>	<i>Total Rs.</i>
<i>Financial assets</i>				
Cash and cash equivalents (Note 8)	-	-	461,064	461,064
Financial assets measured at amortised cost - (Note 9)	-	1,616,728,177	-	1,616,728,177
Financial Assets held at fair value through profit or loss (Note 10)	-	-	11,915,081,812	11,915,081,812
Financial Assets held at fair value through OCI (Note 11)	-	321,789,809	-	321,789,809
<i>Financial liabilities</i>				
Accrued expenses and other payables	-	-	(17,567,429)	(17,567,429)
Net exposure	-	1,616,728,178	11,897,975,447	13,836,490,432

Cash flow and fair value interest rate risk

<i>31st March 2023</i>	<i>Floating interest rate Rs.</i>	<i>Fixed interest rate Rs.</i>	<i>Non- interest bearing Rs.</i>	<i>Total Rs.</i>
<i>Financial assets</i>				
Cash and cash equivalents (Note 8)	-	-	21,376,779	21,376,779
Financial assets measured at amortised cost (Note 9)	-	157,102,199	-	157,102,199
Financial Assets held at fair value through profit or loss (Note 10)	-	-	2,081,163,571	2,081,163,571
<i>Financial liabilities</i>				
Accrued expenses and other payables	-	-	(22,535,047)	(22,535,047)
Net exposure	-	157,102,199	2,080,005,303	2,237,107,502

Contd..... (17)

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2024**3.2 Summarised sensitivity analysis**

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk, currency risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange risk historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and / or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

<i>Change in price of the fund's investment in trading stock.</i>	<i>Impact on operating profit / net assets attributable to unitholders' Interest rate risk</i>	
	<i>2024</i>	<i>2023</i>
+10%	1,223,686,862	208,116,357
-10%	(1,223,686,862)	(208,116,357)

Summarised sensitivity analysis

<i>Change in interest rate Financial assets at amortised cost</i>	<i>Impact on operating profit / net assets attributable to unitholders' Interest rate risk</i>	
	<i>2024</i>	<i>2023</i>
+1%	16,167,282	1,571,022
-1%	(16,167,282)	(1,571,022)

3.3 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents, other financial assets.

In accordance with the Fund's policy, the Management Company monitors the Fund's credit position on a daily basis.

Contd..... (18)

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2024- Debt securities (Contd....)

The Fund invests in debt securities which have a minimum credit rating of BBB- as designated by reputed rating agencies. An analysis of debt by rating is set out in the table below. (These ratings were calculated by percentage of total assets except equity investment & dividend receivable)

<i>Debt securities by rating category</i>	2024	2023
AAA (PACRA)	0.01%	-
A (ICRA)	-	4.62%
A- (Fitch)	4.75%	0.27%
BBB+ (Fitch)	-	1.57%
BBB - (Fitch)	9.83%	6.63%
	14.59%	13.28%
<u>Government of Sri Lanka</u>		
Treasury Bills-C(Fitch)	56.91%	4.54%
Treasury Bonds-CC(Fitch)	28.51%	82.18%
	100%	100%

3.4 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of redeemable units. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market or can be readily disposed.

The Fund's listed securities are considered readily realisable, as all are listed on the Colombo Stock Exchange.

The Fund has the ability to borrow in the short term to ensure settlement. No such borrowings have arisen during the period.

In accordance with the Fund's policy, the Management Company monitors the Fund's liquidity position on a daily basis.

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024****4 FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss (FVTPL) (See Note 10)
- Financial assets / liabilities held for trading (See Note 10)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

SLFRS 13 requires disclosure of fair value measurements by level of the following fair value hierarchy;

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

i. Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for transaction costs.

The Fund values its investments in accordance with the accounting policies set out in note 2.2.1.1 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Contd..... (20)

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024****ii. Fair value in an inactive or unquoted market (level 2 and level 3).**

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Recognised fair value measurements

<i>As at 31st March 2024</i>	<i>Level 1 Rs.</i>	<i>Level 2 Rs.</i>	<i>Level 3 Rs.</i>	<i>Total Rs.</i>
<u>Financial assets</u>				
Financial assets held at fair value through profit or loss	-	11,353,537,063	-	11,353,537,063
Equity Securities	561,544,749	-	-	561,544,479
Financial assets designated at fair value through OCI	-	321,786,809	-	321,786,809
Total	561,544,495	11,675,323,872	-	12,236,868,621

<i>As at 31st March 2023</i>	<i>Level 1 Rs.</i>	<i>Level 2 Rs.</i>	<i>Level 3 Rs.</i>	<i>Total Rs.</i>
<u>Financial assets</u>				
Financial assets held at fair value through profit or loss	-	1,182,601,197	-	1,182,601,197
Equity Securities	898,562,374	-	-	898,562,374
Total	898,562,374	1,182,601,197	-	2,081,163,571

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST MARCH,****(05) INTEREST INCOME FROM FINANCIAL ASSETS AT AMORTISED COST****Interest income from financial assets at amortised cost**

	2024 Rs.	2023 Rs.
Interest income from deposits	13,364,782	23,868,187
Interest income from money market savings	37,538,033	24,171,221
Total interest income from fixed income securities	<u>50,902,815</u>	<u>48,039,408</u>

(06) INTEREST INCOME FROM FINANCIAL ASSETS AT OTHER COMPREHENSIVE INCOME

	2024 Rs.	2023 Rs.
Interest income from debentures	9,049,727	-
	<u>9,049,727</u>	<u>-</u>
Fair value gain on debentures	12,737,082	-
	<u>12,737,082</u>	<u>-</u>

(07) NET GAIN OR LOSS ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 Rs.	2023 Rs.
Net gain/(loss) on financial assets held for trading	356,687,383	49,574,351
Net gain/ (loss) on financial assets designated as at fair value through profit or loss	3,015,089,802	60,847,482
	<u>3,371,777,185</u>	<u>110,421,833</u>
Net realised gains / (loss) on financial assets at fair value through profit or loss [See Note (a) Below]	2,994,342,076	111,332,823
Net unrealised gain/(loss) on financial assets at fair value through profit or loss [See Note (b) Below]	377,435,109	(910,991)
	<u>3,371,777,185</u>	<u>110,421,833</u>
<u>(a) Net realised gains on financial assets at fair value through profit or loss:</u>		
Gain/(Loss) on disposal of equity securities	191,334,406	62,901,727
Interest income on Treasury Bills	260,731,474	19,200,345
Interest income on Treasury Bonds	2,542,276,196	29,230,751
	<u>2,994,342,076</u>	<u>111,332,823</u>
<u>(b) Net unrealised gain / (loss) on financial assets at fair value through profit or loss</u>		
Unrealised gain / (loss) of equity securities	165,352,977	(13,327,376)
Unrealised gain / (loss) of Treasury Bills	61,483,106	(519,966)
Unrealised gain / (loss) of Treasury Bonds	150,599,026	12,936,352
	<u>377,435,109</u>	<u>(910,991)</u>

ASSETLINE INCOME PLUS GROWTH FUNDNOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH,**(08) CASH AND CASH EQUIVALENTS**

	2024	2023
	Rs.	Rs.
Cash at Bank	461,064	21,376,779
	<u>461,064</u>	<u>21,376,779</u>

(09) FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2024	2023
	Rs.	Rs.
Fixed deposits [See Note (a) below]	761,135,246	63,024,105
Money Market Savings [See Note (b) below]	855,592,931	94,078,094
	<u>1,616,728,177</u>	<u>157,102,198</u>

(a) Fixed Deposits

	31st March 2024	Cost	Market value
		Rs.	Rs.
PABC Bank		750,000,000	761,135,246
		<u>750,000,000</u>	<u>761,135,246</u>
	31st March 2023	Cost	Market value
		Rs.	Rs.
People's Bank		52,190,917	63,024,105
		<u>52,190,917</u>	<u>63,024,105</u>

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
AS AT 31ST MARCH,**(b) Money Market Savings**

31st March 2024	Cost	Market value
	Rs.	Rs.
National Development Bank PLC	2,950,556	2,950,556
Pan Asia Banking Corporation PLC	544,346,918	545,517,923
MCB Bank Limited	1,176,130	1,176,390
DFCC Bank PLC	305,709,069	305,948,063
	<u>854,182,673</u>	<u>855,592,932</u>
31st March 2023	Cost	Market value
	Rs.	Rs.
National Development Bank PLC	1,540,850	1,540,850
Pan Asia Banking Corporation PLC	89,796,135	2,075,509
DFCC Bank PLC	2,075,509	90,461,735
	<u>93,412,494</u>	<u>94,078,094</u>

(10) FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	Rs.	Rs.
<u>Financial assets held for trading</u>		
Equity securities [See Note (a) below]	561,544,749	898,562,374
Total financial assets held for trading	<u>561,544,749</u>	<u>898,562,374</u>
<u>Designated at fair value through profit or loss:</u>		
Treasury Bills [See Note (b) below]	7,564,208,677	61,919,244
Treasury Bonds [See Note (b) below]	3,789,328,386	1,120,681,953
Total designated at fair value through profit or loss	<u>11,353,537,063</u>	<u>1,182,601,197</u>
Total financial assets held at fair value through profit or loss	<u>11,915,081,812</u>	<u>2,081,163,571</u>

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS****AS AT 31ST MARCH 2024,****a) Investment in equity shares:**

31st March 2024

Company	Number of shares	Cost	Market value	Percentage of net assets
		Rs.	Rs.	Rs.
<u>Banks</u>				
FCT -N-0000 FIRST CAPITAL TREASURIES PLC	300,000	9,303,736	7,410,000	0.05%
HNB -N-0000 HATTON NATIONAL BANK PLC	50,000	6,697,002	9,000,000	0.06%
		16,000,737	16,410,000	
<u>Capital Goods</u>				
HAYL-N-0000 HAYLEYS PLC	150,000	13,890,000	12,315,000	0.09%
SPEN-N-0000 AITKEN SPENCE PLC	500,000	65,527,490	65,125,000	0.46%
		79,417,490	77,440,000	
<u>Consumer Durables & Apparels</u>				
MGT -N-0000 HAYLEYS FABRIC PLC	1,000,000	47,267,500	41,100,000	0.29%
		47,267,500	41,100,000	
<u>Food Beverage & Tobacco</u>				
AGPL-N-0000 AGARAPATANA PLANTATIONS LIMITED	187,147	1,684,323	1,384,888	0.01%
SUN -N-0000 SUNSHINE HOLDINGS PLC	200,000	10,752,594	11,900,000	0.08%
		12,436,917	13,284,888	
<u>Materials</u>				
CIC -N-0000 CIC HOLDINGS PLC	3,000,000	219,591,907	211,500,000	1.49%
PARQ-N-0000 SWISSTEK (CEYLON) PLC	1,000,000	20,437,853	19,100,000	0.13%
TKYO-N-0000 TOKYO CEMENT COMPANY (LANKA) PLC	826,992	43,532,900	42,590,088	0.30%
		283,562,660	273,190,088	
<u>Telecommunication Services</u>				
DIAL-N-0000 DIALOG AXIATA PLC	7,875,349	83,855,859	92,141,583	0.65%
		83,855,859	92,141,583	
<u>Diversified Financials</u>				
VFIN-N-0000 VALLIBEL FINANCE PLC	1,230,210	47,978,190	47,978,190	0.34%
		47,978,190	47,978,190	
Total value of Equity securities		570,519,353	561,544,749	

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS****AS AT 31ST MARCH 2023,**

31st March 2023

Company	Number of shares	Cost	Market value	Percentage of net assets
<u>Banks</u>				
COMB-N-0000 COMMERCIAL BANK OF CEYLON PLC	730,710	64,231,911	46,473,156	2.07%
COMB-X-0000 COMMERCIAL BANK OF CEYLON PLC	1,000,638	68,781,367	54,134,516	2.42%
HNB -N-0000 HATTON NATIONAL BANK PLC	925,285	118,183,150	119,824,408	5.35%
NDB -N-0000 NATIONAL DEVELOPMENT BANK PLC	5,147,031	313,583,142	231,101,692	10.31%
		564,779,570	451,533,771	
<u>Capital Goods</u>				
ACL -N-0000 ACL CABLES PLC	250,000	21,055,908	20,575,000	0.92%
HAYL-N-0000 HAYLEYS PLC	500,000	38,934,346	36,000,000	1.61%
HHL -N-0000 HEMAS HOLDINGS PLC	712,094	45,010,137	46,286,110	
JKH -N-0000 JOHN KEELLS HOLDINGS PLC	450,000	62,662,500	63,000,000	2.81%
RCL -N-0000 ROYAL CERAMICS LANKA PLC	250,000	8,266,597	6,900,000	0.31%
		175,929,487	172,761,110	
<u>Consumer Durables & Apparels</u>				
HELA-N-0000 HELA APPAREL HOLDINGS LIMITED	7,027,589	91,228,279	56,220,712	2.51%
		91,228,279	56,220,712	
<u>Food Beverage & Tobacco</u>				
SUN -N-0000 SUNSHINE HOLDINGS PLC	250,000	11,204,087	11,250,000	0.50%
		11,204,087	11,250,000	
<u>Materials</u>				
LLUB-N-0000 CHEVRON LUBRICANTS LANKA PLC	250,000	24,398,027	22,900,000	1.02%
PARQ-N-0000 SWISSTEK (CEYLON) PLC	750,000	16,366,578	10,575,000	0.47%
		40,764,605	33,475,000	
<u>Telecommunication Services</u>				
DIAL-N-0000 DIALOG AXIATA PLC	3,000,278	33,944,197	31,202,891	1.39%
		33,944,197	31,202,891	
<u>Utilities</u>				
WIND-N-0000 WINDFORCE LIMITED	8,613,266	155,039,729	142,118,889	6.34%
		155,039,729	142,118,889	
Total value of Equity securities		1,072,889,955	898,562,373	

b) Investment in Treasury Bills & Treasury Bonds

31st March 2024

	Cost	Market value
Investment in government security -Treasury Bills	7,335,100,103	7,564,208,677
Investment in government security -Treasury bonds	3,421,935,990	3,789,328,386
	10,757,036,093	11,353,537,063

31st March 2023

	Cost	Market value
Investment in government security -Treasury Bills	51,984,405	61,919,244
Investment in government security -Treasury bonds	1,062,486,650	1,120,681,953
	1,114,471,055	1,182,601,197

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2024,

(11) FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER
COMPREHENSIVE INCOME

	2024	2023
	Rs.	Rs.
Investment in Listed Debentuers (Note 11.a)	321,786,809	-
	<u>321,786,809</u>	-

(11.a) Listed Debentuers as at 31st March 2024.

Listed Debenture	:	DFCC Bank PLC
No. Of Debentueres	:	3,000,000
Invested Date	:	16-Jan-24
Maturity Date	:	16-Jan-29
Coupon Rate	:	15.25%
Credit Rating	:	BBB(lka)
Fair Value as at Reporting Date	:	321,786,809

(12) OTHER RECEIVABLES

	2024	2023
	Rs.	Rs.
Dividends receivable	1,350,000	2,675,000
CDS Receivables	314,400,509	-
	<u>315,750,509</u>	<u>2,675,000</u>

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS****AS AT 31ST MARCH,****(13) NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

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

	<i>Number of units</i>	<i>Net assets attributable to unitholders (Rs)</i>
Opening balance	96,798,469	1,546,778,173
Subscriptions	35,816,374	640,031,000
Redemptions	(7,257,566)	(111,347,512)
Increase in net assets attributable to unitholders	-	165,942,842
As at 31st March 2023	<u>125,357,276</u>	<u>2,241,404,503</u>
Net Assets per unit as at 31st March 2023 (Rs.)		17.8671
Opening balance	125,357,276	2,241,404,503
Subscriptions	402,318,541	8,637,043,705
Redemptions	(564,976)	(13,658,192)
Increase in net assets attributable to unitholders	-	3,289,072,927
As at 31st March 2024	<u>527,110,843</u>	<u>14,153,862,943</u>
Net Assets per unit as at 31st March 2024 (Rs.)		26.8487

As stipulated within the Trust deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

Daily subscriptions and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the management company. Under the terms of the Unit Trust Code, the responsible entity has the discretion to reject an application for units and to defer a redemption of units if the exercise of such discretion is in the best interests of unitholders.

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH,**(14) REMUNERATION OF AUDITORS**

During the year, the following fees were paid or payable for services provided by the auditor of the Fund:

	2024 Rs.	2023 Rs.
Audit and other assurance services:		
Audit of financial statements	230,000	215,000
Total remuneration for audit and other assurance services	230,000	215,000
Taxation services:		
Tax compliance services	38,400	37,000
Total remuneration for taxation services	38,400	37,000

It is the Fund's policy to employ B.R. De Silva & Co. on assignments additional to their statutory duties where B.R. De Silva & Co.'s expertise and experience with the Fund are important. These assignments are principally tax compliance services or where B.R. De Silva & Co. is awarded assignments on a competitive basis. It is the Fund's policy to seek competitive tenders for all major consulting projects.

(15) RELATED PARTY TRANSACTIONS**a) Responsible entity**

The responsible entity of Assetline Income Plus Growth Fund is Assetline Capital (Private) Limited.

b) Key management personnel**i) Directors**

Key management personnel include persons who were directors of Assetline Capital (Private) Limited at any time during the financial year.

- Ms. R.M.A.S. Parakrama - Non-Executive Chairperson (From 01.02.2017 onwards)
- Mr. A.Y.D. De Silva -Executive Director (From 01.05.2016 onwards)
- Mr. N.D.P.S.R. Kalyanaratne - Non-Executive Director (From 16.06.2020 onwards)
- Mr. G.L.W.N. Perera - Director and Chief Executive Officer (From 10.02.2022 onwards)
- Mr. Gokula De Alwis (From 16.01.2024 onwards)

ii) Other key management personnel

There were no other key management personnel other than persons given in 13 [b (i)] above with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial year.

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH,****c) Key management personnel unit holdings**

The key management personnel of Assetline Capital (Private) Limited and the Parent companies held units in the fund as follows.

31st March 2024

<i>Unit holder</i>	<i>No of units held opening</i>	<i>No of units held closing</i>	<i>Fair value of investment</i>	<i>Dividend paid or payable by the fund</i>
Mr. K.A.H. Kuruppu	-	5,600,696	150,303,636	-

d) Key management personnel compensation

Key management personnel are paid by Assetline Capital (Private) Limited. Payments made from the Fund to Assetline Capital (Private) Limited do not include any amounts directly attributable to the compensation of key management personnel.

e) Other transactions held within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial period and there were no material contracts involving key management personnel's interest existing at year end

f) Related party unitholding

Assetline Capital (Private) Limited the Management Company of the Fund, DPMC Assetline Holdings (Private) Limited, the immediate parent company of management company and other related parties of the Management Company, held units in the Fund as follows:

31st March 2024

<i>Unitholder</i>	<i>No of units held opening</i>	<i>No of units held closing</i>	<i>Fair value of investment</i>	<i>Dividend paid or payable by the fund</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	
Assetline Capital (Pvt) Ltd	6,050,266	6,050,266	162,368,581	-
DPMC Assetline Holdings(Private) Limited	1,474,526	1,474,526	39,571,253	-
<i>Other related parties:</i>				
David Pieris Motor Company (Lanka) Limited	81,318,104	137,235,809	3,682,942,503	-
Assetline Insurance Brokers (Private) Limited	515,352	515,352	13,830,288	-
David Pieris Holdings (Private) Limited	35,814,268.50	133,455,280	3,581,485,957	-
David Pieris Automobiles (Pvt) Limited	-	29,373,625	788,288,232	-
MR: David Percival Pieris	-	138,182,331	3,708,343,943	-
MRS: Esther Maureen Pieris	-	74,819,532	2,007,901,866	-

ASSETLINE INCOME PLUS GROWTH FUND**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH,***f) Transactions held with and amounts due to related parties***

The fees were charged by the management company and trustee for services provided during the year and the balances outstanding from such dues as at year end are as disclosed below:

	<i>Charge for the year ended 31st March 2024</i>	<i>Charge for the year ended 31st March 2023</i>	<i>Balance Outstanding 31st March 2024</i>	<i>Balance Outstanding 31st March 2023</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Management fees	113,702,753	13,695,751	14,092,886	1,407,089
Trustee & custodian fee	28,486,922	3,798,516	3,210,189	394,609
	<u>142,189,675</u>	<u>17,494,267</u>	<u>17,303,075</u>	<u>1,801,697</u>

(16) INCOME TAX EXPENSES

Assetline Income Plus Growth Fund is a Unit Trust licensed by the Securities and Exchange Commission of Sri Lanka. Unit Trust is defined as "Pass Through Vehicle" and is not taxed as an entity in accordance with the Inland Revenue Act, No. 24 of 2017 and the amendments thereto.

Reconciliation between current tax expense and the accounting profit.

	2023/2024	2022/2023
Profit before tax	3,276,335,845	165,942,842
Less: Exempted Income	<u>(3,276,335,845)</u>	<u>(165,942,842)</u>
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Income Tax Expense	<u>-</u>	<u>-</u>

(17) CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

There were no material contingent liabilities at the statement of financial position date.

(18) RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE SEC RETURN

	As at 31 March 2024 Rs.	As at 31 March 2023 Rs.
Net Asset Value as per Financial Statements	14,153,862,943	2,241,404,503
Less :		
Income Tax Receivable	<u>(1,622,001)</u>	<u>(1,622,001)</u>
Net Asset Value as per SEC Return	<u>14,152,240,942</u>	<u>2,239,782,502</u>

ASSETLINE INCOME PLUS GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH,

(19) EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no material events occurring after the balance sheet date that requires adjustments or disclosure in the Financial Statements except for the following,

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue. No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the Financial Statements.

**12. Summary of Transactions between Assetline Mutual Funds and its Related Parties
(For the period from 01 April 2023 to 31 March 2024)**

Fund	Related Party	Total Value of Unit Subscriptions by Related Parties (LKR)	Total Value of Unit Redemptions by Related Parties (LKR)
Assetline Income Fund	Officers of Management Company	101,636,664.38	47,353,920.47
	Assetline Capital (Private) Limited	419,390,000.00	397,205,000.00
	Assetline Corporate Services (Private) Limited	54,600,000.00	53,475,000.00
	Assetline Insurance Brokers (Private) Limited	520,537,000.00	494,100,000.00
	David Pieris Automobiles (Private) Limited	951,000,000.00	1,006,968,334.85
	David Pieris Holdings (Private) Limited	1,391,000,000.00	1,983,112,887.86
	David Pieris Motor Company (Lanka) Limited	8,653,000,000.00	8,119,570,120.78
	David Pieris Motor Company (Private) Limited	3,171,500,000.00	3,108,290,780.32
	DPMC Assetline Holdings (Private) Limited	337,245,000.00	199,150,000.00
	Hill Cottage Nuwara Eliya (Private) Limited	14,900,000.00	17,770,000.00
	Mr. D.P. Pieris	6,080,738,575.00	5,145,427,817.41
	Mr. J.D. Pieris	1,849,878,000.00	1,902,424,100.00
	Mrs. E.M. Pieris	3,358,141,075.00	2,958,079,300.00
	Assetline Lands (Private) Limited	129,865,000.00	99,213,000.00
	David Pieris Leisure (Private) Limited	482,500,000.00	546,500,000.00
	DP Infotech (Private) Limited	196,500,000.00	204,573,834.97
	DP Logistics (Private) Limited	708,500,000.00	766,619,942.58
	Mrs. G.Y.P.P. Ratnayake	2,400,000.00	2,000,000.00
	Affiniti Innovations (Private) Limited	-	1,790,000.00
	David Pieris City Developments (Private) Limited	42,000,000.00	32,085,941.27
	David Pieris Racing & Leisure (Private) Limited	406,000,000.00	526,248,817.94
	Mr. E.D. Pieris	2,512,508,000.00	2,357,195,000.00
	Mr. J.D. Pieris joint with Mrs. A.D. Wettimuny (Mr.	25,000,000.00	-
Mr. T.M.J.K. Ratnayake	695,941.00	17,250,000.00	
Assetline Income Plus Growth Fund	Officers of Management Company	132,100,987.84	11,077,411.23
	David Pieris Automobiles (Private) Limited	540,000,000.00	-
	David Pieris Holdings (Private) Limited	1,791,000,000.00	-
	David Pieris Motor Company (Lanka) Limited	1,054,000,000.00	-
	Mr. D.P. Pieris	3,304,091,717.41	-
	Mrs. E.M. Pieris	1,810,146,000.00	-

13. Declaration by Trustee and Management Company

Declaration by Trustee and Management Company as per SEC circular No. 02/2009 on guidelines for Trustee and Management Companies of Unit Trust Funds.

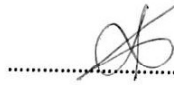
Deutsche Bank AG, the Trustee and Assetline Capital (Private) Limited, the Management Company of Assetline Income Fund and Assetline Income Plus Growth Fund, hereby declare that;

1. The requirements of the Guidelines for Trustee and Management Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been complied with during the financial year.
2. The transactions were and will be carried out at arm's length basis and on terms which are best available for the Funds, as well as act, at all times, in the best interest of the Funds' unit holders.



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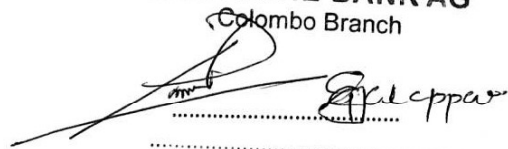
Director
Assetline Capital (Pvt.) Ltd.
Management Company



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Director
Assetline Capital (Pvt.) Ltd.
Management Company

DEUTSCHE BANK AG
Colombo Branch



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Authorised Signatory
Trustee
Deutsche Bank AG
Trustee

Date: 27th June 2024