

ASIA  
SECURITIES



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WEALTH MANAGEMENT

# Asia Securities Unit Trust Funds

ANNUAL REPORT 2024/2025

## TABLE OF CONTENTS

About Asia Securities Wealth Management (Pvt) Limited	02
Board of Directors	03
Investment Committee	04
Management Team	05
Investment Manager's Report - Asia Securities Money Market Fund	07
Asia Securities Money Market Fund - Financial Statements	10
Investment Manager's Report - Asia Securities Income Fund	39
Asia Securities Income Fund - Financial Statements	42
Investment Manager's Report - Asia Securities Gilt Fund	71
Asia Securities Gilt Fund - Financial Statements	74
Investment Manager's Report - Asia Securities Equity Opportunities Fund	102
Asia Securities Equity Opportunities Fund - Financial Statements	105
Investment Manager's Report - Asia Securities Dynamic Gilt Fund	131
Asia Securities Dynamic Gilt Fund - Financial Statements	134
Corporate information	160
Declaration by Trustees & Management Company	161

## ASIA SECURITIES WEALTH MANAGEMENT (PVT) LIMITED

Asia Securities Wealth Management (Pvt) Ltd. (ASWM) provide wealth management services for individuals, corporates, and institutions. The company was launched in October 2018, with a largest Assets under management (AUM) for a new wealth manager in Sri Lanka.

The company is a fully owned subsidiary of Asia Securities Holdings (Pvt) Ltd and is licensed to operate as an Investment Manager and a Management Company to operate collective investments schemes by the Securities and Exchange Commission of Sri Lanka.

ASWM launched its first unit trust, the Asia Securities Money Market Fund in December 2020 and subsequently launched its flagship equity fund, two Gilt funds and two income funds since then. The company currently manages well over Rs30Bn of funds under management and is the fifth largest unit trust manager in terms of AUM by March 2025 in Sri Lanka.

Asia Securities Holdings (Pvt) Ltd is a leading investment bank in Sri Lanka providing wealth management, M&A advisory, equity brokerage, and research services through its affiliated companies.

## BOARD OF DIRECTORS



### **Dumith Hemantha Fernando**

Chairman,  
Asia Securities Wealth Management (Pvt) Limited

Dumith Fernando is the Chairman of Asia Securities Holdings (Pvt) Ltd, a leading independent Investment Banking, Wealth Management, Research, and Stock Broking firm in Sri Lanka. He has over two decades of experience in international Investment Banking, based in New York and Hong Kong with the U.S. bank J.P. Morgan Chase & Co. and the Swiss bank Credit Suisse AG. Until 2013, he was Managing Director and Group Chief Operating Officer for the Asia Pacific region at Credit Suisse – a business with over USD 2.5bn in revenue across 12 countries, and a member of that firm's Global Leadership Council.

He is a former Chairman of the Colombo Stock Exchange and currently a Director of Union Assurance PLC and Sri Lankan Airlines Ltd.

He holds a BA (Honors) in Physics & Economics from Middlebury College in the U.S. and an MBA from Harvard Business School



### **Harold Avancka Herat**

Executive Director,  
Asia Securities Wealth Management (Pvt) Limited

Avancka joined Asia Securities as the Chief Executive Officer for Asia Securities Wealth Management (Pvt) Limited to set up its wealth management business and thereafter has been the Executive Director since 2022.

Avancka was also the CEO of National Asset Management (Pvt) Ltd (NAMAL) from 2011 to 2018. He functioned as the Chief Investment Officer of Aegis Fund Management (fund manager for Sri Lanka Insurance Corporation) in 2004-2010 with an AUM of USD 600mn, where he was responsible for articulating overall investment strategy and execution of asset allocation for both equity and debt markets. Through his career he has worked at Caltex Ceylon, Jardine Fleming HNB Capital, Jardine Fleming HNB Securities, and Lanka Securities. He counts over 25 years of capital markets experience and started his career as an Analyst at Lanka Securities.

Avancka holds a master's degree in Business Finance from Brunel University London, UK and a Bachelor's Degree in Business Studies from Swansea University, UK

## BOARD OF DIRECTORS



### Arjuna Kumar Wignaraja

Independent Director,  
Asia Securities Wealth Management (Pvt) Limited

Arj started his career at The Boston Consulting Group, where he helped formulate business strategies for Fortune 500 clients. He then joined Stax, a boutique consulting firm in Boston. Over two decades at Stax, he helped establish their Chicago office, where he was a Director, and established their Asia presence by founding the Colombo, Sri Lanka office as Managing Director. More recently Arj served as a Senior Advisor at Stax, working with Sri Lankan corporates on their growth and investment strategies.

He is a Non-Executive Director at Nations Trust Bank, Bartleet & Co (a diversified conglomerate), Cenmetrix (a leader in asset & infrastructure digitization), Asia Securities (a leading investment advisor), and Board Advisor at Medihelp (a leading healthcare provider). He was a Board Member of the Lankan Angel Network (LAN, which promotes entrepreneurship and provides seed funding for startups). Arj was also Chairperson of the South East Asia Leadership Academy (SEALA, a game changing bootcamp for leaders from the region).

Arj holds an M.B.A. from the Kellogg Graduate School of Management at Northwestern University, and a B.A. in Economics, with honors, from Princeton University.

## INVESTMENT COMMITTEE

### Permanent Members

Steven Enderby	<b>Independent Member</b>
Dumith Fernando	<b>Chairman, Asia Securities Wealth Management (Pvt) Limited</b>
Avancka Herat	<b>Executive Director</b>
Chaya Jayawardena	<b>Chief Executive Officer</b> (appointed w.e.f. 05.06.25)
Pushpika Jeevaratne	<b>VP Compliance, Asia Securities Wealth Management</b>
Steven Enderby	<b>Independent Member</b> Accounts for over 35 yrs of financing, investment, and private equity experience in UK, Africa and South Asia, predominantly in Sri Lanka and India. Mr Enderby was also the former Group CEO, Hemas Holdings PLC.

## MANAGEMENT TEAM

### Chaya Jayawardena

Chief Executive Officer ( appointed w.e.f. 05.06.25)

Chaya Jayawardane is a seasoned banking and financial services executive with over two decades of strategic leadership experience in corporate banking, global markets, risk management, transaction banking, digital and consumer banking. She has a proven track record of spearheading transformational initiatives, navigating complex regulatory environments, and driving innovative financial solutions that ensure sustainable growth.

Prior banking experience is across ANZ Grindlays, HSBC and Standard Chartered Bank while the last role held was Senior Vice President at Union Bank of Colombo PLC, played a pivotal role in establishing and expanding Retail Banking, including the launch of the credit card business, and leading a high-performing team of 900 professionals across geographies.

### Pushpika Jeevaratne

Vice President Compliance

Pushpika is the VP Compliance at Asia Securities Wealth Management and accounts for almost 2 decades of capital markets experience. Pushpika was the former Head of Compliance & Risk at National Asset Management Limited (NAMAL).

She is a passed finalist of CIMA and holds BSc in Electronic & Telecommunications Engineering – University of Moratuwa, Sri Lanka.

### Nidesh Perera

Chief Operating Officer

Nidesh assumed the role of Assistant Vice President at Asia Securities Wealth Management (Pvt) Ltd and subsequently ascended to the position of Chief Operating Officer. Preceding this, he held a position at Asset Trust Management Ltd, a prominent asset management firm in Sri Lanka, overseeing fixed-income and equity funds. Earlier in his career, Nidesh acquired extensive experience in domestic markets through roles in the Treasury Operation sector at Nat Wealth Securities Ltd and DFCC Bank PLC, amassing over a decade of expertise in the field.

### Nadarajah Gowthaman

Portfolio Manager

Gowthaman joined Asia Securities Wealth Management (Pvt) Ltd as the Vice President/Portfolio Manager. Prior to this role, he was associated with Ceylon Asset Management, one of Sri Lanka's leading asset management firms, where he covered fixed income and equity funds. Before that, he worked as an Investment Manager at ETF Board and as a Forex & FIS Dealer at Indian Bank, amassing over a decade of experience in both domestic and foreign markets.

# ASIA SECURITIES MONEY MARKET FUND

# ASIA SECURITIES MONEY MARKET FUND REVIEW

(Inception: 23rd Dec. 2020)

**Fund Manager**  
Nadarajah Gowthaman.

**Fund Objective**  
The Fund is an open-ended unit trust fund that focuses on investing in short-term government securities and fixed income securities with an investment-grade rating of BBB- or above. These securities have a maturity period of 397 days or less. The investment objective is to generate a high interest income for its investors while preserving capital and providing liquidity.

**Commentary**  
**Asia Securities Money Market Fund – Performance Overview 2024/25**  
During the 12-month period ending in 2024/25, the Asia Securities Money Market Fund delivered an annualized return of 9.97% to its investors. The fund maintained a strong focus on Treasury bills and other money market instruments issued by entities with investment-grade credit ratings or higher.

Throughout 2024/25, interest rates followed a downward trajectory, driven by the Central Bank’s accommodative monetary policy stance. Policy rates were collectively reduced by 50 basis points during the period.

Our portfolio strategy prioritized government securities (G-Secs) and high-yielding corporate papers. Starting from the second half of 2024/25, we began increasing exposure to corporate papers relative to G-Secs, while ensuring adequate liquidity to meet investor needs.

We continue to adopt a dynamic portfolio management approach, guided by in-depth market analysis, with the dual objective of generating competitive returns and preserving capital.

Fund Return	
Period	ASMMF Annualized Return
2024-25	09.97%
2023-24	19.45%
2022-23	13.19%
2021-22	07.78%

**Macroeconomic Overview:**  
**Sri Lanka in 2024/25**  
Sri Lanka’s economy remained on a steady path to recovery throughout 2024/25, following the severe downturn experienced in 2022. The government’s reform agenda began to yield tangible results, with notable improvements in economic activity, a reduction in uncertainty, and a marked increase in investor confidence.

Inflation declined significantly during the year, even entering deflationary territory at one point, primarily due to falling global energy prices. The low-interest rate environment, maintained by the Central Bank, provided strong support for credit growth and domestic economic activity.

The external sector showed continued resilience. A current account surplus was recorded, and the Sri Lankan rupee strengthened against major currencies. On the fiscal front, performance improved for the second consecutive year, with the government achieving a primary surplus. The Central Bank of Sri Lanka (CBSL) upheld an accommodative monetary policy stance under its Flexible Inflation Targeting framework and introduced legal reforms aimed at enhancing financial stability and improving the governance of financial institutions.

## ASIA SECURITIES MONEY MARKET FUND REVIEW

(Inception: 23rd Dec. 2020)

The broader economic recovery has been underpinned by restored macroeconomic stability, easing inflationary pressures, low interest rates, and renewed investor optimism. Data-driven policy decisions by the Central Bank and sustained progress under the IMF Extended Fund Facility (EFF) have served as key pillars of this progress.

### Global Context

Despite these domestic gains, Sri Lanka continues to operate in a challenging global environment. Global growth remains subdued, hindered by persistent geopolitical tensions, increasing protectionism, and shifting policy landscapes in major economies, particularly the United States. Rising tariffs and trade fragmentation threaten to disrupt global supply chains, which may have negative implications for Sri Lanka's export performance. Nevertheless, the decline in global energy prices and signs of cautious monetary easing by major central banks have provided some relief for emerging market economies, including Sri Lanka.

### Domestic Outlook

Looking ahead, inflation is expected to stabilize around 5% in the medium term, following a brief period of deflation in early 2025. The low-interest rate environment is likely to continue, supporting further credit expansion and sustained economic activity. The Central Bank is expected to maintain a flexible exchange rate regime while continuing to build up the country's foreign reserves.

Sri Lanka's external sector is projected to remain healthy, with a manageable trade deficit and continued growth in tourism revenues, remittances, and service exports likely to support another current account surplus in 2025. Fiscal consolidation efforts, particularly those focused on revenue generation, are expected to play a central role in reducing public debt and sustaining a primary surplus. Further reforms in tax

administration and the restructuring of state-owned enterprises will be essential to strengthening public finances.

The financial sector is experiencing a gradual recovery, with credit growth picking up and stability improving. Efforts toward digital transformation and regulatory modernization are also gaining momentum. In terms of economic growth, the industry and services sectors are anticipated to be the main drivers of expansion. However, the agriculture sector may continue to face climate-related challenges. Long-term growth prospects will depend on continued structural reforms, particularly in the labor market, and increased investment in human capital.

### Key Risks

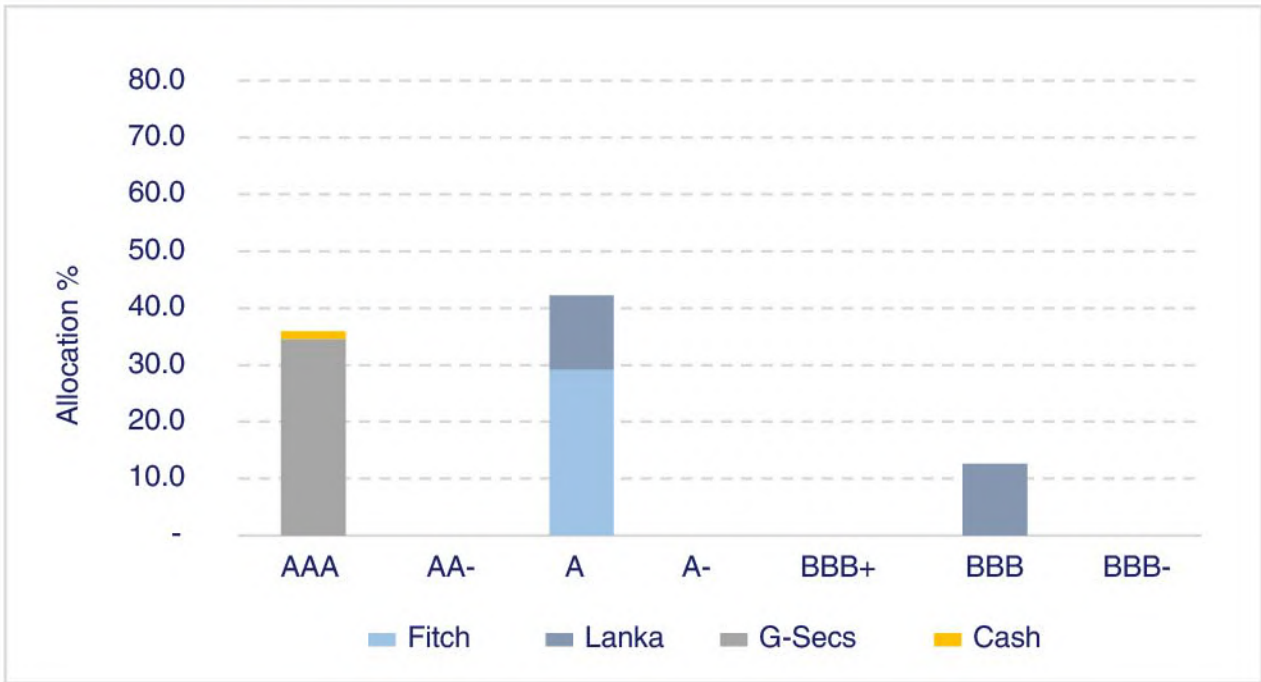
Despite the progress made, key risks remain. These include escalating global trade tensions, climate-related disruptions, and policy uncertainties in major economies. On the domestic front, challenges such as poverty, youth unemployment, and the underutilization of labor continue to pose significant concerns.

**Source: CBSL**

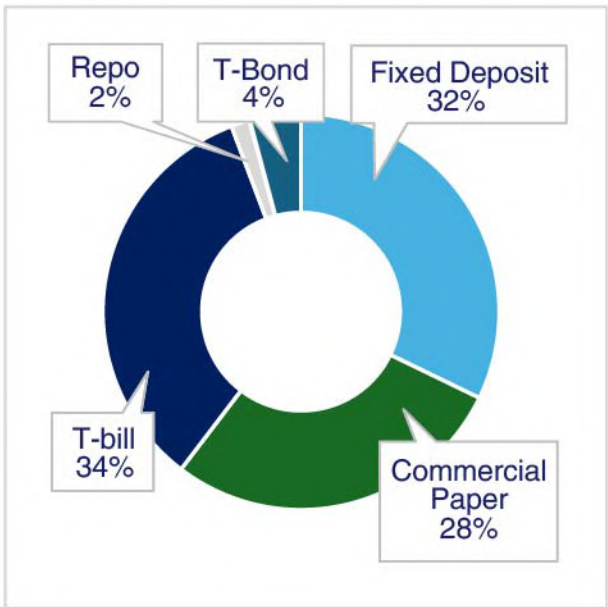
# ASIA SECURITIES MONEY MARKET FUND REVIEW

## Key Facts of the Fund

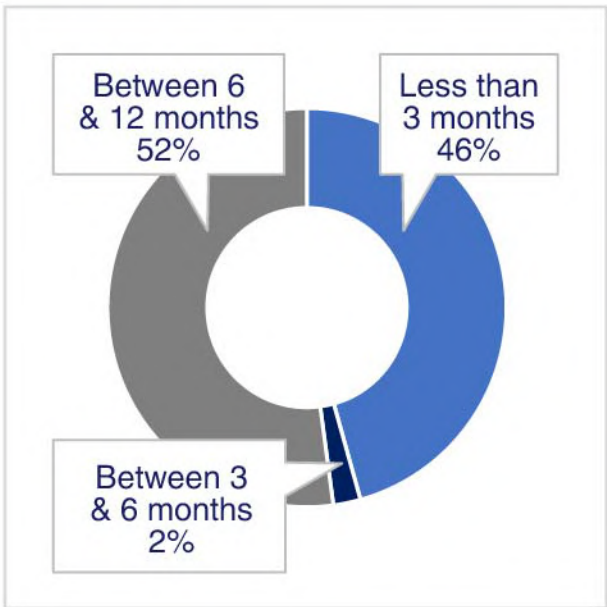
Fund Credit Quality -% of NAV



Asset Allocation



Maturity Profile





**ASIA SECURITIES MONEY MARKET FUND**  
**AUDITED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH 2025



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## INDEPENDENT AUDITOR'S REPORT

### To the Unitholders of Asia Securities Money Market Fund

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Asia Securities Money Market Fund (the Fund). The financial statements of the Fund comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income, the statement of changes in unitholders' fund and the statement of cash flows for the year then ended; and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka 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 Managing Company, Asia Securities Wealth Management (Private) Limited is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

*C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tillekeratne ACA, D C A J Yapa ACA*

*Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179*



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Unitholders of Asia Securities Money Market Fund (Contd)**

## **Report on the audit of the financial statements (Contd)**

### **Other Information (Contd)**

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of Managing Company and Those Charged with Governance for the Financial Statements**

The Managing Company, Asia Securities Wealth Management (Private) Limited 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 Managing Company 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, the Managing Company 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 Managing Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional scepticism 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.



## INDEPENDENT AUDITOR'S REPORT

### To the Unitholders of Asia Securities Money Market Fund (Contd)

## Report on the audit of the financial statements (Contd)

### Auditor's Responsibilities for the Audit of the Financial Statements (Contd)

- 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 Managing Company.
- Conclude on the appropriateness of Managing Company'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 have been prepared and presented in accordance with and comply with the requirements of the unit trust deed and Collective Investment Scheme Code (CIS Code) of Securities and Exchange Commission of Sri Lanka.

*Deloitte Partners*

CHARTERED ACCOUNTANTS

COLOMBO

16 July 2025



**Asia Securities Money Market Fund**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 March 2025  
(All amounts in Sri Lanka Rupees)

	Note	03/31/2025	03/31/2024
		LKR	LKR
<b>Continuing operation</b>			
<b>Revenue</b>			
Finance income - Interest income	05	195,696,884	46,644,711
Financial gains	06	4,607,385	317,379
<b>Total income</b>		200,304,269	46,962,090
<b>Operating expenses</b>			
Management fees		(9,820,884)	(1,240,841)
Trustee fees		(3,565,736)	(442,068)
Custodian fees		(290,462)	(285,694)
Audit fees		(566,240)	(514,763)
WHT Expenses		(2,729,392)	(507,268)
Other expenses		(364,499)	(567,560)
<b>Total operating expenses</b>		(17,337,213)	(3,558,194)
<b>Profit for the period</b>		182,967,056	43,403,896
<b>Increase in net assets attributable to unit holders</b>		<b>182,967,056</b>	<b>43,403,896</b>

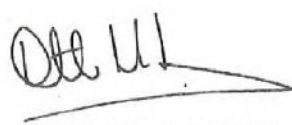
Figures in brackets indicate deductions.

The accounting policies and notes from pages 8 to 24 form an integral part of these financial statements.

**Asia Securities Money Market Fund**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2025**  
**(All amounts in Sri Lanka Rupees)**

		03/31/2025	03/31/2024
<b>Assets</b>	<b>Note</b>	<b>LKR</b>	<b>LKR</b>
Cash and bank balances	07	2,165,789	7,772,107
Financial assets at amortised cost	08	3,846,807,021	266,677,198
Other Receivable		14,755	-
<b>Total assets</b>		<b>3,848,987,565</b>	<b>274,449,305</b>
<b>Liabilities</b>			
Other Payable	09	2,824,522	688,368
<b>Total liabilities</b>		<b>2,824,522</b>	<b>688,368</b>
<b>Net assets attributable to unit holders</b>		<b>3,846,163,043</b>	<b>273,760,937</b>
<b>Unitholders' funds</b>			
<b>Net assets attributable to unit holders</b>		<b>3,846,163,043</b>	<b>273,760,937</b>

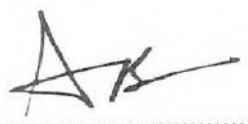
The Fund Management Company and the Trustee are responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka Accounting Standards. These financial statements were approved by the Fund Management Company and the Trustee on 16th July 2025.



**Director**  
Asia Securities Wealth Management (Private) Limited  
Fund Management Company



**Trustee**  
Deutsche Bank AG, Colombo Branch  
Authorized Signatories  
Trustee



**Director**  
Asia Securities Wealth Management (Private) Limited  
Fund Management Company

*Figures in brackets indicate deductions.*

*The accounting policies and notes from pages 8 to 24 form an integral part of these financial statements.*

**Asia Securities Money Market Fund**  
**STATEMENT OF CHANGES IN UNITHOLDERS' FUND**  
**For the year ended 31 March 2025**  
**(All amounts in Sri Lanka Rupees)**

	<b>No of units</b>	<b>Unitholders' fund LKR</b>
<b>Unitholders' funds as at 31 March 2023</b>	30,462,487	378,198,876
Increase in net assets attributable to unitholders	-	43,403,896
Creation of units	56,337,418	774,062,954
Redemption of units	(68,339,480)	(921,904,789)
Net increase / (decrease) due to unit holders transactions	(12,002,062)	(147,841,836)
<b>Unitholders' funds as at 31 March 2024</b>	<b>18,460,425</b>	<b>273,760,937</b>

	<b>No of units</b>	<b>Unitholders' fund LKR</b>
<b>Unitholders' funds as at 31 March 2024</b>	18,460,425	273,760,937
Increase in net assets attributable to unitholders	-	182,967,056
Creation of units	393,380,710	6,138,617,638
Redemption of units	(175,997,117)	(2,749,182,588)
Net increase / (decrease) due to unit holders transactions	217,383,593	3,389,435,050
<b>Unitholders' funds as at 31 March 2025</b>	<b>235,844,018</b>	<b>3,846,163,043</b>

*Figures in brackets indicate deductions.*

*The accounting policies and notes from pages 8 to 24 form an integral part of these financial statements.*

**Asia Securities Money Market Fund**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 31 March 2025**  
**(All amounts in Sri Lanka Rupees)**

	31/03/2025 LKR	31/03/2024 LKR
<b>Cash flows from operating activities</b>		
Interest received	132,009,823	56,992,141
Gain on disposal of treasury bills	4,607,385	
Other expenses paid	(3,622,500)	(1,321,565)
Management fees, trustee fees and custodian fees paid	(11,593,314)	(1,969,844)
Investment in repurchase agreements	(19,330,500,000)	(1,501,000,000)
Investment in commercial papers	(3,665,826,417)	(1,794,331,670)
Investment in fixed deposits	(1,475,000,000)	(30,000,000)
Investment in T-Bills	(3,338,435,904)	(518,020,489)
Investment in T-Bonds	(160,902,250)	-
Maturity proceed from repurchase agreements	19,312,700,000	1,601,000,000
Maturity proceed from commercial papers	2,640,913,038	1,786,471,670
Maturity proceed from fixed deposits	280,000,000	-
Maturity proceed from T-Bills	2,220,608,771	514,106,005
<b>Net cash used in operating activities</b>	<b>(3,395,041,368)</b>	<b>111,926,248</b>
<b>Cash flows from financing activities</b>		
Amounts received on unit creations	6,138,617,638	774,062,954
Amounts paid on unit redemptions	(2,749,182,588)	(921,904,789)
<b>Net cash generated from financing activities</b>	<b>3,389,435,050</b>	<b>(147,841,835)</b>
Net decrease in cash and cash equivalents during the period	(5,606,318)	(35,915,587)
Cash and cash equivalents at the beginning of the period	Note 7 7,772,107	43,687,694
<b>Cash and cash equivalents at the end of the period</b>	<b>(Note 7.1) 2,165,789</b>	<b>7,772,107</b>

Figures in brackets indicate deductions.

The accounting policies and notes from pages 8 to 24 form an integral part of these financial statements.

## Asia Securities Money Market Fund NOTES TO THE FINANCIAL STATEMENTS

### 1. General Information

#### 1.1 General

Asia Securities Money Market Fund ("the Fund") is an open-ended investment fund approved by the Securities and Exchange Commission of Sri Lanka. The Fund had been granted its license on 12th of October 2020 and operations started on 23rd December 2020. The Fund is managed by Asia Securities Wealth Management (Private) Limited which is incorporated and domiciled in Sri Lanka. The registered office of the fund management company is located 4th Floor, Lee Hedges Tower, No, 349, Galle Road, Colombo 03. Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Pvt) Limited changed from Hatton National Bank PLC to Deutsche Bank AG, Colombo Branch, located at Level 21, One Galle Face Tower, 1A Centre Road, Galle Face, Colombo 02.

The investment objective of the Fund is to generate a high interest income while preserving capital and providing liquidity. The Fund will invest into high quality money market instruments with a residual maturity of less than 397-days. There were no significant changes in the nature of the principal activities of the unit trust during the year under review.

#### 1.2 Date of authorization for issue

The financial statements of the Fund for the period ended 31 March 2025 were authorized for issue by the fund management company and the trustee on 16th July 2025.

### 2. Summary of material 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 years presented, unless otherwise stated.

#### 2.1 Basis of accounting

The financial statements of the Fund have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Fund's financial statements are disclosed in note 4 to the financial statements. The statement of financial position is presented on a liquidity basis and assets and liabilities are presented in decreasing order of liquidity and are not distinguished between the current and non-current. The financial statements are presented in Sri Lankan rupees (LKR).

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after the Fund's inception, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

#### Statement of Compliance

The financial statements which comprise the Statement of financial position as at 31 March 2025, Statement of Comprehensive Income, Statement of financial position, Statement of changes in unitholders' fund and Statement of cash flows for the year then ended, and a summary of material accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards and the requirements of the Unit Trust Deed and Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

## Asia Securities Money Market Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.1 Basis of accounting (Contd)

##### Fund Managers Responsibility for Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and CIS code 2022 of the Securities and Exchange Commission of Sri Lanka. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Financial Statements of the Fund at 31 March 2025 comprises of -

- The statement of profit or loss and other comprehensive income (SOPL) providing information on the performance for the year under review.
- Statement of financial position (SOFPI) providing the information on the financial position of the Fund as at the year end.
- Statement of changes in unit holders' fund providing the movement in the unitholders' funds during the year under review.
- Notes to the financial statements, which comprise of the accounting policies and other explanatory notes and information.

#### 2.2 Amendments to the Sri Lanka Accounting Standards

In the current year, the Fund has applied a number of amendments to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

##### (a) New standards and amendments – applicable 1 January 2024

The Fund has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2024:

- (i) Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements
- (ii) Amendments to LKAS 1 Classification of Liabilities as Current or Non-current
- (iii) Amendments to SLFRS 16 Leases—Lease Liability in a Sale and Leaseback

##### (b) New accounting standards, amendments and interpretations issued but not yet effective and adopted in 2025

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka. Hence those are not adapted in the Fund during the year. The new standards and amendments listed below are not expected to have material impact on the financial statement at the time of the adoption.

##### (i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

## Asia Securities Money Market Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.2 Amendments to the Sri Lanka Accounting Standards (Contd)

##### (b) New accounting standards, amendments and interpretations issued but not yet effective and adopted in 2025 (Contd)

###### (i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability (Contd)

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The directors of the Fund anticipate that the application of these amendments may not have an impact on the Funds' financial statements in future periods.

###### (ii) Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The directors of the Fund anticipate that the application of these amendments may not have an impact on the Fund's consolidated financial statements in future periods.

###### (iii) IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

## Asia Securities Money Market Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.2 Amendments to the Sri Lanka Accounting Standards (Contd)

##### (iii) IFRS 18 Presentation and Disclosures in Financial Statements

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the Fund anticipate that the application of these amendments may not have an impact on the Fund's financial statements in future periods.

##### (iv) IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

The directors of the Fund do not anticipate that IFRS 19 will be applied for purposes of the Fund's financial statements.

#### 2.3 Functional and presentation currency

The Fund's investors are mainly from Sri Lanka, with all creation and redemption of units are denominated in Sri Lanka Rupees. The primary activity of the Fund is to invest in domestic securities and earn and offer unit holders a return. The performance of the Fund is measured and reported to the unitholders in Sri Lanka Rupees. The Trustee considers the rupees as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Accordingly, the financial statements are presented in Sri Lankan Rupees, which is the Fund's functional and presentation currency.

#### 2.4 Going Concern

These Financial Statements are prepared on the assumption that the fund is a going concern i.e. as continuing in operation for the foreseeable future. It is therefore assumed that the fund has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operation.

## Asia Securities Money Market Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.5 Financial assets

##### Classification and measurement of financial assets and financial liabilities

SLFRS 9 contains three principal classification categories of financial asset: measured at Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

##### (i) Recognition and initial measurement

All financial assets are initially recognized on the date the fund becomes a party to the contractual provisions of the instrument. This includes purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

##### (ii) Classification

On initial recognition, a financial asset is classified as measured at: Amortised Cost, FVOCI or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The fund's financial assets classified under amortised cost include money market savings deposits, fixed deposits, commercial papers, treasury bills, repurchase agreements, trust certificates.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms 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 at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### 2.6 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost include borrowings, accrued expenses and other payables.

#### Derecognition

## Asia Securities Money Market Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.6 Financial liabilities – Classification, subsequent measurement and gains and losses (Contd)

##### Financial assets

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Fund enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### Financial liabilities

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

##### Offsetting of financial instruments

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

- There is a currently enforceable legal right to offset the recognized amounts and
- There is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### 2.7 Impairment

The Fund recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the fund is exposed to credit risk.

## Asia Securities Money Market Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.7 Impairment (Contd)

##### Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due.
- The restructuring of a loan or advance by the Fund on terms that the Fund would not consider otherwise.
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

As of the statement of financial position date the fund has not observed any of the above thus no impairment provision has been recognized in the financial statements.

All of the funds' investments at amortised cost have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses.

The Fund's investments in Treasury bill repurchase agreements that are obtained from primary dealers are collateralized with government securities. Therefore, considered as low risk investments.

##### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

##### Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

#### 2.8 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the Revenue can be reliably measured. The following specific criteria must be also be met before Revenue is recognised.

#### 2.9 Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash appropriate, to the net carrying amount of the financial asset.

#### 2.10 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank. The cash flow statement has been prepared using the direct method. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

## Asia Securities Money Market Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.11 Income tax

The Fund is not liable to pay income tax as of the reporting date in accordance with Inland Revenue No 24 of 2017 as amended by the Inland Revenue (Amendment) Act No 45 of 2022. However, the interest income is taxed at 5% as per the Inland Revenue (Amended) Act No 45 2022 with effect from 1 January 2023. The Fund's income generated through investment business is treated as "pass-through vehicles" under the provisions of Inland Revenue No 24 of 2017 as amended by the Inland Revenue (Amendment) Act No 45 of 2022.

#### 2.12 Expenses

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

Management fee :	0.50% p.a. of net asset value of the fund calculated daily
Trustee fee :	0.15% p.a. of net asset value of the fund calculated daily
Custodian fee :	Rs 240,000 per Annum

#### 2.13 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

#### 2.14 Increase / (decrease) in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unit holders. Movements in net assets attributable to unit holders are recognised in the statement of profit or loss.

#### 2.15 Unitholders' funds

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 unit holders as at the reporting date.

### 3 Financial risk management

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement, and monitoring. The Fund is exposed to credit risk, market risk, and liquidity risk.

Financial instruments of the Fund comprise investments in treasury bills and repurchase agreements, fixed deposits, commercial papers, trust certificates and money market savings deposits for the purpose of generating a return on the investment made by unit holders, in addition to cash at bank and other financial instruments such as receivables and payables, which arise directly from its operations.

The fund manager is responsible for identifying and controlling the risk that arise from these financial instruments. The fund manager agrees on policies for managing each of the risks identified below.

The risks are measured using a method that reflects the expected impact on the statement of profit or loss and other comprehensive income and statement of financial position of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

## Asia Securities Money Market Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd)

The fund manager also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the fund, as well as the level of risk that the fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the fund manager on a regular basis as deemed appropriate, including the fund manager, other key management, the investment committee, and ultimately the trustee of the fund.

The concentration of risk arises when several financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions.

#### a) Credit risk

Credit risk is the risk that the counterparty to the financial instruments will fail to discharge an obligation and cause the Fund to incur a financial loss of interest and/or principal. The Fund's exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the carrying amount of financial assets as at the reporting date. It is the fund's policy to enter contracts with reputable counterparties. The Fund is also subject to credit risk on its bank balances and investment in commercial papers. The credit risk exposure on these instruments is not deemed to be significant.

The Fund's maximum exposure to credit risk is the carrying amount of the financial assets are set out below;

Instrument	03/31/2025 LKR	03/31/2024 LKR
<b>Commercial papers (Note 8.1)</b>	1,082,492,272	58,111,705
Fixed deposits (Note 8.3)	1,236,694,565	30,566,438
Repurchase agreements (Note 8.2)	57,857,125	40,064,345
Treasury Bills	1,310,467,567	137,934,710
Treasury Bonds	159,295,492	-
Cash at the bank (Note 7)	2,165,789	7,772,107
<b>Total</b>	<b>3,848,972,810</b>	<b>274,449,305</b>

The analysis below summarises the credit quality of the Fund's debt portfolio at 31 March 2025.

2025 Counterparty	Investment value as at 31 March 2025 (LKR)	% of investment	Credit rating	Rating agency
Deutsche Bank	2,165,789	0.06%	A -	Fitch Rating
Asia Securities (Pvt) Ltd	530,639,602	13.79%	BBB	Lanka Rating
HNB Securities	57,857,125	1.50%	Not Rated	
LOLC Holdings PLC	551,852,670	14.34%	A	Lanka Rating
Peoples Leasing & Finance PLC	629,840,510	16.36%	A	Fitch Rating
Merchant Bank of Sri Lanka & Finance PLC	303,556,644	7.89%	A	Fitch Rating
CBC Finance Ltd	303,297,411	7.88%	A	Fitch Rating
<b>Total</b>	<b>2,379,209,751</b>			

## Asia Securities Money Market Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd)

#### a) Credit risk (Contd)

Debt securities by rating category.

Rating	2025
A	1,788,547,236
A-	2,165,789
BBB	530,639,602
Not Rated	57,857,125
Government Securities (Risk free)	1,469,763,059
<b>Total</b>	<b>3,848,972,810</b>

The analysis below summarises the credit quality of the Fund's debt portfolio at 31 March 2024.

2024 Counterparty	Investment value as at 31 March 2024 (LKR)	% of investment	Credit rating	Rating agency
Hatton National Bank	7,772,107	2.83%	A	Fitch Rating
Asia Securities (Pvt) Ltd	21,981,205	8.01%	BB+	Fitch Rating
Acuity Securities Ltd	40,064,345	14.60%	Not Rated	
Alliance Finance Company PLC	30,566,438	11.14%	BBB-	Lanka Rating
LOLC Holdings PLC	36,130,500	13.16%	A	Lanka Rating
<b>Total</b>	<b>136,514,595</b>			

Debt securities by rating category.

Rating	2024
A	43,902,607
BBB-	30,566,438
BB+	21,981,205
Not Rated	40,064,345
Government Securities (Risk free)	137,934,710
<b>Total</b>	<b>274,449,305</b>

#### b) Market risk

Market risk represents the risk that the value of the fund's investments portfolios will fluctuate because of changes in market prices and rates. However, the fund's exposure to price risk and foreign exchange risk are deemed negligible as all its investments are short term fixed income securities denominated in Sri Lankan Rupees and the financial instruments are subsequently measured on an amortised cost basis. While market risk cannot be eliminated the fund manager will attempt to reduce this risk by diversifying the fund's investment portfolio in line with investment objectives of the fund.

## Asia Securities Money Market Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd)

#### b) Market risk

##### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. 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. Since the Fund had not held financial instruments with variable interest rates as of 31 March 2025, it was not exposed to interest rate risk. Hence a sensitivity analysis has not been presented.

The table below summarises the fund's exposure to interest rate risk

31/03/2025	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets	LKR	LKR	LKR	LKR
Cash and cash equivalents	-	2,165,789	-	2,165,789
Financial assets at amortised cost	-	3,846,807,021	-	3,846,807,021
<b>Total exposure</b>	-	<b>3,848,972,810</b>	-	<b>3,848,972,810</b>

31/03/2024	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets	LKR	LKR	LKR	LKR
Cash and cash equivalents	-	7,747,107	25,000	7,772,107
Financial assets at amortised cost	-	266,677,198	-	266,677,198
<b>Total exposure</b>	-	<b>274,424,305</b>	<b>25,000</b>	<b>274,449,305</b>

#### c) 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. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. Units are redeemable at the unitholder's options based on the fund's net asset value per unit at the time of redemption.

The Fund manages its obligation when required to do so and its overall liquidity risk by:

- Investing primarily in financial instruments, which under normal market conditions are readily convertible to cash.
- The fund will also make the Investments within the parameters set out by the Commission in accordance with the Unit Trust Code and the Deed to ensure there is no concentration of risk.
- Maintaining sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests. As a practice fund will maintain a minimum of 3% of the deposited property to be maintained in cash or near cash. (Near cash means investments such as bank/call deposits, repurchase agreements with maturities of less than 3 months, commercial paper endorsed or guaranteed by a Licensed Commercial Bank or Licensed Specialized Bank with maturities of less than 3 months and government securities including government bonds with maturities of less than one year which can be readily convertible into cash.)
- Requiring at least 14 days prior written notice for unitholder redemption equal to or greater than 3% of the net asset value of the fund
- Continually search for new investors.

## Asia Securities Money Market Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd)

#### c) Liquidity risk (Contd)

The time frame for return of cash to investors is ten business days in which time investments may be recalled for redemption payouts. Further, the fund is also permitted to borrow up to 15% of the deposited property for redemption payouts. Other financial liabilities have no contractual maturities. Due to the short-term nature of these financial instruments, carrying value approximates fair value.

The table below precises the fund's non derivative financial assets and liabilities with contractual maturities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are the contractual undiscounted cash flows

03/31/2025	Less than 30 days LKR	31 - 90 days LKR	91 – 180 days LKR	181 – 365 days LKR	Total LKR
<b>Financial Assets</b>					
Fixed Deposits	-	-	-	1,345,068,125	1,345,068,125
Commercial Papers	530,639,601	564,064,670	-	-	1,094,704,271
Treasury Bills	436,632,826	-	100,000,000	819,000,000	1,355,632,826
Treasury Bonds	-	-	150,000,000	-	150,000,000
Repurchase agreements	57,863,461	-	-	-	57,863,461
Cash & bank balances	2,165,789	-	-	-	2,165,789
<b>Total</b>	<b>1,027,301,677</b>	<b>564,064,670</b>	<b>250,000,000</b>	<b>2,164,068,125</b>	<b>4,005,434,472</b>
<b>Financial Liabilities</b>					
Management fee payable	1,637,988	-	-	-	1,637,988
Trustee fee payable	594,716	-	-	-	594,716
Custody fee payable	24,669	-	-	-	24,669
Audit Fee Payable	566,240	-	-	-	566,240
WHT Payable	909	-	-	-	909
<b>Total</b>	<b>2,824,522</b>				<b>2,824,522</b>

31/03/2024	Less than 30 days LKR	31 - 90 days LKR	91 – 180 days LKR	181 – 365 days LKR	Total LKR
<b>Financial Assets</b>					
Fixed Deposits	-	30,566,438	-	-	30,566,438
Commercial Papers	36,130,500	-	21,981,205	-	58,111,705
Treasury Bills	-	67,194,023	70,740,687	-	137,934,710
Repurchase agreements	40,064,345	-	-	-	40,064,345
Cash & bank balances	7,772,107	-	-	-	7,772,107
<b>Total</b>	<b>83,966,952</b>	<b>97,760,461</b>	<b>92,721,892</b>	<b>-</b>	<b>274,449,305</b>
<b>Financial Liabilities</b>					
Management fee payable	109,264	-	-	-	109,264
Trustee fee payable	39,671	-	-	-	39,671
Custody fee payable	24,669	-	-	-	24,669
Audit Fee Payable	514,764	-	-	-	514,764
WHT Payable	-	-	-	-	-
<b>Total</b>	<b>688,369</b>				<b>688,369</b>

## Asia Securities Money Market Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd.)

#### d) Capital risk management (Contd)

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that net asset attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly daily as the Fund is subject to daily applications and redemptions at the discretion of unitholders. Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets daily by the Management Company. Under the terms of the Unit Trust Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of unitholders.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund. The Board of Directors and Investment Manager monitor capital on the basis of the value of net assets attributable to unit holders. All the assets and liabilities are measured at amortised cost. Please refer to the Note 2 for more details. Disclosures relevant to unitholders' funds are as follows.

#### The movement in the unitholders' funds

##### I. In terms of value

	31/03/2025 (LKR)
Unit holders' funds as at the beginning of the Period	273,760,937
Creations during the period	6,138,617,638
Redemptions during the period	(2,749,182,588)
Increase in net assets attributable to unit holders during the period	182,967,056
<b>Unit holders' funds as at 31 March 2025</b>	<b>3,846,163,043</b>

	31/03/2024 (LKR)
Unit holders' funds as at the beginning of the period	378,198,876
Creations during the period	774,062,954
Redemptions during the period	(921,904,789)
Increase in net assets attributable to unit holders during the period	43,403,896
<b>Unit holders' funds as at 31 March 2024</b>	<b>273,760,937</b>

##### II. In terms of numbers of units

	31/03/2025 (Units)
Opening number of units	18,460,425
Unit creations during the period	393,380,710
Unit redemptions during the period	(175,997,117)
<b>Closing number of units as at 31 March 2025</b>	<b>235,844,018</b>

	31/03/2024 (Units)
Opening number of units	30,462,487
Unit creations during the period	56,337,418
Unit redemptions during the period	(68,339,480)
<b>Closing number of units as at 31 March 2024</b>	<b>18,460,425</b>

**Asia Securities Money Market Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

#### **4. Critical accounting estimates and judgements**

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. In the selection and application of the Fund's accounting policies, which are described below, the fund management company is required to make judgements and assumptions and use assumptions in measuring items reported in the financial statements.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Actual results may differ from such estimates and judgements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates were revised if the revision affects only that period or in the period of the revision and future periods as well if the revision affects both the current and future periods.

**Asia Securities Money Market Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

**5. Interest income**

	31/03/2025	31/03/2024
	LKR	LKR
<b>5.1 Interest on</b>		
Fixed deposits	21,040,902	596,250
Commercial papers	32,972,915	8,008,031
Treasury bills	104,948,312	30,827,690
Repurchase agreements	24,267,495	5,671,663
Treasury bonds	11,893,242	-
Saving accounts	574,018	1,541,077
	<b>195,696,884</b>	<b>46,644,711</b>

**6. Other gains**

	31/03/2025	31/03/2024
	LKR	LKR
Gain on disposal of treasury bills	4,607,385	317,379
	<b>4,607,385</b>	<b>317,379</b>

6.1 Income is recognised on accrual basis using the effective interest rate method.

6.2 Notional tax is not applicable as per the new Inland Revenue Act No. 24 of 2017. Effective from 1st January 2023, withholding tax at the rate of 5% has been reintroduced on service fee payments which has a source in Sri Lanka and paid to a resident individual who is not an employee of the payer of such service fee.

**Cash and bank balances**

7.	31/03/2025	31/03/2024
	LKR	LKR
HNB current account	-	25,000
HNB money market account	-	7,747,107
Deutsche Bank savings account	2,165,789	-
	<b>2,165,789</b>	<b>7,772,107</b>

**7.1 Cash and bank balances for the purpose of the statement of cash flows.**

	31/03/2025	31/03/2024
	LKR	LKR
Cash and bank balances	<b>2,165,789</b>	<b>7,772,107</b>

**Asia Securities Money Market Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

**8. Financial assets at amortised cost**

	31/03/2025	31/03/2024
	LKR	LKR
Commercial papers (Note 8.1)	1,082,492,272	58,111,705
Repurchase agreements (Note 8.2)	57,857,125	40,064,345
Fixed deposits Notes (8.3)	1,236,694,565	30,566,438
Treasury bills	1,310,467,567	137,934,710
Treasury Bonds	159,295,492	-
	<b>3,846,807,021</b>	<b>266,677,198</b>

**8.1 Commercial papers**

	31/03/2025	31/03/2024
	LKR	LKR
Asia Securities (Pvt) Ltd	530,639,602	36,130,500
LOLC Holdings PLC	551,852,670	21,981,205
	<b>1,082,492,272</b>	<b>58,111,705</b>

**8.2 Repurchase agreements**

	31/03/2025	31/03/2024
	LKR	LKR
HNB Securities Ltd	57,857,125	40,064,345
	<b>57,857,125</b>	<b>40,064,345</b>

**8.3 Fixed Deposits**

	31/03/2025	31/03/2024
	LKR	LKR
Alliance Finance Company PLC	-	30,566,438
Merchant Bank of Sri Lanka & Finance PLC	303,556,644	-
Peoples Leasing & Finance PLC	629,840,510	-
CBC Finance Ltd	303,297,411	-
	<b>1,236,694,565</b>	<b>30,566,438</b>

**Asia Securities Money Market Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

## 9. Other Payable

	31/03/2025	31/03/2024
	LKR	LKR
Management fees payable	1,637,988	109,264
Trustee fees payable	594,716	39,671
Custodian fees payable	24,669	24,669
Audit fees payable	566,240	514,764
WHT payable	909	-
	<b>2,824,522</b>	<b>688,368</b>

9.1 All the accrued balances are payable within one year

## 10. Units in issue and unit price

Number of units in issue and deemed to be in issue as at 31 March 2025 was 235,844,018 (2024 - 18,460,425) and net assets value per unit as at 31 March 2025 was LKR. 16.3080 (2024 -14.8296). Please refer to Note-12.

## 11. Related party disclosure

### 11.1 Management company and trustee

The Management Company is Asia Securities Wealth Management (Private) Limited.

Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Private) Limited changed from Hatton National Bank PLC to Deutsche Bank AG, Colombo Branch, located at Level 21, One Galle Face Tower, 1A Centre Road, Galle Face, Colombo 02.

### 11.2 Key management personnel

Key management personnel includes persons who were directors of Asia Securities Wealth Management (Private) Limited at any time during the financial period.

#### a) Directors

Mr.Dumith Fernando

Mr.Avancka Herat

Mr. Arjuna Kumar Wignaraja (joined w.e.f 01st July 2024)

#### b) Key management personnel compensation

There were no payments made to the directors of Asia Securities Wealth Management (Private) Limited during the period by the fund.

#### c) Other transactions within the Fund

Apart from those details disclosed in Note 11.3 key management personnel have not entered in to any other transactions involving the Fund during the financial period.

**Asia Securities Money Market Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

## 11. Related party disclosure (Contd)

### 11.3 Related party unit holding transactions and balances

The following are the units held by related parties.

Company / KMP	Relationship	No of Units Held		Value of units held	
		03/31/2025	03/31/2024	03/31/2025 LKR	03/31/2024 LKR
Asia Securities Wealth Management (Pvt) Ltd	Management Company	-	-	-	-
Asia Securities (Pvt) Ltd	Affiliate	-	-	-	-
Mr.Dumith Fernando	Chairman	-	-	-	-
Mr.Avancka Herat	Chief Executive Officer	-	-	-	-
Other	Other KMPs	1,732,178	106,558	28,248,356	1,580,220

"Others" includes other KMPs and the spouses and children of directors. "Other KMPs" refers to all individuals who, directly or indirectly, had responsibility for planning, directing, and controlling the activities of the Fund during the financial period.

### 11.4 Investments held in related parties as at year end

Issuer	Relationship	Instrument type	Purchased date	Maturity date of the Investment	Face Value of the Investments (Net)	Amount purchased	Year-end balance
Asia Securities (Pvt) Limited	Affiliate	Commercial paper	28-Mar-25	01-Apr-25	530,639,602	530,093,242	530,639,602

## Asia Securities Money Market Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

## 11. Related party disclosure (Contd.)

### 11.5 Transactions and balances related to the service provided by related parties

Fees were charged by the management company and trustee for services provided during the period and the balances outstanding related to such services as at period end are as disclosed below:

	31/03/2025	31/03/2024
	LKR	LKR
<b>Charges for the period with related parties</b>		
Management fees by Asia securities Wealth Management (Private) Limited	9,820,884	1,240,841
Trustee fees (Note 11.6)	3,565,736	442,068
Custodian fees (Note 11.6)	290,462	285,694

### Balances with related parties

Bank balance held at Hatton National Bank PLC as at 31 March	(Note 7)	-	25,000
Money market account balance held at Hatton National Bank PLC as at 31 March	(Note 7)	-	7,747,107
Savings account balance held at Deutsche Bank as at 31 March	(Note 7)	2,165,789	-
Management fees payable to Asia securities Wealth Management (Private) Limited	(Note 9)	1,637,988	109,264
Trustee fees payable to Hatton National Bank	(Note 9)	-	39,671
Custodian fees payable to Hatton National Bank	(Note 9)	-	24,669
Trustee fees payable to Deutsche Bank	(Note 9)	594,716	-
Custodian fees payable to Deutsche Bank	(Note 9)	24,669	-

**11.6** Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Private) Limited changed from Hatton National Bank PLC to Deutsche Bank AG, Colombo Branch, located at Level 21, One Galle Face Tower, 1A Centre Road, Galle Face, Colombo 03.

Deutsche Bank has not invested in the Fund during the year.

**Asia Securities Money Market Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

**12. Reconciliation between the net asset value as per financial statements and the published net asset value**

	03/31/2025	03/31/2024
	LKR	LKR
Net asset value as per financial statements	3,846,163,043	273,760,937
Published net asset value	3,846,163,043	273,760,937
Published number of units as at 31 March	235,844,018	18,460,425
Net asset value per unit	16.3080	14.8296

**13. Contingencies**

There were no significant contingencies existing as at the reporting date that required adjustments to or disclosures in the financial statements (2024 - Nil).

**14. Events occurring after reporting date**

No other events have occurred since the statement of financial position date which would require adjustments to or disclosure in the financial statements.

**15. Commitments**

There were no significant capital and financial commitments as at the reporting date (2024 - Nil).

# ASIA SECURITIES INCOME FUND

# ASIA SECURITIES INCOME FUND REVIEW

(Inception: 15th Dec. 2022)

**Fund Manager**  
Nadarajah Gowthaman

**Fund Objective**

The Fund is an open-ended unit trust fund that primarily invests in government securities and fixed income instruments with an investment-grade rating of BBB- or above. These fixed income securities have medium to long-term

maturities. The investment objective of the fund is to generate a competitive interest income for its investors while ensuring that best efforts are made to grow capital and provide liquidity.

**Fund Return**

Period	ASIF Return	Benchmark Return
2024-25 (Annualized) (31 Mar 2024 to 31 Mar 2025)	09.79%	11.00%
Since Inception CAGR (15 Dec 2022 to 31 Mar 2025)	21.83%	21.81%

**Commentary**

Since its inception on December 15, 2022, the Asia Security Income Fund has delivered a strong annualized CAGR of 21.83% as of March 31, 2025, offering attractive returns to investors. The fund primarily focuses on government securities, repos, and corporate papers, ensuring a balanced and strategic approach to fixed-income investments.

Throughout 2024/25, interest rates trended downward, influenced by the Central Bank’s accommodative monetary policy, which led to an aggregate 50 basis point reduction in policy rates. In response, our portfolio strategy prioritized government securities (G-Secs) and high-yielding corporate papers, maintaining a prudent yet performance-driven investment stance.

In the second half of 2024/25, we strategically increased our exposure to long-term corporate papers, optimizing returns while carefully

managing liquidity to meet investor needs. This shift reflects our commitment to dynamic portfolio management, guided by in-depth market analysis and a focus on delivering competitive returns while preserving capital.

**Macroeconomic Overview:**  
**Sri Lanka in 2024/25**

Sri Lanka’s economy remained on a steady path to recovery throughout 2024/25, following the severe downturn experienced in 2022. The government’s reform agenda began to yield tangible results, with notable improvements in economic activity, a reduction in uncertainty, and a marked increase in investor confidence.

Inflation declined significantly during the year, even entering deflationary territory at one point, primarily due to falling global energy prices. The low-interest rate environment, maintained by the Central Bank, provided strong support for credit growth and domestic economic activity.

## ASIA SECURITIES INCOME FUND REVIEW

(Inception: 15th Dec. 2022)

The external sector showed continued resilience. A current account surplus was recorded, and the Sri Lankan rupee strengthened against major currencies. On the fiscal front, performance improved for the second consecutive year, with the government achieving a primary surplus. The Central Bank of Sri Lanka (CBSL) upheld an accommodative monetary policy stance under its Flexible Inflation Targeting framework and introduced legal reforms aimed at enhancing financial stability and improving the governance of financial institutions.

The broader economic recovery has been underpinned by restored macroeconomic stability, easing inflationary pressures, low interest rates, and renewed investor optimism. Data-driven policy decisions by the Central Bank and sustained progress under the IMF Extended Fund Facility (EFF) have served as key pillars of this progress.

### Global Context

Despite these domestic gains, Sri Lanka continues to operate in a challenging global environment. Global growth remains subdued, hindered by persistent geopolitical tensions, increasing protectionism, and shifting policy landscapes in major economies, particularly the United States. Rising tariffs and trade fragmentation threaten to disrupt global supply chains, which may have negative implications for Sri Lanka's export performance. Nevertheless, the decline in global energy prices and signs of cautious monetary easing by major central banks have provided some relief for emerging market economies, including Sri Lanka.

### Domestic Outlook

Looking ahead, inflation is expected to stabilize around 5% in the medium term, following a brief period of deflation in early 2025. The low-interest rate environment is likely to continue, supporting

further credit expansion and sustained economic activity. The Central Bank is expected to maintain a flexible exchange rate regime while continuing to build up the country's foreign reserves.

Sri Lanka's external sector is projected to remain healthy, with a manageable trade deficit and continued growth in tourism revenues, remittances, and service exports likely to support another current account surplus in 2025. Fiscal consolidation efforts, particularly those focused on revenue generation, are expected to play a central role in reducing public debt and sustaining a primary surplus. Further reforms in tax administration and the restructuring of state-owned enterprises will be essential to strengthening public finances.

The financial sector is experiencing a gradual recovery, with credit growth picking up and stability improving. Efforts toward digital transformation and regulatory modernization are also gaining momentum. In terms of economic growth, the industry and services sectors are anticipated to be the main drivers of expansion. However, the agriculture sector may continue to face climate-related challenges. Long-term growth prospects will depend on continued structural reforms, particularly in the labor market, and increased investment in human capital.

### Key Risks

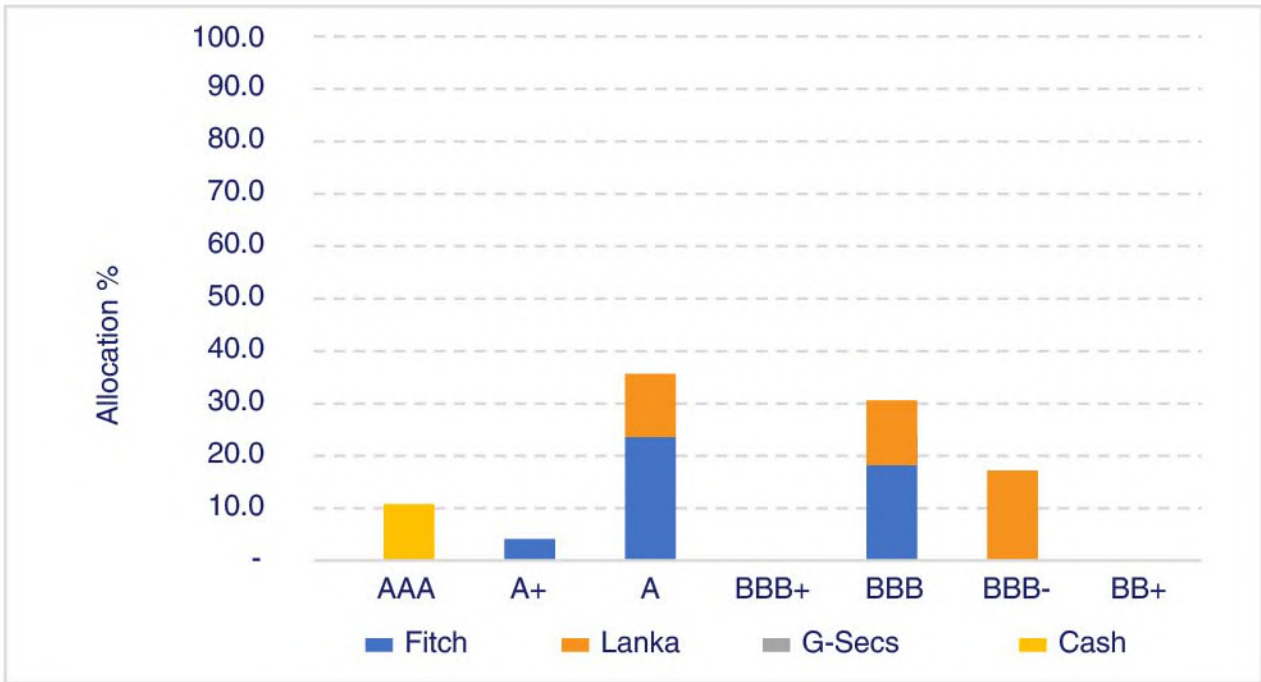
Despite the progress made, key risks remain. These include escalating global trade tensions, climate-related disruptions, and policy uncertainties in major economies. On the domestic front, challenges such as poverty, youth unemployment, and the underutilization of labor continue to pose significant concerns.

**Source: CBSL**

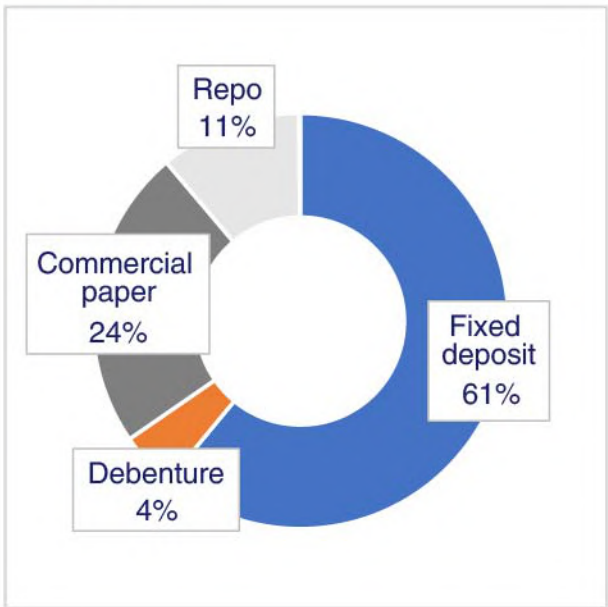
# ASIA SECURITIES INCOME FUND REVIEW

## Key Facts of the Fund

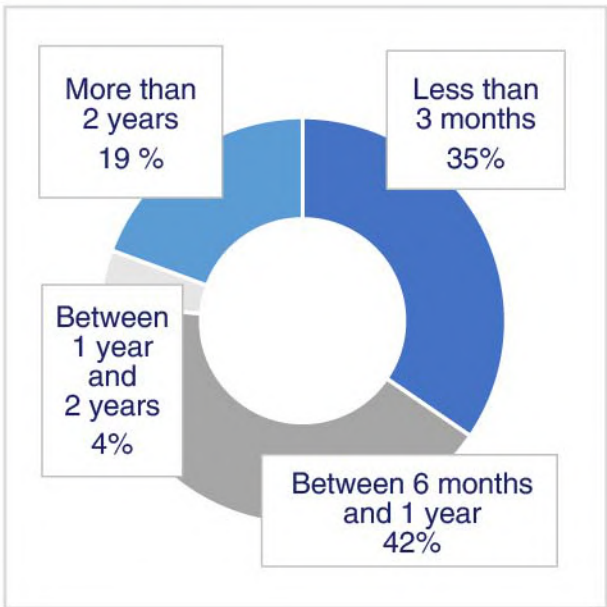
Fund Credit Quality -% of NAV



Asset Allocation



Maturity Profile



The background of the page features abstract financial data visualizations. In the top right corner, there is a blurred line chart with red and green segments. In the bottom left corner, there is a more detailed candlestick chart with blue and red bars, overlaid with a blue line graph and a yellow trend line. The central text is positioned on a white background that diagonally splits the page.

**ASIA SECURITIES INCOME FUND**

**AUDITED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2025

## **INDEPENDENT AUDITOR'S REPORT** **To the Unitholders of Asia Securities Income Fund**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Asia Securities Income Fund (the Fund). The financial statements of the Fund comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income, the statement of changes in unitholders' fund and the statement of cash flows for the year then ended; and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### **Basis for opinion**

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka 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 Managing Company, Asia Securities Wealth Management (Private) Limited is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

*C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tillekeratne ACA, D C A J Yapa ACA*

*Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179*



## INDEPENDENT AUDITOR'S REPORT

### To the Unitholders of Asia Securities Income Fund (Contd)

## Report on the audit of the financial statements (Contd.)

### Other information (Contd)

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Managing Company and Those Charged with Governance for the Financial Statements

The Managing Company, Asia Securities Wealth Management (Private) Limited 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 Managing Company 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, the Managing Company 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 Managing Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional scepticism 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.



## INDEPENDENT AUDITOR'S REPORT

### To the Unitholders of Asia Securities Income Fund (Contd)

## Report on the audit of the financial statements (Contd.)

### Auditor's Responsibilities for the Audit of the Financial Statements (Contd)

- 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 Managing Company.
- Conclude on the appropriateness of Managing Company'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 have been prepared and presented in accordance with and comply with the requirements of the unit trust deed and Collective Investment Scheme Code (CIS Code) of Securities and Exchange Commission of Sri Lanka.

*Deloitte Partners*

CHARTERED ACCOUNTANTS  
COLOMBO

16 July 2025



**Asia Securities Income Fund**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 March 2025  
(All amounts in Sri Lanka Rupees)

		03/31/2025	03/31/2024
		LKR	LKR
<b>Continuing Operations</b>	<b>Note</b>		
<b>Revenue</b>			
Finance income - Interest income	05	122,999,437	210,049,656
Fair value (loss) / gain	06	(17,586,933)	70,174,639
<b>Total income</b>		<b>105,412,504</b>	<b>280,224,295</b>
<b>Operating expenses</b>			
Management fees		(5,074,346)	(5,996,629)
Trustee fees		(1,842,378)	(2,144,844)
Custodian fees		(290,461)	(285,694)
Audit fees		(695,758)	(675,613)
Other expenses		(2,542,406)	(1,439,376)
<b>Total operating expenses</b>		<b>(10,445,349)</b>	<b>(10,542,156)</b>
<b>Profit for the period</b>		<b>94,967,155</b>	<b>269,682,139</b>
<b>Increase in net assets attributable to unit holders</b>		<b>94,967,155</b>	<b>269,682,139</b>

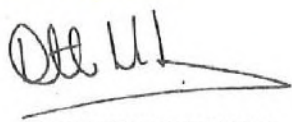
Figures in brackets indicate deductions.

The accounting policies and notes from pages 8 to 24 form an integral part of these financial statements.

**Asia Securities Income Fund**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2025**  
**(All amounts in Sri Lanka Rupees)**

	<b>Note</b>	<b>03/31/2025</b>	<b>03/31/2024</b>
		<b>LKR</b>	<b>LKR</b>
<b>Assets</b>			
Cash and bank balances	07	1,238,012	2,677,351
Financial assets at amortised cost	08	1,099,204,911	82,924,770
Financial assets at FVTPL	09	52,278,349	1,993,699,886
Other Receivable		905	52,000,000
<b>Total assets</b>		<b>1,152,722,177</b>	<b>2,131,302,007</b>
<b>Liabilities</b>			
Other Payable	10	1,358,629	1,966,060
<b>Total liabilities</b>		<b>1,358,629</b>	<b>1,966,060</b>
<b>Net assets attributable to unit holders</b>		<b>1,151,363,548</b>	<b>2,129,335,947</b>
<b>Unitholders' funds</b>			
<b>Net assets attributable to unit holders</b>		<b>1,151,363,548</b>	<b>2,129,335,947</b>

The Fund Management Company and the Trustee are responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka Accounting Standards. These financial statements were approved by the Fund Management Company and the Trustee on 16th July 2025.



**Director**  
Asia Securities Wealth Management (Private) Limited  
Fund Management Company



**Trustee**  
Deutsche Bank AG, Colombo Branch  
Authorized Signatories  
Trustee



**Director**  
Asia Securities Wealth Management (Private) Limited  
Fund Management Company

*Figures in brackets indicate deductions.*

*The accounting policies and notes from pages 8 to 24 form an integral part of these financial statements.*

**Asia Securities Income Fund**  
**STATEMENT OF CHANGES IN UNITHOLDERS' FUND**  
**For the year ended 31 March 2025**  
**(All amounts in Sri Lanka Rupees)**

	<b>No of units</b>	<b>Unitholders' fund LKR</b>
<b>Unitholders' funds as at 31 March 2023</b>	32,164,438	349,343,393
Increase in net assets attributable to unitholders	-	269,682,139
Creation of units	190,023,359	2,473,450,211
Redemption of units	(73,531,224)	(963,139,796)
Net increase/decrease due to unit holders transactions	116,492,135	1,510,310,415
<b>Unitholders' funds as at 31 March 2024</b>	<b>148,656,573</b>	<b>2,129,335,947</b>

	<b>No of units</b>	<b>Unitholders' fund LKR</b>
<b>Unitholders' funds as at 31 March 2024</b>	148,656,573	2,129,335,947
Increase in net assets attributable to unitholders	-	94,967,155
Creation of units	82,185,924	1,247,388,002
Redemption of units	(157,629,616)	(2,320,327,556)
Net increase/decrease due to unit holders transactions	(75,443,692)	(1,072,939,554)
<b>Unitholders' funds as at 31 March 2025</b>	<b>73,212,881</b>	<b>1,151,363,548</b>

*Figures in brackets indicate deductions.*

*The accounting policies and notes from pages 8 to 24 form an integral part of these financial statements.*

**Asia Securities Income Fund**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 31 March 2025**  
**(All amounts in Sri Lanka Rupees)**

	Note	03/31/2025	03/31/2024
		LKR	LKR
<b>Cash flows from operating activities</b>			
Interest received		149,549,071	158,495,797
Gain on disposal of treasury bills		3,110,181	554,548
Gain on disposal of treasury bonds		28,669,839	20,323,815
Other expenses paid		(3,193,131)	(1,703,416)
Management fees, trustee fees and custodian fees paid		(7,860,555)	(7,398,462)
Investment in repurchase agreements		(7,835,700,000)	(6,232,500,000)
Investment in commercial papers		(1,137,565,455)	(2,106,363,795)
Investment in treasury bills		(215,929,540)	(3,172,183,967)
Investment in treasury bonds		(638,471,167)	(513,597,506)
Investment in debenture		(47,155,415)	-
Investment in fixed deposits		(675,000,000)	-
Maturity proceed from repurchase agreements		7,762,000,000	6,229,500,000
Maturity proceed from commercial papers		897,517,525	2,129,223,795
Maturity proceed from T-Bills		1,560,017,139	1,921,853,613
Maturity proceed from T-Bonds		1,231,511,723	38,723,200
<b>Net cash generated from / (used in) operating activities</b>		<b>1,071,500,217</b>	<b>(1,535,072,378)</b>
<b>Cash flows from financing activities</b>			
Amounts received on unit creations		1,247,388,002	2,473,450,211
Amounts paid on unit redemptions		(2,320,327,556)	(963,139,796)
<b>Net cash (used in) / generated from financing activities</b>		<b>(1,072,939,554)</b>	<b>1,510,310,415</b>
<b>Net increase in cash and cash equivalents during the period</b>		<b>(1,439,338)</b>	<b>(24,761,964)</b>
Cash and cash equivalents at the beginning of the period	07	2,677,351	27,439,314
<b>Cash and cash equivalents at the end of the period (Note 7.1)</b>		<b>1,238,012</b>	<b>2,677,351</b>

Figures in brackets indicate deductions.

The accounting policies and notes from pages 8 to 24 form an integral part of these financial statements.

## Asia Securities Income Fund

### NOTES TO THE FINANCIAL STATEMENTS

## 1. General Information

### 1.1 General

"Asia Securities Income Fund ("the Fund") is an open-ended fund approved by the Securities and Exchange Commission of Sri Lanka. The Fund was launched on 15th December 2022. The Fund is managed by Asia Securities Wealth Management (Private) Limited which is incorporated and domiciled in Sri Lanka. The registered office of the Fund management company is located at 4th Floor, Lee Hedges Tower, No 349, Galle Road, Colombo 03. Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Pvt) Limited changed from Hatton National Bank PLC to Deutsche Bank AG, Colombo Branch, located at Level 21, One Galle Face Tower, 1A Centre Road, Galle Face, Colombo 02."

The investment objective of the fund is to generate a high interest income while preserving capital and providing liquidity. The Fund will invest into high quality corporate debt instruments, government securities and securities issued by banks and financial institutions. This also includes both short term (<397 days) and long term fixed income instruments with a residual maturity of more than 397 days. There were no significant changes in the nature of the principal activities of the unit trust during the year under review.

### 1.2 Date of authorization for issue

The financial statements of the Fund for the period ended 31 March 2025 were authorized for issue by the fund management company and the trustee on 16th July 2025.

## 2. Summary of material 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 years presented, unless otherwise stated.

### 2.1 Basis of accounting

"The financial statements of the Fund have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Fund's financial statements are disclosed in note 4 to the financial statements. The statement of financial position is presented on a liquidity basis and assets and liabilities are presented in decreasing order of liquidity and are not distinguished between the current and non-current. The financial statements are presented in Sri Lankan rupees (LKR)."

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after the Fund's inception, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

### Statement of compliance

The financial statements which comprise the statement of financial position as at 31 March 2025, statement comprehensive income, statement of changes in unitholders' fund and statement of cash flows for the period from 01 April 2024 to 31 March 2025 and a summary of material accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards and the requirements of the Unit Trust Deed and Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

## Asia Securities Income Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.1 Basis of accounting (Contd)

##### Fund Managers responsibility for financial statements

The Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and CIS code 2022 of the Securities and Exchange Commission of Sri Lanka. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Financial Statements of the Fund at 31 March 2025 comprises of -

- The statement of profit or loss and other comprehensive income (SOPL) providing information on the performance for the year under review.
- Statement of financial position (SOFP) providing the information on the financial position of the Fund as at the year end.
- Statement of changes in unit holders' fund providing the movement in the unitholders' funds during the year under review.
- Notes to the financial statements, which comprise of the accounting policies and other explanatory notes and information.

#### 2.2 Amendments to the Sri Lanka Accounting Standards

In the current year, the Fund has applied a number of amendments to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

##### (a) New standards and amendments – applicable 1 January 2024

The Fund has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2024:

- (i) Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements
- (ii) Amendments to LKAS 1 Classification of Liabilities as Current or Non-current
- (iii) Amendments to SLFRS 16 Leases—Lease Liability in a Sale and Leaseback

##### (b) New accounting standards, amendments and interpretations issued but not yet effective and adopted in 2025

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka. Hence those are not adapted in the Fund during the year. The new standards and amendments listed below are not expected to have material impact on the financial statement at the time of the adoption.

##### (i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

"The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations."

"An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so."

## Asia Securities Income Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

## 2. Summary of material accounting policies (Contd.)

### 2.2 Amendments to the Sri Lanka Accounting Standards (Contd)

#### (b) New accounting standards, amendments and interpretations issued but not yet effective and adopted in 2025 (Contd)

##### (i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability (Contd)

"When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments."

The directors of the Fund anticipate that the application of these amendments may not have an impact on the Funds' financial statements in future periods.

##### (ii) Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

"These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The directors of the Fund anticipate that the application of these amendments may not have an impact on the Fund's consolidated financial statements in future periods."

##### (iii) IFRS 18 Presentation and Disclosures in Financial Statements

"IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share. IFRS 18 introduces new requirements to: • present specified categories and defined subtotals in the statement of profit or loss • provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements • improve aggregation and disaggregation."

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the Fund anticipate that the application of these amendments may not have an impact on the Fund's financial statements in future periods.

## Asia Securities Income Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

## 2. Summary of material accounting policies (Contd.)

### 2.2 Amendments to the Sri Lanka Accounting Standards (Contd)

#### (iv) IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it. An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements. The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted. The directors of the Fund do not anticipate that IFRS 19 will be applied for purposes of the Fund's financial statements.

### 2.3 Functional and presentation currency

The Fund's investors are mainly from Sri Lanka, with all creation and redemption of units are denominated in Sri Lanka Rupees. The primary activity of the Fund is to invest in domestic securities and earn and offer unit holders a return. The performance of the Fund is measured and reported to the unitholders in Sri Lanka Rupees. The Trustee considers the rupees as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Accordingly, the financial statements are presented in Sri Lankan Rupees, which is the Fund's functional and presentation currency.

### 2.4 Going concern

These Financial Statements are prepared on the assumption that the fund is a going concern i.e. as continuing in operation for the foreseeable future. It is therefore assumed that the fund has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operation.

### 2.5 Financial assets

#### Classification and measurement of financial assets and financial liabilities

SLFRS 9 contains three principal classification categories of financial asset: measured at Amortized Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

#### (i) Recognition and initial measurement

All financial assets are initially recognized on the date the Fund becomes a party to the contractual provisions of the instrument. This includes purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

## Asia Securities Income Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

## 2. Summary of material accounting policies (Contd.)

### 2.5 Financial assets (Contd)

#### (ii) Classification

On initial recognition, a financial asset is classified as measured at: Amortized Cost, FVOCI or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Fund's financial assets classified under amortized cost include commercial papers, repurchase agreements, and money market savings.

A debt investment is measured at FVTPL if it meets both of the following conditions:- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any, Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

### 2.6 Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost. Financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities measured at amortized cost include borrowings, accrued expenses and other payables.

### Derecognition

#### Financial assets

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Fund enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

#### Financial liabilities

The Fund derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Fund also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

## Asia Securities Income Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

## 2. Summary of material accounting policies (Contd.)

### 2.6 Financial liabilities – classification, subsequent measurement and gains and losses

#### Offsetting of financial instruments

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

- There is a currently enforceable legal right to offset the recognized amounts and
- There is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously

### 2.7 Impairment

The Fund recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Fund measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the fund is exposed to credit risk.

#### Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due.
- The restructuring of a loan or advance by the Fund on terms that the Fund would not consider otherwise.
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

As of the statement of financial position date the Fund has not observed any of the above thus no impairment provision has been recognized in the financial statements.

The Fund's investments at amortized cost have low credit risk, and the loss allowance recognized during the period was therefore limited to 12 months expected losses.

The Fund's investments in treasury bill repurchase agreements that are obtained from primary dealers are collateralized with government securities. Therefore, considered as low risk investments.

#### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

#### Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

### 2.8 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the Revenue can be reliably measured. The following specific criteria must be also be met before Revenue is recognized.

## Asia Securities Income Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

## 2. Summary of material accounting policies (Contd.)

### 2.9 Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash appropriate, to the net carrying amount of the financial asset.

### 2.10 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank. The cash flow statement has been prepared using the direct method. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

### 2.11 Income tax

The Fund is not liable to pay income tax as of the reporting date in accordance with Inland Revenue No 24 of 2017 as amended by the Inland Revenue (Amendment) Act No 45 of 2022. However, the interest income is taxed at 5% as per the Inland Revenue (Amended) Act No 45 2022 with effect from 1 January 2023. The Fund's income generated through investment business is treated as "pass-through vehicles" under the provisions of Inland Revenue No 24 of 2017 as amended by the Inland Revenue (Amendment) Act No 45 of 2022.

### 2.12 Expenses

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

Management fee :	0.50% p.a. of net asset value of the Fund calculated daily
Trustee fee :	0.15% p.a. of net asset value of the Fund calculated daily
Custodian fee :	Rs 240,000 per Annum

### 2.13 Accrued expenses

Accrued expenses are recognized initially at fair value and subsequently stated at amortized cost using the effective interest method.

### 2.14 Increase / (decrease) in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unit holders. Movements in net assets attributable to unit holders are recognized in the statement of profit or loss.

### 2.15 Unitholders' funds

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 unit holders as at the reporting date.

## 3. Financial risk management

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement, and monitoring. The Fund is exposed to credit risk, market risk, and liquidity risk.

Financial instruments of the Fund comprise investments in treasury bonds, treasury bills and repurchase agreements, fixed deposits, commercial papers, trust certificates and money market savings deposits for the purpose of generating a return on the investment made by unit holders, in addition to cash at bank and other financial instruments such as receivables and payables, which arise directly from its operations.

The fund manager is responsible for identifying and controlling the risk that arise from these financial instruments. The fund manager agrees on policies for managing each of the risks identified below.

The risks are measured using a method that reflects the expected impact on the statement of profit or loss and statement of financial position of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

## Asia Securities Income Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd.)

The fund manager also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the fund manager on a regular basis as deemed appropriate, including the fund manager, other key management, the investment committee, and ultimately the trustee of the Fund.

The concentration of risk arises when several financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions.

#### a) Credit risk

Credit risk is the risk that the counterparty to the financial instruments will fail to discharge an obligation and cause the Fund to incur a financial loss of interest and/or principal. The Fund's exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the carrying amount of financial assets as at the reporting date. It is the Fund's policy to enter contracts with reputable counterparties. The Fund is subject to credit risk on its bank balances and investments at amortized cost. The credit risk exposure on these instruments is not deemed to be significant.

The Fund's maximum exposure to credit risk is the carrying amount of the financial assets are set out below;

Instrument	03/31/2025 (LKR)	03/31/2024 (LKR)
Commercial papers	268,827,805	29,828,496
Repurchase agreements	126,811,737	53,096,274
Fixed Deposits	703,565,369	-
Treasury bills	-	1,322,649,181
Treasury bonds	-	671,050,705
Debentures	52,278,349	-
Cash at the bank	1,238,012	2,677,351
<b>Total</b>	<b>1,152,721,272</b>	<b>2,079,302,007</b>

The analysis below summarizes the credit quality of the Fund's debt portfolio at 31 March 2025.

2025 Counterparty	Investment value as at 31 March 2025 (LKR)	% of investment	Credit rating	Rating agency
Asia Securities (Private) Limited	130,945,385	11.36%	BBB	Lanka Rating
HNB Securities Ltd	126,811,737	11.00%	Not rated	
LOLC Holdings PLC	137,882,420	11.96%	A	Lanka Rating
Pan Asia Banking Corporation PLC	225,431,866	19.56%	BBB	Fitch Rating
Peoples Leasing and Finance PLC	277,002,092	24.03%	A	Fitch Rating
Alliance Finance PLC	201,131,411	17.45%	BBB	Lanka Rating
Asia Asset Finance PLC	52,278,349	4.54%	A+	Fitch Rating
Deutsche Bank	1,238,012	0.11%	A-	Fitch Rating
<b>Total</b>	<b>1,152,721,272</b>			

## Asia Securities Income Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd)

#### a) Credit risk (Contd)

The analysis below summarises the credit quality of the Fund's debt portfolio at 31 March 2024.

2024 Counterparty	Investment value as at 31 March 2024 (LKR)	% of investment	Credit rating	Rating agency
Asia Securities (Private) Limited	29,828,496	1.43%	BB+	Fitch Rating
Acuity Securities Ltd	53,096,274	2.55%	Not rated	
Hatton National Bank	2,677,351	0.13%	A(lka)	Fitch Rating
<b>Total</b>	<b>85,602,121</b>			

Debt securities by rating category.

Rating	2025	2024
A+	52,278,349	-
A	414,884,512	2,677,351
A-	1,238,012	-
BBB	557,508,662	-
BBB-	-	-
BBf(lka)	-	-
BB+	-	29,828,496
Not rated	126,811,737	53,096,274
<b>Total</b>	<b>1,152,721,272</b>	<b>85,602,121</b>

## Asia Securities Income Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd)

#### b) Market risk

Market risk represents the risk that the value of the Fund's investments portfolios will fluctuate because of changes in market prices and rates. While market risk cannot be eliminated the fund manager will attempt to reduce this risk by diversifying the Fund's investment portfolio in line with investment objectives of the Fund.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. 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 table below summarizes the Fund's exposure to interest rate risks

03/31/2025	Floating interest rate (LKR)	Fixed interest rate (LKR)	Non-interest bearing (LKR)	Total (LKR)
<i>Financial assets</i>				
Cash and bank balances	-	1,238,012	-	1,238,012
Financial assets at FVTPL	52,278,349	-	-	52,278,349
Financial assets at amortized cost	-	1,099,204,911	-	1,099,204,911
<b>Total exposure</b>	<b>52,278,349</b>	<b>1,100,442,924</b>	<b>-</b>	<b>1,152,721,273</b>

31/03/2024	Floating interest rate (LKR)	Fixed interest rate (LKR)	Non-interest bearing (LKR)	Total (LKR)
<i>Financial assets</i>				
Cash and bank balances	Nil	2,652,351	25,000	2,677,351
Financial assets at FVTPL	1,993,699,886	Nil	Nil	1,993,699,886
Financial assets at amortised cost	Nil	82,924,770	Nil	82,924,770
<b>Total exposure</b>	<b>1,993,699,886</b>	<b>85,577,121</b>	<b>25,000</b>	<b>2,079,302,007</b>

#### c) 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. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. Units are redeemable at the unitholder's options based on the Fund's net asset value per unit at the time of redemption.

The Fund manages its obligation when required to do so and its overall liquidity risk by:

- Investing primarily in financial instruments, which under normal market conditions are readily convertible to cash.
- The Fund will also make the Investments within the parameters set out by the Commission in accordance with the Unit Trust Code and the Deed to ensure there is no concentration of risk.
- Maintaining sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests. As a practice fund maintain a 3% of the deposited property to be maintained in cash or near cash. (Near cash means investments such as bank/call deposits, repurchase agreements with maturities of less than 3 months, commercial paper endorsed or guaranteed by a Licensed Commercial Bank or Licensed Specialized Bank with maturities of less than 3 months and government securities including government bonds with maturities of less than one year which can be readily convertible into cash.)
- Requiring at least 14 days prior written notice for unitholder redemption equal to or greater than 3% of the net asset value of the Fund
- Continually search for new investors.

## Asia Securities Income Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd)

#### c) Liquidity risk (Contd)

The time frame for return of cash to investors is five business days in which time investments may be recalled for redemption payouts. Further, the Fund is also permitted to borrow up to 15% of the deposited property for redemption payouts. Other financial liabilities have no contractual maturities. Due to the short-term nature of these financial instruments, carrying value approximates fair value.

The table below precises the Fund's non derivative financial assets and liabilities with contractual maturities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are the contractual undiscounted cash flows.

03/31/2025	Less than 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Total
<b>Financial Assets</b>					
Commercial papers	77,128,228	194,966,735	-		272,094,963
Fixed deposits				864,044,777	864,044,777
Debenture				47,140,000	47,140,000
Repurchase agreements	126,888,192				126,888,192
<b>Total</b>	<b>204,016,420</b>	<b>194,966,735</b>	<b>-</b>	<b>911,184,777</b>	<b>1,310,167,932</b>
<b>Financial Liabilities</b>					
Management fee	453,608	-	-	-	453,608
Trustee fee	164,695	-	-	-	164,695
Custody fee	24,669	-	-	-	24,669
<b>Total</b>	<b>642,972</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>642,972</b>

03/31/2024	Less than 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Total
<b>Financial assets</b>					
Commercial papers	-	-	31,588,239	-	31,588,239
Treasury bills	20,000,000	415,000,000	690,000,000	252,000,000	1,377,000,000
Treasury bonds	-	-	-	634,000,000	634,000,000
Repurchase agreements	53,096,274	-	-	-	53,096,274
<b>Total</b>	<b>73,096,274</b>	<b>415,000,000</b>	<b>721,588,239</b>	<b>886,000,000</b>	<b>2,095,684,513</b>
<b>Financial liabilities</b>					
Management fee	932,943	-	-	-	932,943
Trustee fee	338,730	-	-	-	338,730
Custody fee	24,669	-	-	-	24,669
<b>Total</b>	<b>1,296,342</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,296,342</b>

#### d) Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that net asset attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly daily as the Fund is subject to daily applications and redemptions at the discretion of unitholders. Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets daily by the Management Company. Under the terms of the Unit Trust Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of unitholders.

## Asia Securities Income Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd.)

#### d) Capital risk management (contd)

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund. The Board of Directors and Investment Manager monitor capital on the basis of the value of net assets attributable to unit holders. Please refer to the Note 2 for more details. Disclosures relevant to unitholders' funds are as follows.

#### The movement in the unitholders' funds for the period ended 31 March 2025

##### I. In terms of value

	03/31/2025 (LKR)
Unitholders' funds as at the beginning of the period	2,129,335,947
Creations during the period	1,247,388,002
Redemptions during the period	(2,320,327,556)
Increase in net assets attributable to unitholders during the period	94,967,155
<b>Unitholders' funds as at 31 March 2025</b>	<b>1,151,363,547</b>

##### I. In terms of numbers of units

	03/31/2025
Opening number of units	148,656,573
Unit creations during the period	82,185,924
Unit redemptions during the period	(157,629,616)
<b>Closing number of units as at 31 March 2025</b>	<b>73,212,881</b>

#### The movement in the unitholders' funds for the period ended 31 March 2024

##### I. In terms of value

	31/03/2024 (LKR)
Unitholders' funds as at the beginning of the period	349,343,393
Creations during the period	2,473,450,211
Redemptions during the period	(963,139,796)
Increase in net assets attributable to unitholders during the period	269,682,139
<b>Unit holders' funds as at 31 March 2024</b>	<b>2,129,335,947</b>

##### I. In terms of numbers of units

	31/03/2024
Opening number of units	32,164,438
Unit creations during the period	190,023,359
Unit redemptions during the period	(73,531,224)
<b>Closing number of units as at 31 March 2024</b>	<b>148,656,573</b>

**Asia Securities Income Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

#### 4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. In the selection and application of the company's accounting policies, which are described below, the Fund management company is required to make judgements and assumptions and use assumptions in measuring items reported in the financial statements.

These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates were revised if the revision affects only that period or in the period of the revision and future periods as well if the revision affects both the current and future periods. Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value.

Fair value of the financial instruments are determined by observable market prices or rates where available.

#### 5. Finance income - Interest income

	03/31/2025	03/31/2024
	LKR	LKR
<b>5.1 Interest on</b>		
Commercial papers	9,596,431	16,260,799
Repurchase agreements	10,526,060	17,459,993
Treasury bills	27,454,327	110,875,923
Treasury bonds	41,015,335	64,162,229
Debentures	4,028,985	-
Fixed deposits	30,068,809	-
Saving accounts	309,490	1,290,712
	<b>122,999,437</b>	<b>210,049,656</b>

5.2 Income is recognized on accrual basis using the effective interest rate method.

5.3 Notional tax is not applicable as per the new Inland Revenue Act No. 24 of 2017. Effective from 1st January 2023, withholding tax at the rate of 5% has been reintroduced on service fee payments which has a source in Sri Lanka and paid to a resident individual who is not an employee of the payer of such service fee.

#### 6. Fair value (loss) / gain

		31/03/2025	31/03/2024
		LKR	LKR
Unrealized gains / (losses) on financial assets			
fair value through profit or loss	6.1	1,225,807	-
Realized (losses) / gains on financial assets			
fair value through profit or loss	6.2	(18,812,740)	70,174,639
		<b>(17,586,933)</b>	<b>70,174,639</b>

**Asia Securities Income Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

**6. Fair value gain (Contd)**

6.1 Unrealized gains / (losses) on financial assets fair value through profit or loss

	03/31/2025	03/31/2024
	LKR	LKR
Debenture	1,225,807	-
	<b>1,225,807</b>	<b>-</b>

6.2 Realized (losses) / gains on financial assets fair value through profit or loss

	03/31/2025	03/31/2024
	LKR	LKR
Treasury bills	(2,279,700)	5,581,677
Treasury bonds	(16,533,040)	64,592,962
	<b>(18,812,740)</b>	<b>70,174,639</b>

**7. Cash and bank balances**

	03/31/2025	03/31/2024
	LKR	LKR
HNB current account	-	25,000
HNB money market account	-	2,652,351
Deutsche Bank savings account	1,238,012	-
	<b>1,238,012</b>	<b>2,677,351</b>

7.1 Cash and bank balances for the purpose of the statement of cash flows

	03/31/2025	03/31/2024
	LKR	LKR
<b>Cash and bank balances</b>	<b>1,238,012</b>	<b>2,677,351</b>

**8. Financial assets at amortized cost**

	03/31/2025	03/31/2024
	LKR	LKR
Commercial papers (Note 8.1)	268,827,805	29,828,496
Repurchase agreements (Note 8.2)	126,811,737	53,096,274
Fixed deposits (Note 8.3)	703,565,369	-
	<b>1,099,204,911</b>	<b>82,924,770</b>

**Asia Securities Income Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

**8. Financial assets at amortized cost**

<b>8.1 Commercial papers</b>	<b>03/31/2025</b>	<b>03/31/2024</b>
	<b>LKR</b>	<b>LKR</b>
Asia Securities (Pvt) Ltd	130,945,385	29,828,496
LOLC Holdings PLC	137,882,420	-
	<b>268,827,805</b>	<b>29,828,496</b>
<b>8.2 Repurchase agreements</b>	<b>03/31/2025</b>	<b>03/31/2024</b>
	<b>LKR</b>	<b>LKR</b>
HNB Securities Ltd	126,811,737	53,096,274
	<b>126,811,737</b>	<b>53,096,274</b>
<b>8.3 Fixed deposits</b>	<b>03/31/2025</b>	<b>03/31/2024</b>
	<b>LKR</b>	<b>LKR</b>
Pan Asia Banking Corporation PLC	225,431,866	-
Peoples Leasing and Finance PLC	277,002,092	-
Alliance Finance PLC	201,131,411	-
	<b>703,565,369</b>	<b>-</b>

**9. Financial assets at fair value through profit or loss**

	<b>03/31/2025</b>	<b>03/31/2024</b>
	<b>LKR</b>	<b>LKR</b>
Treasury bills	-	1,322,649,181
Treasury bonds	-	671,050,705
Debenture (Note 9.1)	52,278,349	-
	<b>52,278,349</b>	<b>1,993,699,886</b>

<b>9.1 Debenture</b>	<b>03/31/2025</b>	<b>03/31/2024</b>
	<b>LKR</b>	<b>LKR</b>
Asia Asset Finance PLC	52,278,349	-
	<b>52,278,349</b>	<b>-</b>

**Asia Securities Income Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

## 9. Financial assets at fair value through profit or loss

### 9.2 Determining of fair value and hierarchy of fair value

#### Level 1

Financial Instruments that are measured in whole or in part by reference to published quotes in an active market. A Financial Instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices

#### Level 2

Financial Instruments that are measured at fair value on regular basis. As market quotes generally are not available or accessible for these securities, their fair value measures are determined using relevant information generated by the market transactions

#### Level 3

Financials Instruments that are not supported by observable market prices information

Due to the nature of the short term maturity, carrying value of the financial asset at amortized cost are approximated to their fair value.

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

As at 31 March 2025	Total carrying value	Level 1	Level 2	Level 3	Total carrying value
<b>Financial asset measured at fair value</b>					
<b>Financial assets recognized through profit or loss - measured at fair value</b>					
Quoted debenture	52,278,349		52,278,349		52,278,349
<b>Total Financial assets measured at fair value</b>	<b>52,278,349</b>	<b>-</b>	<b>52,278,349</b>	<b>-</b>	<b>52,278,349</b>

**Asia Securities Income Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

**10. Other payables**

	03/31/2025	03/31/2024
	LKR	LKR
Management fees payable	453,608	932,943
Trustee fees payable	164,695	338,730
Custodian fees payable	24,669	24,669
Audit and tax consultancy fees payable	715,250	669,718
WHT payable	407	-
	<u>1,358,629</u>	<u>1,966,060</u>

**11. Units in issue and unit price**

Number of units in issue and deemed to be in issue as at 31 March 2025 was 73,212,881 (2024 - 148,656,573) and net assets value per unit as at 31 March 2025 was LKR 15.7262 (2024 - 14.3238).

**12. Related party disclosure**

**12.1 Management company and trustee**

The Management Company is Asia Securities Wealth Management (Private) Limited.

Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Pvt) Limited changed from Hatton National Bank PLC to Deutsche Bank AG, Colombo Branch, located at Level 21, One Galle Face Tower, 1A Centre Road, Galle Face, Colombo 02.

**12.2 Key management personnel**

Key management personnel includes persons who were directors of Asia Securities Wealth Management (Private) Limited at any time during the financial period.

**a) Directors**

- Mr.Dumith Fernando
- Mr.Avancka Herat
- Mr. Arjuna Kumar Wignaraja (joined w.e.f 01st July 2024)

**b) Key management personnel compensation**

There were no payments made to the directors of Asia Securities Wealth Management (Private) Limited during the period by the fund.

**c) Other transactions within the Fund**

Apart from those details disclosed in Note 12.3 key management personnel have not entered in to any other transactions involving the Fund during the financial period.

**Asia Securities Income Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

## 12. Related party disclosure (Contd)

### 12.3 Related party unit holding transactions and balances

The following are the units held by related parties.

Company / KMP	Relationship	No of units held		Value of units held	
		03/31/2025	03/31/2024	03/31/2025 LKR	03/31/2024 LKR
Asia Securities Wealth Management (Pvt) Ltd	Management Company	-	1,045,501	-	14,975,556
Asia Securities (Pvt) Ltd	Affiliate	-	-	-	-
Mr.Dumith Fernando	Chairman	-	2,769,049	-	39,663,310
Mr.Avancka Herat	CEO	-	-	-	-
Others (Total)	Other KMPs	199,536	295,406	3,137,950	4,231,334

"Others" includes other KMPs and the spouses and children of directors. "Other KMPs" refers to all individuals who, directly or indirectly, had responsibility for planning, directing, and controlling the activities of the Fund during the financial period.

### 12.4 Investments held in related parties as at year end

Issuer	Relationship	Instrument type	Purchased date	Maturity date of the investment	Face value of the investment (Gross)	Amount purchased	Year-end balance
Asia Securities (Pvt) Ltd	Affiliate	Commercial paper	28-Mar-25	02-May-25	131,990,275	130,810,561	130,945,385

### 12.5 Financial instruments purchased from related parties – corporate debentures

Related Party	Relationship	Issuer	Purchased date	Maturity date of the investment	Face value of the investment (Gross)	Amount purchased	Year-end balance
Asia Securities (Pvt) Ltd	Affiliate	Asia Asset Finance PLC	23-Aug-24	20-Aug-26	47,140,000	47,155,415	52,278,349

**Asia Securities Income Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

## 12. Related party disclosure (Contd)

### 12.6 Transactions and balances related to the service provided by related parties

Fees were charged by the management company and trustee for services provided during the period and the balances outstanding related to such services as at period end are as disclosed below:

	03/31/2025	03/31/2024
	LKR	LKR
<b>Charges for the period with related parties</b>		
Management fees to Asia Securities Wealth Management (Private) Ltd	5,074,346	5,996,629
Trustee fees (Note 12.7)	1,842,378	2,144,844
Custodian fee (Note 12.7)	290,461	285,694
<b>Balances with related parties</b>		
Current account balance held at Hatton National Bank PLC as at 31 March (Note 7)	-	25,000
Money market a/c balance held at Hatton National Bank PLC as at 31 March (Note 7)	-	2,652,351
Savings a/c balance held at Deutsche Bank as at 31 March (Note 7)	1,238,012	-
Management fees payable to Asia Securities Wealth Management (Pvt) Ltd (Note 10)	453,608	932,943
Trustee fees payable to Hatton National Bank (Note 10)	-	338,730
Custodian fees payable to Hatton National Bank (Note 10)	-	24,669
Trustee fees payable to Deutsche Bank (Note 10)	164,695	-
Custodian fees payable to Deutsche Bank (Note 10)	24,669	-

Please refer to the note 2.12 for terms and conditions

**12.7 Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Pvt) Limited changed from Hatton National Bank PLC to Deutsche Bank AG, Colombo Branch, located at Level 21, One Galle Face Tower, 1A Centre Road, Galle Face, Colombo 02.**

Deutsche Bank has not invested in the Fund during the year

**Asia Securities Income Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

**13. Reconciliation between the net asset value  
as per financial statements and the published net asset value**

	03/31/2025	03/31/2024
	LKR	LKR
Net asset value as per financial statements	1,151,363,548	2,129,335,947
Published net asset value	1,151,363,548	2,129,335,947
Published number of units as at 31 March	73,212,881	148,656,573
Net asset value per unit	15.7262	14.3238

**14. Contingencies**

There were no significant contingencies existing as at the reporting date that required adjustments to or disclosures in the financial statements (2024 - Nil).

**15. Events occurring after reporting date**

No other events have occurred since the statement of financial position date which would require adjustments to or disclosure in the financial statements.

**16. Capital commitments**

There were no significant capital and financial commitments as at the reporting date (2024 - Nil).

# ASIA SECURITIES GILT FUND

# ASIA SECURITIES GILT FUND REVIEW

(Inception: 03rd Apr 2023)

**Fund Manager**  
Nadarajah Gowthaman

**Fund Objective**  
To maximize returns to its investors by investing exclusively in government securities and government guaranteed securities.

**Fund Return**

Period	ASGF Return	CRISIL 364 Benchmark Return
2024-25 (Annualized) (31 Mar 2024 – 31 Mar 2025)	15.73%	11.00%
CAGR Annualized Return since inception (03 Apr 2023 – 31 Mar 2025)	31.37%	18.36%

**Commentary**  
During the 2024/25 financial year, the Asia Securities Gilt Fund delivered an annualized return of 15.73% to its investors. The fund primarily focuses on long-term government securities, capitalizing on higher yields amid a declining interest rate environment.

**Macroeconomic Overview:**  
**Sri Lanka in 2024/25**  
Sri Lanka’s economy remained on a steady path to recovery throughout 2024/25, following the severe downturn experienced in 2022. The government’s reform agenda began to yield tangible results, with notable improvements in economic activity, a reduction in uncertainty, and a marked increase in investor confidence.

Inflation declined significantly during the year, even entering deflationary territory at one point, primarily due to falling global energy prices. The low-interest rate environment, maintained by the Central Bank, provided strong support for credit growth and domestic economic activity.

The external sector showed continued resilience. A current account surplus was recorded, and the Sri Lankan rupee strengthened against major currencies. On the fiscal front, performance improved for the second consecutive year, with the government achieving a primary surplus. The Central Bank of Sri Lanka (CBSL) upheld an accommodative monetary policy stance under its Flexible Inflation Targeting framework and introduced legal reforms aimed at enhancing financial stability and improving the governance of financial institutions.

The broader economic recovery has been underpinned by restored macroeconomic stability, easing inflationary pressures, low interest rates, and renewed investor optimism. Data-driven policy decisions by the Central Bank and sustained progress under the IMF Extended Fund Facility (EFF) have served as key pillars of this progress.

## ASIA SECURITIES GILT FUND REVIEW

(Inception: 03rd Apr 2023)

### Global Context

Despite these domestic gains, Sri Lanka continues to operate in a challenging global environment. Global growth remains subdued, hindered by persistent geopolitical tensions, increasing protectionism, and shifting policy landscapes in major economies, particularly the United States. Rising tariffs and trade fragmentation threaten to disrupt global supply chains, which may have negative implications for Sri Lanka's export performance. Nevertheless, the decline in global energy prices and signs of cautious monetary easing by major central banks have provided some relief for emerging market economies, including Sri Lanka.

### Domestic Outlook

Looking ahead, inflation is expected to stabilize around 5% in the medium term, following a brief period of deflation in early 2025. The low-interest rate environment is likely to continue, supporting further credit expansion and sustained economic activity. The Central Bank is expected to maintain a flexible exchange rate regime while continuing to build up the country's foreign reserves.

Sri Lanka's external sector is projected to remain healthy, with a manageable trade deficit and continued growth in tourism revenues, remittances, and service exports likely to support another current account surplus in 2025. Fiscal consolidation efforts, particularly those focused on revenue generation, are expected to play a central role in reducing public debt and sustaining a primary surplus. Further reforms in tax administration and the restructuring of state-owned enterprises will be essential to strengthening public finances.

The financial sector is experiencing a gradual recovery, with credit growth picking up and stability improving. Efforts toward digital

transformation and regulatory modernization are also gaining momentum. In terms of economic growth, the industry and services sectors are anticipated to be the main drivers of expansion. However, the agriculture sector may continue to face climate-related challenges. Long-term growth prospects will depend on continued structural reforms, particularly in the labor market, and increased investment in human capital.

### Key Risks

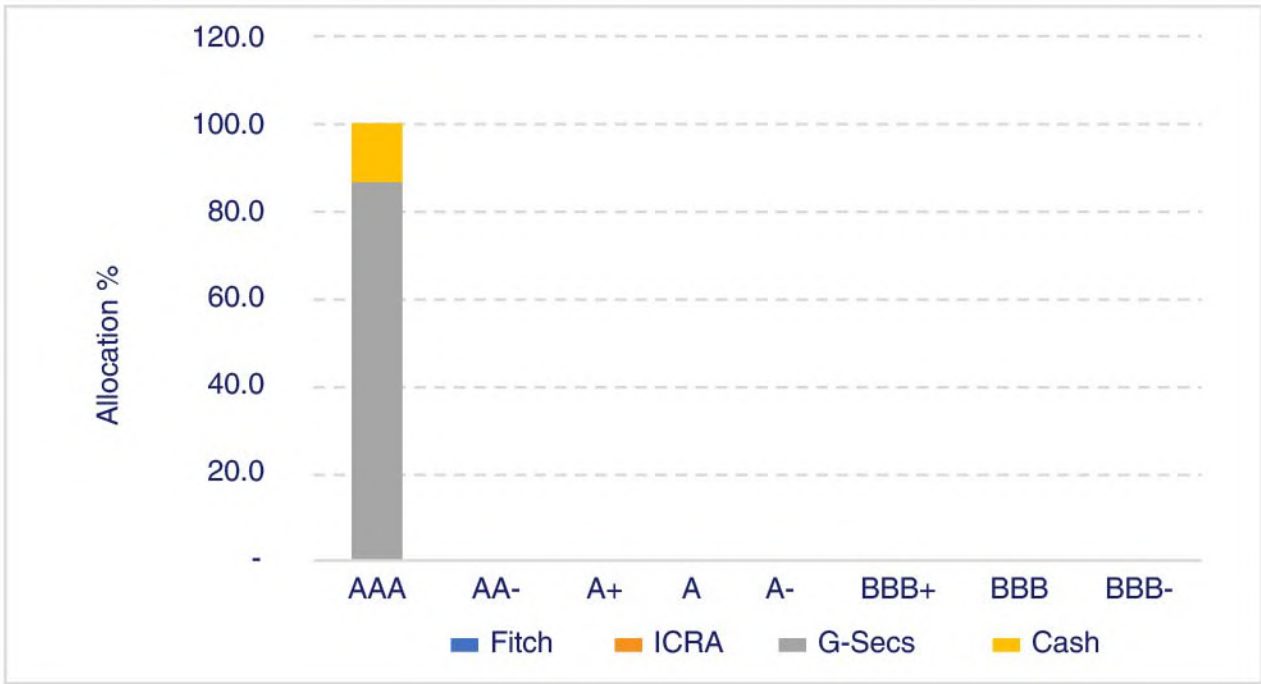
Despite the progress made, key risks remain. These include escalating global trade tensions, climate-related disruptions, and policy uncertainties in major economies. On the domestic front, challenges such as poverty, youth unemployment, and the underutilization of labor continue to pose significant concerns.

*Source: CBSL*

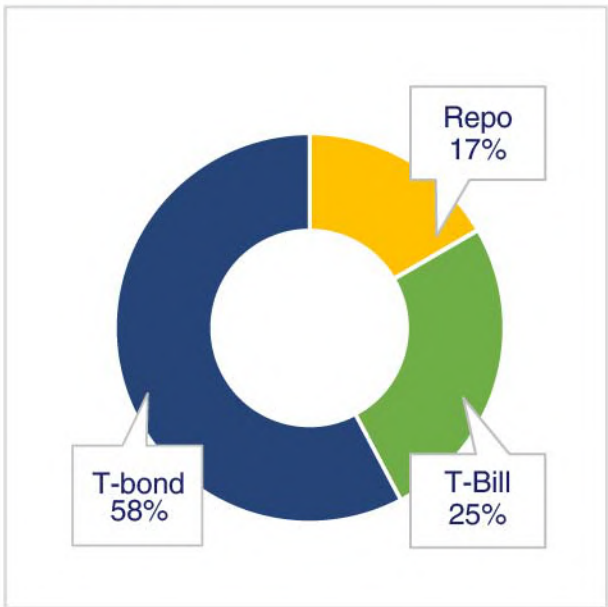
# ASIA SECURITIES GILT FUND REVIEW

## Key Facts of the Fund

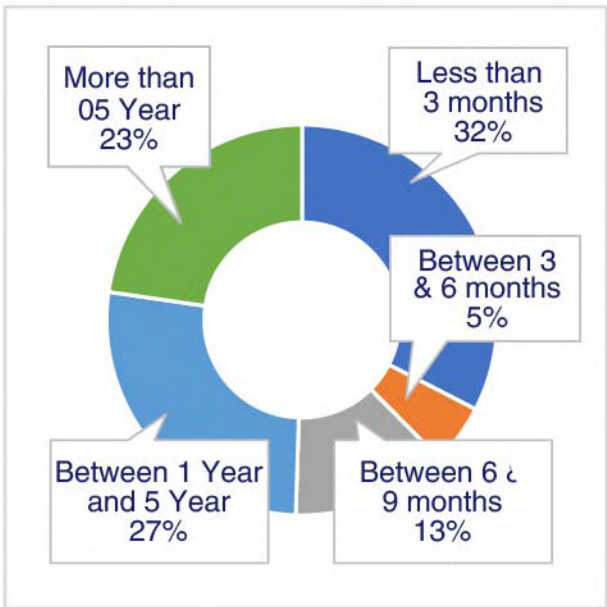
Fund Credit Quality -% of NAV



Asset Allocation



Maturity Profile



The background of the page features abstract financial data visualizations. In the top right corner, there is a blurred line chart with red and green segments. In the bottom left corner, there is a more detailed candlestick chart with blue and red bars, overlaid with a blue line graph and a yellow line graph. The central text is positioned on a white background that diagonally splits the page.

**ASIA SECURITIES GILT FUND**

**AUDITED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2025



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## **INDEPENDENT AUDITOR'S REPORT** **To the Unitholders of Asia Securities Gilt Fund**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Asia Securities Gilt Fund (the Fund). The financial statements of the Fund comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income, the statement of changes in unitholders' fund and the statement of cash flows for the year then ended; and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka 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 Managing Company, Asia Securities Wealth Management (Private) Limited is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

*C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tillekeratne ACA, D C A J Yapa ACA*

*Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179*



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Unitholders of Asia Securities Gilt Fund**

## **Report on the audit of the financial statements (Contd.)**

### **Other information (Contd)**

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of Managing Company and Those Charged with Governance for the Financial Statements**

The Managing Company, Asia Securities Wealth Management (Private) Limited 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 Managing Company 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, the Managing Company 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 Managing Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional scepticism 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.



## INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Asia Securities Gilt Fund

### Report on the audit of the financial statements (Contd.)

#### Auditor's Responsibilities for the Audit of the Financial Statements (Contd)

- 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 Managing Company.
- Conclude on the appropriateness of Managing Company'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 have been prepared and presented in accordance with and comply with the requirements of the unit trust deed and Collective Investment Scheme Code (CIS Code) of Securities and Exchange Commission of Sri Lanka.

*Deloitte Partners*

CHARTERED ACCOUNTANTS  
COLOMBO

16 July 2025



**Asia Securities Gilt Fund**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 March 2025  
(All amounts in Sri Lanka Rupees)

		03/31/2025	For the period from 03/04/2023 to 31/03/2024
Continuing Operations	Note	LKR	LKR
<b>Revenue</b>			
Finance income - Interest income	05	1,145,461,195	1,255,259,437
Fair value gain	06	210,508,743	1,422,281,810
<b>Total Revenue</b>		<b>1,355,969,938</b>	<b>2,677,541,247</b>
<b>Operating expenses</b>			
Management fees		(22,097,479)	(13,599,221)
Trustee fees		(16,297,053)	(12,123,882)
Custodian fees		(290,462)	(283,367)
Audit fees		(487,670)	(677,320)
Other expenses		(878,015)	(377,973)
<b>Total operating expenses</b>		<b>(40,050,679)</b>	<b>(27,061,763)</b>
<b>Profit for the period</b>		<b>1,315,919,259</b>	<b>2,650,479,484</b>
<b>Increase in net assets attributable to unit holders</b>		<b>1,315,919,259</b>	<b>2,650,479,484</b>

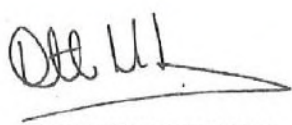
Figures in brackets indicate deductions.

The accounting policies and notes from pages 8 to 21 form an integral part of these financial statements.

**Asia Securities Gilt Fund**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2025**  
**(All amounts in Sri Lanka Rupees)**

	Note	31 March 2025 LKR	31 March 2024 LKR
<b>Assets</b>			
Cash and bank balances	07	4,175,699	30,620
Financial assets at amortised cost	08	1,612,903,965	6,039,458
Financial assets at FVTPL	09	8,069,920,490	8,364,824,530
<b>Total assets</b>		<b>9,687,000,154</b>	<b>8,370,894,608</b>
<b>Liabilities</b>			
Other payable	10	4,172,437	3,429,558
<b>Total liabilities</b>		<b>4,172,437</b>	<b>3,429,558</b>
<b>Net assets attributable to unit holders</b>		<b>9,682,827,717</b>	<b>8,367,465,050</b>
<b>Unitholders' funds</b>			
<b>Net assets attributable to unit holders</b>		<b>9,682,827,717</b>	<b>8,367,465,050</b>

The Fund Management Company and the Trustee are responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka Accounting Standards. These financial statements were approved by the Fund Management Company and the Trustee on 16th July 2025.



**Director**  
Asia Securities Wealth Management (Private) Limited  
Fund Management Company



**Trustee**  
Deutsche Bank AG, Colombo Branch  
Authorized Signatories  
Trustee



**Director**  
Asia Securities Wealth Management (Private) Limited  
Fund Management Company

Figures in brackets indicate deductions.

The accounting policies and notes from pages 8 to 21 form an integral part of these financial statements.

**Asia Securities Gilt Fund**  
**STATEMENT OF CHANGES IN UNITHOLDERS' FUND**  
**For the year ended 31 March 2025**  
**(All amounts in Sri Lanka Rupees)**

	<b>No of units</b>	<b>Unitholders' fund LKR</b>
Increase in net assets attributable to unitholders	-	2,650,479,484
Creation of units	562,217,451	5,721,485,080
Redemption of units	(306,404)	(4,499,514)
Net increase due to unit holders transactions	561,911,047	5,716,985,566
<b>Unitholders' funds as at 31 March 2024</b>	<b>561,911,047</b>	<b>8,367,465,050</b>

	<b>No of units</b>	<b>Unitholders' fund LKR</b>
Unitholders' funds as at 31 March 2024	561,911,047	8,367,465,050
Increase in net assets attributable to unitholders	-	1,315,919,259
Creation of units	90,148	1,500,000
Redemption of units	(123,113)	(2,056,592)
Net (decrease) / increase due to unit holders transactions	(32,965)	(556,592)
<b>Unitholders' funds as at 31 March 2025</b>	<b>561,878,082</b>	<b>9,682,827,717</b>

*Figures in brackets indicate deductions.*

*The accounting policies and notes from pages 8 to 21 form an integral part of these financial statements.*

**Asia Securities Gilt Fund**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 31 March 2025**  
**(All amounts in Sri Lanka Rupees)**

			For the period from 03rd Apr 2023 to 31st Mar 2024
	Note	03/31/2025	
		LKR	LKR
<b>Cash flows from operating activities</b>			
Interest received		1,216,640,575	744,584,183
Gain on disposal of treasury bills		534,833	654,608
Gain on disposal of treasury bonds		30,944,286	(688)
Other expenses paid		(1,452,451)	(345,222)
Management fees, trustee fees and custody fees paid		(37,855,350)	(23,286,982)
Investment in repurchase agreements		(37,986,629,211)	(14,519,339,629)
Investment in T-Bills		(2,774,589,389)	(7,627,469,370)
Investment in T-Bonds		(1,280,916,994)	(3,921,326,703)
Maturity proceed from repurchase agreements		36,381,174,395	14,513,315,645
Maturity proceed from T-Bills		2,986,398,392	5,074,019,162
Maturity proceed from T-Bonds		1,470,452,585	42,240,050
<b>Net cash (used in) / generated from operating activities</b>		<b>4,701,671</b>	<b>(5,716,954,946)</b>
<b>Cash flows from financing activities</b>			
Amounts received on unit creations		1,500,000	5,721,485,080
Amounts paid on unit redemptions		(2,056,592)	(4,499,514)
<b>Net cash (used in) / generated from financing activities</b>		<b>(556,592)</b>	<b>5,716,985,566</b>
Net increase in cash and cash equivalents during the period	07	4,145,079	30,620
Cash and cash equivalents at the beginning of the period		30,620	-
<b>Cash and cash equivalents at the end of the period (Note 7.1)</b>		<b>4,175,699</b>	<b>30,620</b>

Figures in brackets indicate deductions.

The accounting policies and notes from pages 8 to 21 form an integral part of these financial statements.

## Asia Securities Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS

## 1. General Information

### 1.1 General

Asia Securities Gilt Fund ("the Fund") is an open-ended fund approved by the Securities and Exchange Commission of Sri Lanka. The Fund was launched on 03rd April 2023. The Fund is managed by Asia Securities Wealth Management (Private) Limited which is incorporated and domiciled in Sri Lanka. The registered office of the Fund management company is located at 4th Floor, Lee Hedges Tower, No 349, Galle Road, Colombo 03. Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Pvt) Limited changed from Hatton National Bank PLC to Deutsche Bank AG, Colombo Branch, located at Level 21, One Galle Face Tower, 1A Centre Road, Galle Face, Colombo 02.

The investment objective of the fund is to maximize the returns by investing exclusively in government securities and government guaranteed securities. There were no significant changes in the nature of the principal activities of the unit trust during the year under review.

### 1.2 Date of authorization for issue

The financial statements of the Fund for the period ended 31 March 2025 were authorized for issue by the fund management company and the trustee on 16th July 2025.

## 2. Summary of material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

### 2.1 Basis of accounting

The financial statements of the Fund have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Fund's financial statements are disclosed in note 4 to the financial statements. The statement of financial position is presented on a liquidity basis and assets and liabilities are presented in decreasing order of liquidity and are not distinguished between the current and non-current. The financial statements are presented in Sri Lankan rupees (LKR).

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after the Fund's inception, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

### Statement of Compliance

The financial statements which comprise the statement of financial position as at 31 March 2025, statement of comprehensive income, statement of changes in unitholders' fund and statement of cash flows for the period from 01 April 2024 to 31 March 2025 and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards and the requirements of the Unit Trust Deed and Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

## Asia Securities Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

## 2. Summary of material accounting policies (Contd.)

### 2.1 Basis of accounting (Contd)

#### Fund Managers responsibility for financial statements

The Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and CIS code 2022 of the Securities and Exchange Commission of Sri Lanka. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Financial Statements of the Fund at 31 March 2025 comprises of -

- The statement of profit or loss and other comprehensive income (SOPL) providing information on the performance for the year under review.
- Statement of financial position (SOFPI) providing the information on the financial position of the Fund as at the year end.
- Statement of changes in unit holders' fund providing the movement in the unitholders' funds during the year under review.
- Notes to the financial statements, which comprise of the accounting policies and other explanatory notes and information.

### 2.2 Amendments to the Sri Lanka Accounting Standards

In the current year, the Fund has applied a number of amendments to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

#### (a) New standards and amendments – applicable 1 January 2024

The Fund has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2024:

- (i) Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements
- (ii) Amendments to LKAS 1 Classification of Liabilities as Current or Non-current
- (iii) Amendments to SLFRS 16 Leases—Lease Liability in a Sale and Leaseback

#### (b) New accounting standards, amendments and interpretations issued but not yet effective and adopted in 2025

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka. Hence those are not adapted in the Fund during the year. The new standards and amendments listed below are not expected to have material impact on the financial statement at the time of the adoption.

#### (i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

## Asia Securities Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

## 2. Summary of material accounting policies (Contd.)

### 2.2 Amendments to the Sri Lanka Accounting Standards (Contd)

#### (b) New accounting standards, amendments and interpretations issued but not yet effective and adopted in 2025

##### (i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability (Contd)

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The directors of the Fund anticipate that the application of these amendments may not have an impact on the Funds' financial statements in future periods.

##### (ii) Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The directors of the Fund anticipate that the application of these amendments may not have an impact on the Fund's consolidated financial statements in future periods.

##### (iii) IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share. IFRS 18 introduces new requirements to:• present specified categories and defined subtotals in the statement of profit or loss• provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements• improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the Fund anticipate that the application of these amendments may not have an impact on the Fund's financial statements in future periods.

## Asia Securities Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

## 2. Summary of material accounting policies (Contd.)

### 2.2 Amendments to the Sri Lanka Accounting Standards (Contd)

#### (iv) IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements. The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted. The directors of the Fund do not anticipate that IFRS 19 will be applied for purposes of the Fund's financial statements.

### 2.3 Functional and presentation currency

The Fund's investors are mainly from Sri Lanka, with all creation and redemption of units are denominated in Sri Lanka Rupees. The primary activity of the Fund is to invest in domestic securities and earn and offer unit holders a return. The performance of the Fund is measured and reported to the unitholders in Sri Lanka Rupees. The Trustee considers the rupees as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Accordingly, the financial statements are presented in Sri Lankan Rupees, which is the Fund's functional and presentation currency.

### 2.4 Going concern

These financial statements are prepared on the assumption that the Fund is a going concern as continuing in operation for the foreseeable future. It is therefore assumed that the Fund has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operation. Management of the fund has assessed the potential impact of the current economic condition on the Fund's Operations, and is confident that it will not impact the going concern ability of the fund. In a period of rising inflation and interest rates, maturing investments will be typically re-invested at new and higher rates. This will result in a general increase in the fund's running returns.

### 2.5 Financial assets

#### Classification and measurement of financial assets and financial liabilities

SLFRS 9 contains three principal classification categories of financial asset: measured at Amortized Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

## Asia Securities Gilt Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.5 Financial assets (Contd)

##### (i) Recognition and initial measurement

All financial assets are initially recognized on the date the Fund becomes a party to the contractual provisions of the instrument. This includes purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

##### (ii) Classification

On initial recognition, a financial asset is classified as measured at: Amortized Cost, FVOCI or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Fund's financial assets classified under amortized cost include repurchase agreements, and money market savings.

A debt investment is measured at FVTPL if it meets both of the following conditions:- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any, Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

#### 2.6 Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost. Financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities measured at amortized cost include borrowings, accrued expenses and other payables.

#### Derecognition

##### Financial assets

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Fund enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

## Asia Securities Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

## 2. Summary of material accounting policies (Contd.)

### 2.6 Financial liabilities – classification, subsequent measurement and gains and losses (Contd)

#### Financial liabilities

The Fund derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Fund also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### Offsetting of financial instruments

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

- There is a currently enforceable legal right to offset the recognized amounts and
- There is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously

### 2.7 Impairment

The Fund recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost.

The Fund measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the fund is exposed to credit risk.

#### Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due.
- The restructuring of a loan or advance by the Fund on terms that the Fund would not consider otherwise.
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

As of the statement of financial position date the Fund has not observed any of the above thus no impairment provision has been recognized in the financial statements.

The Fund's investments at amortized cost have low credit risk, and the loss allowance recognized during the period was therefore limited to 12 months expected losses.

The Fund's investments in treasury bill repurchase agreements that are obtained from primary dealers are collateralized with government securities. Therefore, considered as low risk investments.

## Asia Securities Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

## 2. Summary of material accounting policies (Contd.)

### 2.7 Impairment (Contd)

#### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

### 2.8 Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the Revenue can be reliably measured. The following specific criteria must be also be met before Revenue is recognized.

### 2.9 Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash appropriate, to the net carrying amount of the financial asset.

### 2.10 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank. The cash flow statement has been prepared using the direct method. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

### 2.11 Income tax

The Fund is not liable to pay income tax as of the reporting date in accordance with Inland Revenue No 24 of 2017 as amended by the Inland Revenue (Amendment) Act No 45 of 2022. However, the interest income on money market savings and fixed deposits are taxed at 5% as per the Inland Revenue (Amended) Act No 45 2022 with effect from 1 January 2023. The Fund's income generated through investment business is treated as "pass-through vehicles" under the provisions of Inland Revenue No 24 of 2017 as amended by the Inland Revenue (Amendment) Act No 45 of 2022.

### 2.12 Expenses

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

Management fee :	0.25% p.a. of net asset value of the Fund calculated daily (The rate changed from 0.20% to 0.25% during the financial year)
Trustee fee :	0.15% p.a. of net asset value of the Fund calculated daily
Custodian fee :	Rs 240,000 per Annum

### 2.13 Accrued expenses

Accrued expenses are recognized initially at fair value and subsequently stated at amortized cost using the effective interest method.

### 2.14 Increase/(decrease) in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unit holders. Movements in net assets attributable to unit holders are recognized in the statement of profit or loss.

### 2.15 Unitholders' funds

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 unit holders as at the reporting date.

## Asia Securities GILT Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement, and monitoring. The Fund is exposed to credit risk, market risk, and liquidity risk.

Financial instruments of the Fund comprise investments in treasury bills, treasury bonds, repurchase agreements, and money market savings deposits for the purpose of generating a return on the investment made by unit holders, in addition to cash at bank and other financial instruments such as receivables and payables, which arise directly from its operations.

The Fund manager is responsible for identifying and controlling the risk that arise from these financial instruments. The fund manager agrees on policies for managing each of the risks identified below.

The risks are measured using a method that reflects the expected impact on the statement of profit or loss and statement of financial position of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

The Fund manager also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the fund manager on a regular basis as deemed appropriate, including the fund manager, other key management, the investment committee, and ultimately the trustee of the Fund.

The concentration of risk arises when several financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions.

#### a) Credit risk

Credit risk is the risk that the counterparty to the financial instruments will fail to discharge an obligation and cause the Fund to incur a financial loss of interest and/or principal. The Fund's exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the carrying amount of financial assets as at the reporting date. It is the Fund's policy to enter contracts with reputable counterparties. The Fund is subject to credit risk on its bank balances and investments at amortized cost. The credit risk exposure on these instruments is not deemed to be significant. The Fund's maximum exposure to credit risk is the carrying amount of the financial assets are set out below;

Instrument	03/31/2025	03/31/2024
Repurchase agreements	1,612,903,965	6,039,458
Treasury bills	2,488,477,815	2,770,878,317
Treasury bonds	5,581,442,675	5,593,946,213
Cash at the bank	4,175,699	30,620
<b>Total</b>	<b>9,687,000,154</b>	<b>8,370,894,608</b>

## Asia Securities Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd)

#### a) Credit risk (Contd)

The analysis below summarizes the credit quality of the Fund's debt portfolio at 31 March 2025.

2025 Counterparty	Investment value as at 31 March 2025(LKR)	% of investment	Credit rating	Rating agency
Capital Alliance PLC	1,612,903,965	16.65%	BBf	Fitch Rating
Deutsche Bank	4,175,699	0.04%	A-	Fitch Rating
<b>Total</b>	<b>1,617,079,664</b>			

The analysis below summarizes the credit quality of the Fund's debt portfolio at 31 March 2024.

2024 Counterparty	Investment value as at 31 March 2024 (LKR)	% of investment	Credit rating	Rating agency
Commercial Bank	6,039,458	0.07%	A(Ika)	Fitch Rating
Hatton National Bank	30,620	0.00%	A(Ika)	Fitch Rating
<b>Total</b>	<b>6,070,078</b>			

Debt securities by rating category.

Rating	2025	2024
A	-	6,070,078
A-	4,175,699	-
BBf	1,612,903,965	-
<b>Total</b>	<b>1,617,079,664</b>	<b>6,070,078</b>

#### b) Market risk

Market risk represents the risk that the value of the Fund's investments portfolios will fluctuate because of changes in market prices and rates. While market risk cannot be eliminated the fund manager will attempt to reduce this risk by diversifying the Fund's investment portfolio in line with investment objectives of the Fund.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. 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.

## Asia Securities Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd)

#### b) Market risk

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

31/03/2025	Floating interest rate LKR	Fixed interest rate LKR	Non-interest bearing LKR	Total LKR
<i>Financial assets</i>				
Cash and cash equivalents	-	4,175,699	-	4,175,699
Financial assets at FVTPL	-	8,069,920,490	-	8,069,920,490
Financial assets at amortised cost	-	1,612,903,965	-	1,612,903,965
<b>Total exposure</b>	<b>-</b>	<b>9,687,000,154</b>	<b>-</b>	<b>9,687,000,154</b>

31/03/2024	Floating interest rate LKR	Fixed interest rate LKR	Non-interest bearing LKR	Total LKR
<i>Financial assets</i>				
Cash and cash equivalents	-	5,620	25,000	30,620
Financial assets at FVTPL	-	8,364,824,530	-	8,364,824,530
Financial assets at amortised cost	-	6,039,458	-	6,039,458
<b>Total exposure</b>	<b>-</b>	<b>8,370,869,608</b>	<b>25,000</b>	<b>8,370,894,608</b>

#### c) 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. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. Units are redeemable at the unitholder's options based on the Fund's net asset value per unit at the time of redemption.

The Fund manages its obligation when required to do so and its overall liquidity risk by:

- Investing primarily in financial instruments, which under normal market conditions are readily convertible to cash.
- The Fund will also make the Investments within the parameters set out by the Commission in accordance with the Unit Trust Code and the Deed to ensure there is no concentration of risk.
- Maintaining sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests. As a practice we maintain a minimum of 3% of the deposited property to be maintained in cash or near cash. (Near cash means investments such as bank/call deposits, repurchase agreements with maturities of less than 3 months, commercial paper endorsed or guaranteed by a Licensed Commercial Bank or Licensed Specialized Bank with maturities of less than 3 months and government securities including government bonds with maturities of less than one year which can be readily convertible into cash.)
- Requiring at least 14 days prior written notice for unitholder redemption equal to or greater than 3% of the net asset value of the Fund
- Continually search for new investors.

## Asia Securities Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd)

#### c) Liquidity risk (Contd)

The time frame for return of cash to investors is five business days in which time investments may be recalled for redemption payouts. Further, the Fund is also permitted to borrow up to 15% of the deposited property for redemption payouts. Other financial liabilities have no contractual maturities. Due to the short-term nature of these financial instruments, carrying value approximates fair value.

The table below precises the Fund's non derivative financial assets and liabilities with contractual maturities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are the contractual undiscounted cash flows.

31/03/2025	Less than 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Total
<b>Financial Assets</b>					
Treasury Bills	359,643,606	864,973,344	234,868,000	1,107,938,000	2,567,422,950
Treasury Bonds	-	-	-	4,272,465,429	4,272,465,429
Repurchase agreements	1,613,972,839	-	-	-	1,613,972,839
<b>Total</b>	<b>1,973,616,445</b>	<b>864,973,344</b>	<b>234,868,000</b>	<b>5,380,403,429</b>	<b>8,453,861,218</b>
<b>Financial Liabilities</b>					
Management fee	2,041,801	-	-	-	2,041,801
Trustee fee	1,482,661	-	-	-	1,482,661
Custody fee	24,669	-	-	-	24,669
<b>Total</b>	<b>3,549,131</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,549,131</b>

31/03/2024	Less than 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Total
<b>Financial Assets</b>					
Treasury Bills	150,000,000	2,472,420,000	-	200,604,455	2,823,024,455
Treasury Bonds	-	-	-	4,467,132,891	4,467,132,891
Repurchase agreements	6,061,121	-	-	-	6,061,121
<b>Total</b>	<b>156,061,121</b>	<b>2,472,420,000</b>	<b>-</b>	<b>4,667,737,346</b>	<b>7,296,218,467</b>
<b>Financial Liabilities</b>					
Management fee	1,412,606	-	-	-	1,412,606
Trustee fee	1,282,212	-	-	-	1,282,212
Custody fee	24,669	-	-	-	24,669
<b>Total</b>	<b>2,719,487</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,719,487</b>

#### d) Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that net asset attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly daily as the Fund is subject to daily applications and redemptions at the discretion of unitholders. Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets daily by the Management Company. Under the terms of the Unit Trust Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of unitholders.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund. The Board of Directors and Investment Manager monitor capital on the basis of the value of net assets attributable to unit holders. Please refer to the Note 2 for more details. Disclosures relevant to unitholders' funds are as follows.

**Asia Securities Gilt Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

### 3. Financial risk management (Contd.)

#### d) Capital risk management (contd)

The movement in the unitholders' funds for the period ended 31 March 2025

##### I. In terms of value

	31/03/2025 (LKR)
Unitholders' funds as at the beginning of the period	8,367,465,050
Creations during the period	1,500,000
Redemptions during the period	(2,056,592)
Increase in net assets attributable to unitholders during the period	1,315,919,259
<b>Unitholders' funds as at 31 March 2025</b>	<b>9,682,827,717</b>

##### II. In terms of numbers of units

	31/03/2025 (Units)
Opening number of units	561,911,047
Unit creations during the period	90,148
Unit redemptions during the period	(123,113)
<b>Closing number of units as at 31 March 2025</b>	<b>561,878,082</b>

The movement in the unitholders' funds for the period ended 31 March 2024

##### I. In terms of value

	31/03/2024 (LKR)
Unitholders' funds as at the beginning of the period	-
Creations during the period	5,721,485,080
Redemptions during the period	(4,499,514)
Increase in net assets attributable to unitholders during the period	2,650,479,484
<b>Unitholders' funds as at 31 March 2024</b>	<b>8,367,465,050</b>

##### II. In terms of numbers of units

	31/03/2024 (Units)
Opening number of units	-
Unit creations during the period	562,217,451
Unit redemptions during the period	(306,404)
<b>Closing number of units as at 31 March 2024</b>	<b>561,911,047</b>

## Asia Securities Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

#### 4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. In the selection and application of the company's accounting policies, which are described below, the Fund management company is required to make judgements and assumptions and use assumptions in measuring items reported in the financial statements.

These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates were revised if the revision affects only that period or in the period of the revision and future periods as well if the revision affects both the current and future periods. Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value.

Fair value of the financial instruments are determined by observable market prices or rates where available.

#### 5. Revenue

	03/31/2025 LKR	03/31/2024 LKR
5.1 Finance income - interest income		
Repurchase agreements	94,221,724	38,206,830
Treasury bills	218,634,969	465,119,096
Treasury bonds	832,534,750	751,597,441
Money market bank accounts	69,752	336,070
	<b>1,145,461,195</b>	<b>1,255,259,437</b>

5.2 Income is recognized on accrual basis using the effective interest rate method.

5.3 Notional tax is not applicable as per the new Inland Revenue Act No. 24 of 2017. Effective from 1st January 2023, withholding tax at the rate of 5% has been reintroduced on service fee payments which has a source in Sri Lanka and paid to a resident individual who is not an employee of the payer of such service fee.

**Asia Securities Gilt Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

**6. Fair value gain**

	03/31/2025	03/31/2024
	LKR	LKR
Unrealized gains / (losses) on financial assets fair value through profit or loss (Note 6.1)	179,321,954	1,421,627,890
Realized gains / (losses) on financial assets fair value through profit or loss (Note 6.2)	31,186,789	653,920
	<b>210,508,743</b>	<b>1,422,281,810</b>

**6.1 Unrealized gains / (losses) on financial assets fair value through profit or loss**

Treasury bills	(8,331,214)	19,725,237
Treasury bonds	187,653,168	1,401,902,653
	<b>179,321,954</b>	<b>1,421,627,890</b>

**6.2 Realized gains / (losses) on financial assets fair value through profit or loss**

Treasury bills	534,832	654,608
Treasury bonds	30,651,957	(688)
	<b>31,186,789</b>	<b>653,920</b>

**7. Cash and bank balances**

	03/31/2025	03/31/2024
	LKR	LKR
HNB current account	-	25,000
HNB money market account	-	5,620
Deutsche Bank savings account	4,175,699	-
	<b>4,175,699</b>	<b>30,620</b>

**7.1 Cash and bank balances for the purpose of the statement of cash flow**

	03/31/2025	03/31/2024
	LKR	LKR
Cash and bank balances	<b>4,175,699</b>	<b>30,620</b>

**Asia Securities Gilt Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

**8. Financial assets at amortised cost**

	03/31/2025	03/31/2024
	LKR	LKR
Repurchase agreements	1,612,903,965	6,039,458
	<u>1,612,903,965</u>	<u>6,039,458</u>

These repurchase agreements are entirely backed by government securities.

No impairment provision derived through these investments.

**8.1 Repurchase agreements**

	03/31/2025	03/31/2024
	LKR	LKR
Capital Alliance PLC	1,612,903,965	-
Commercial Bank PLC	-	6,039,458
	<u>1,612,903,965</u>	<u>6,039,458</u>

**9. Financial assets at fair value through profit or loss**

	03/31/2025	03/31/2024
	LKR	LKR
Treasury bills	2,488,477,815	2,770,878,317
Treasury bonds	5,581,442,675	5,593,946,213
	<u>8,069,920,490</u>	<u>8,364,824,530</u>

**Determining of fair value and hierarchy of fair value**

**Level 1** - Financial Instruments that are measured in whole or in part by reference to published quotes in an active market. A Financial Instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices

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

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

Due to the nature of the short term maturity, Carrying value of the financial asset at amortized cost are approximated to their fair value.

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

As at 31 March 2025	Total carrying value	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value					
Financial assets recognized through profit or loss - measured at fair value					
Government securities	8,069,920,490	8,069,920,490	-	-	8,069,920,490
Total financial assets measured at fair value	<u>8,069,920,490</u>	<u>8,069,920,490</u>	<u>-</u>	<u>-</u>	<u>8,069,920,490</u>

**Asia Securities Gilt Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

## 10. Other payable

	03/31/2025	03/31/2024
	LKR	LKR
Management fees payable	2,041,801	1,412,606
Trustee fees payable	1,482,661	1,282,212
Custodian fees payable	24,669	24,669
Audit and tax consultancy fees payable	623,134	677,321
Other payable	171	32,750
	<u>4,172,436</u>	<u>3,429,558</u>

All accrued balances are payable within one year.

## 11. Contingencies

There were no significant contingencies existing as at the reporting date that required adjustments to or disclosures in the financial statements (2024 - Nil).

## 12. Units in issue and unit price

Number of units in issue and deemed to be in issue as at 31 March 2025 was LKR 561,878,082 (2024 - 561,911,047) and net assets value per unit as at 31 March 2025 was LKR 17.2329 (2024 - LKR. 14.8910). Please refer to Note 14.

## 13. Related party disclosure

### 13.1 Management company and trustee

The Management Company is Asia Securities Wealth Management (Private) Limited.

Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Pvt) Limited changed from Hatton National Bank PLC to Deutsche Bank AG, Colombo Branch, located at Level 21, One Galle Face Tower, 1A Centre Road, Galle Face, Colombo 02.

### 13.2 Key management personnel

Key management personnel includes persons who were directors of Asia Securities Wealth Management (Private) Limited at any time during the financial period.

#### Directors

Mr. Dumith Fernando

Mr. Avancka Herat

Mr. Arjuna Kumar Wignaraja (joined w.e.f 01st July 2024)

**Asia Securities Gilt Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

### 13.Related party disclosure (Contd.)

#### 13.3 Key management personnel compensation

There were no payments made to the directors of Asia Securities Wealth Management (Private) Limited during the period by the fund.

#### 13.4 Other transactions within the Fund

Apart from those details disclosed in Note 13.5 key management personnel have not entered in to any other transactions involving the Fund during the financial period.

#### 13.5 Related party unit holding transactions and balances

The following are the units held by related parties.

Company / KMP	Relationship	No of Units Held		Value of units held	
		03/31/2025	03/31/2024	03/31/2025 LKR	03/31/2024 LKR
Mr.Dumith Fernando	Chairman	49,465	49,465	852,422	736,580

#### 13.6 Asia Securities' discretionary employee retirement benefit plan

The discretionary employee retirement benefit plan program is available to all employees of Asia Securities Wealth Management (Pvt) Ltd and its affiliates, including non-executive directors. This is a special benefit that the company grants to its employees and its non-executive directors.

	No of Units Held 2025	Value of units held 2025
Asia Securities' discretionary employee	1,582,169	27,265,364
retirement benefit plan	1,582,169	27,265,364

**Asia Securities Gilt Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

### 13.Related party disclosure (Contd.)

#### 13.7 Transactions and balances related to the service provided by related parties

Fees were charged by the management company and trustee for services provided during the period and the balances outstanding related to such services as at period end are as disclosed below:

		03/31/2025	03/31/2024
		LKR	LKR
<b>Charges for the period with related parties</b>			
Management fees by			
Asia securities Wealth Management (Pvt) Ltd		22,097,479	13,599,221
Trustee fees	(Note 13.8)	16,297,053	12,123,882
Custodian fees	(Note 13.8)	290,462	283,367
<b>Balances with related parties</b>			
Current account balance held at			
Hatton National Bank PLC	(Note 07)	-	25,000
Money market account balance held at			
Hatton National Bank PLC as at 31 March	(Note 07)	-	5,620
Saving account balance held at			
Deutsche Bank 31 March	(Note 07)	4,175,699	-
Management fees payable to Asia securities			
Wealth Management (Pvt) Ltd	(Note 10)	2,041,801	1,412,606
Trustee fees payable Hatton National Bank PLC	(Note 10)	-	1,282,212
Custodian fees payable Hatton National Bank PLC	(Note 10)	-	24,669
Trustee fees payable Deutsche Bank	(Note 10)	1,482,661	-
Custodian fees payable Deutsche Bank	(Note 10)	24,669	-

**Please refer to the note 2.12 for terms and conditions**

**13.8** Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Pvt) Limited changed from Hatton National Bank PLC to Deutsche Bank AG.

Deutsche Bank has not invested in the Fund during the year.

**Asia Securities Gilt Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

**14. Reconciliation between the net asset value as per financial statements and the published net asset value**

	2025	2024
	LKR	LKR
Net asset value as per financial statements	9,682,827,717	8,367,465,050
Published net asset value	9,682,827,718	8,367,465,050
Published number of units as at 31 March	561,878,083	561,911,047
<b>Net asset value per unit</b>	<b>17.2329</b>	<b>14.8910</b>

**15. Events occurring after reporting date**

No other events have occurred since the statement of financial position date which would require adjustments to or disclosure in the financial statements.

**16. Capital commitments**

There were no significant capital and financial commitments as at the reporting date (2024 - Nil).

The background of the page is a white diagonal band. The top-right and bottom-left corners feature blurred financial charts. The top-right chart shows a red line with green highlights, possibly a price index. The bottom-left chart is a candlestick chart with blue and red bars and a blue moving average line.

## **ASIA SECURITIES EQUITY OPPORTUNITIES FUND**

# ASIA SECURITIES EQUITY OPPORTUNITIES FUND REVIEW

(Inception: 23rd Dec. 2023)

**Fund Manager**  
Nidesh Perera

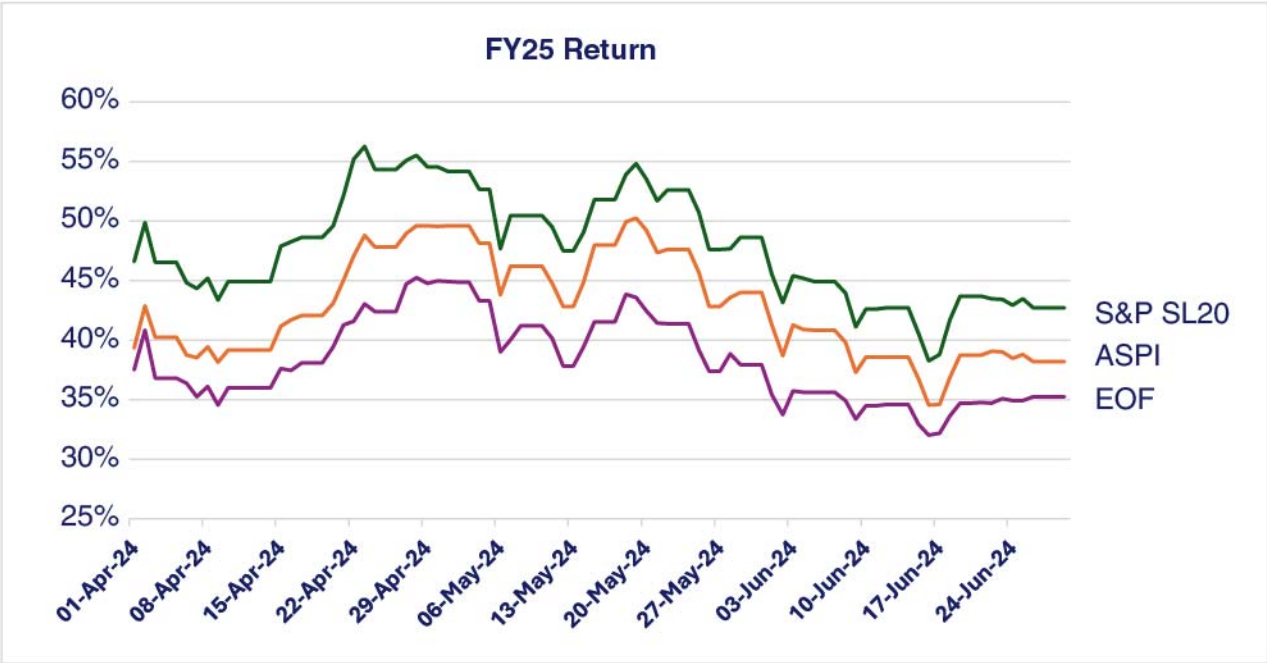
**Fund Objective**  
The primary objective of the Asia Securities Equity Opportunities Fund is to achieve long-term capital appreciation by investing primarily in a diversified portfolio of equity securities. The fund seeks to outperform its benchmark index through a combination of top-down macroeconomic analysis and bottom-up fundamental research, identifying companies with strong growth potential, solid financial health, and sustainable competitive advantages.

The fund targets a broad range of industries and sectors to capitalize on economic trends and opportunities. Risk management is a key component of the investment strategy, with a focus on maintaining a balanced portfolio to mitigate market volatility and protect against downside risk.

By investing in high-quality, growth-oriented companies, the Asia Securities Equity Opportunities Fund aims to deliver consistent returns to its investors over the long term, while aligning with their risk tolerance and investment objectives.

**Fund Return vs. Benchmark Return**  
For the period from 1st April 2024 to 31st March 2025, your fund NAV increased by 32.4% while ASPI and S&P SL 20 Indices increased by 38.2% and 42.7% respectively. The fund's performance lagged behind the

benchmark primarily due to delays in capital deployment and less effective stock selection. Furthermore, its smaller asset base caused fees to represent a higher proportion of the fund's NAV, further impacting returns.



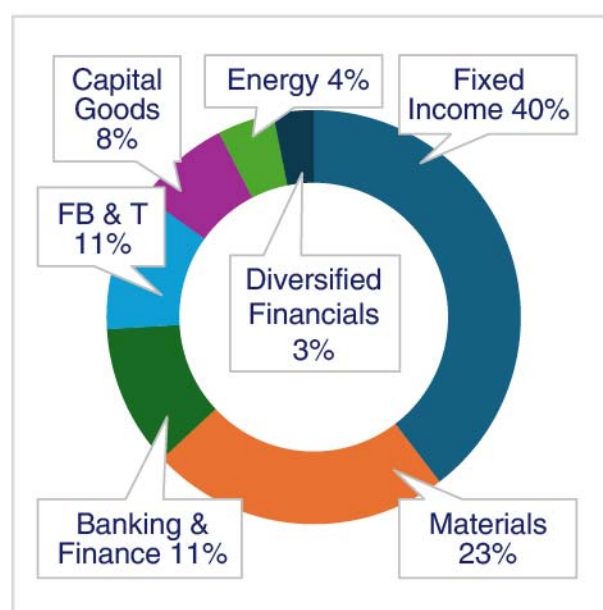
## ASIA SECURITIES EQUITY OPPORTUNITIES FUND REVIEW

Period	Non-Annualized Fund Return	Non-Annualized ASPI Return	Non-Annualized S&P SL20 Return
Three months ended 31st March 2025	-1.7%	-0.8%	2.6%
Six months ended 31st March 2025	25.9%	33.4%	37.1%
Twelve months ended 31st March 2025	35.2%	38.2%	42.7%

### Top Holdings

Counter	% Equity
Alumex PLC	10.9%
Sampath Bank PLC	9.1%
Sunshine Holdings PLC	8.3%
CIC Holdings PLC -Non-Voting	4.9%
Ex-pack Corrugated Cartons PLC	4.5%

### Sector Allocation



### Sri Lankan Equity Market Commentary

In FY 25 the Sri Lankan equity market saw an optimistic recovery mostly in the second half driven by banking, consumer sector and improved investor sentiment and investor confidence. The currency was relatively stable and CBSL introduced the overnight policy rate instead of SLFR and SDFR. During the period

the general price levels were deflationary and reached -4.2% CCPI in February 2025. Following a period of significant disruption caused by economic instability and political uncertainty, the market has begun to rebound, supported by a recovery in investor confidence and the implementation of key policy reforms.

## ASIA SECURITIES EQUITY OPPORTUNITIES FUND REVIEW

### Market Performance

The equity market remained relatively flat during the first half of FY25. However, in the second half particularly following the presidential election the market witnessed a strong rally, with the All Share Price Index (ASPI) reaching an all-time high of 17,193.79 in January and February. This momentum was later tempered by emerging concerns surrounding potential U.S. trade tariffs, which introduced renewed uncertainty. For the full fiscal year, the ASPI delivered an impressive return of 38.2% while the S&P SL20 outperformed slightly, gaining 42.7%.

In terms of market liquidity, the average daily turnover (ADT) recorded in 2024:Q2 stood at LKR 2.14 billion. This figure dropped significantly in 2024:Q3 to LKR 1.10 billion, before surging nearly fourfold in 2024:Q4 to LKR 4.26 billion. The elevated turnover levels continued into 2025:Q1, with an ADT of LKR 4.27 billion, reflecting sustained investor interest and market participation.

### Outlook for 2025/26

Sri Lanka's economic trajectory appears increasingly favorable, with inflation projected to stabilize at around 5% over the medium term despite experiencing a brief deflationary period in early 2025. The prevailing low-interest rate environment is expected to persist, creating conducive conditions for continued credit expansion and sustained economic momentum. This accommodative monetary policy stance presents significant opportunities for businesses to access capital at attractive rates, enabling operational expansion while enhancing profit margins. The sustained low borrowing costs should facilitate corporate investment and drive productivity improvements across key sectors.

The tourism sector is poised for strong growth, as the country sets ambitious goals to attract over 2.4 million visitors in 2025. This recovery is expected to be a major contributor to foreign exchange earnings and broader economic recovery.

Meanwhile, the consumer sector is likely to benefit from rising consumer confidence and improved disposable incomes, partly driven by anticipated salary increases and lower interest rates. This should translate into stronger demand for goods and services.

Furthermore, the construction and manufacturing sectors are expected to gain momentum as industrial activity continues to recover. Collectively, these sectors are positioned to play a pivotal role in propelling the Sri Lankan equity market in the coming year.

### Key Risks

On the global front, escalating trade tensions, geopolitical conflicts, and policy uncertainties in major economies continue to create a volatile environment for financial markets. These factors have heightened investor caution and increased overall market unpredictability. Domestically, the economy faces several pressing challenges, including labor union strikes, currency volatility, inconsistent policy implementation, and delays in critical structural reforms.

*Sources: CSE, CBSL, Asia Securities Research*

The background of the page is a dark blue gradient. In the top right corner, there is a blurred image of a red line graph with green highlights, possibly representing a stock price trend. In the bottom left corner, there is a blurred image of a candlestick chart with red and green bars and a blue line, representing financial market data.

**ASIA SECURITIES EQUITY OPPORTUNITIES FUND**  
**AUDITED FINANCIAL STATEMENTS**  
FOR THE PERIOD ENDED 31 MARCH 2025



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## INDEPENDENT AUDITOR'S REPORT

### To the Unitholders of Asia Securities Equity Opportunities Fund

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Asia Securities Equity Opportunities Fund (the Fund). The financial statements of the Fund comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income, the statement of changes in unitholders' fund and the statement of cash flows for the year then ended; and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka 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 Managing Company, Asia Securities Wealth Management (Private) Limited is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

*C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tillekeratne ACA, D C A J Yapa ACA*

*Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179*



## INDEPENDENT AUDITOR'S REPORT

### To the Unitholders of Asia Securities Equity Opportunities Fund

## Report on the audit of the financial statements (Contd.)

### Other information (Contd)

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Managing Company and Those Charged with Governance for the Financial Statements

The Managing Company, Asia Securities Wealth Management (Private) Limited 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 Managing Company 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, the Managing Company 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 Managing Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional scepticism 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.



## INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Asia Securities Equity Opportunities Fund

### Report on the audit of the financial statements (Contd.)

#### Auditor's Responsibilities for the Audit of the Financial Statements (Contd)

- 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 Managing Company.
- Conclude on the appropriateness of Managing Company'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 have been prepared and presented in accordance with and comply with the requirements of the unit trust deed and Collective Investment Scheme Code (CIS Code) of Securities and Exchange Commission of Sri Lanka.

*Deloitte Partners*

CHARTERED ACCOUNTANTS  
COLOMBO

16 July 2025



**Asia Securities Equity Opportunities Fund**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the period from 28th December 2023 to 31 March 2025  
(All amounts in Sri Lanka Rupees)

		For the period from 28th December 2023 to 31 March 2025
Continuing operation	Note	LKR
<b>Revenue</b>		
Interest Income	5.1	2,527,868
Dividend Income	5.2	2,206,343
Realized gain / (loss) on financial assets held at FVTPL	6	29,119,341
Unrealized gain / (loss) on financial assets held at FVTPL	7	12,411,829
<b>Total income</b>		<b>46,265,381</b>
<b>Operating expenses</b>		
Management fees		(1,575,540)
Trustee fees		(317,788)
Custodian fees		(365,205)
Audit fees		(392,846)
Other expenses		(5,587,128)
<b>Total operating expenses</b>		<b>(8,238,507)</b>
<b>Profit for the period</b>		<b>38,026,874</b>
<b>Increase in net assets attributable to unitholders</b>		<b>38,026,874</b>

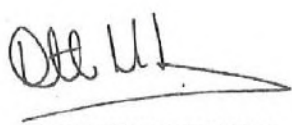
Figures in brackets indicate deductions.

The accounting policies and notes from pages 8 to 21 form an integral part of these financial statements.

**Asia Securities Equity Opportunities Fund**  
**STATEMENT OF FINANCIAL POSITION**  
**Year ended 31 March 2024**

		<b>03/31/2025</b>
<b>Assets</b>	<b>Note</b>	<b>LKR</b>
Cash and bank balances	<b>8</b>	220,389
Financial assets at amortised cost	<b>9</b>	69,675,077
Financial assets at FVTPL	<b>10</b>	105,751,632
Dividend Receivable		173,803
Other Receivable		10,001
<b>Total assets</b>		<b>175,830,902</b>
<b>Liabilities</b>		
Other Payable	<b>11</b>	684,458
<b>Total liabilities</b>		<b>684,458</b>
<b>Net assets attributable to unitholders</b>		<b>175,146,444</b>
<b>Unitholders' funds</b>		
<b>Net assets attributable to unitholders</b>		<b>175,146,444</b>

The Fund Management Company and the Trustee are responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka Accounting Standards. These financial statements were approved by the Fund Management Company and the Trustee on 16th July 2025.



**Director**  
Asia Securities Wealth Management (Private) Limited  
Fund Management Company



**Trustee**  
Deutsche Bank AG, Colombo Branch  
Authorized Signatories  
Trustee



**Director**  
Asia Securities Wealth Management (Private) Limited  
Fund Management Company

*Figures in brackets indicate deductions.*

*The accounting policies and notes from pages 8 to 21 form an integral part of these financial statements.*

**Asia Securities Equity Opportunities Fund**  
**STATEMENT OF CHANGES IN UNITHOLDERS' FUND**  
**For the period ended 31 March 2025**  
**(All amounts in Sri Lanka Rupees)**

	<b>No of units</b>	<b>Unitholders' fund LKR</b>
Increase in net assets attributable to unitholders	-	38,026,874
Creation of units	12,589,579	137,119,570
Redemption of units	-	-
Net increase / (decrease) due to unitholders transactions	12,589,579	137,119,570
<b>Unitholders' funds as at 31 March 2025</b>	<b>12,589,579</b>	<b>175,146,444</b>

*Figures in brackets indicate deductions.*

*The accounting policies and notes from pages 8 to 21 form an integral part of these financial statements.*

**Asia Securities Equity Opportunities Fund**  
**STATEMENT OF CASH FLOWS**  
**For the period from 28th December 2023 to 31 March 2025**  
**(All amounts in Sri Lanka Rupees)**

**For the period from  
28th December 2023  
to 31 March 2025  
LKR**

<b>Cash flows from operating activities</b>	
Interest received	2,452,790
Dividend received	1,872,804
Gain on disposal shares	29,119,341
Other expenses paid	(5,587,066)
Management fees, trustee fees and custodian fees paid	(1,966,983)
Investment in repurchase agreements	(3,679,500,000)
Cash paid for share purchases (cost)	(260,066,320)
Maturity proceed from repurchase agreements	3,609,900,000
Cash received from share sales (cost)	166,886,253
<b>Net cash used in operating activities</b>	<b>(136,889,181)</b>
<b>Cash flows from financing activities</b>	
Amounts received on unit creations	137,109,570
Amounts paid on unit redemptions	-
<b>Net cash generated from financing activities</b>	<b>137,109,570</b>
Net increase in cash and cash equivalents during the period	220,389
Cash and cash equivalents at the beginning of the period	08 -
<b>Cash and cash equivalents at the end of the period</b>	<b>(Note 8.1) 220,389</b>

*Figures in brackets indicate deductions.*

*The accounting policies and notes from pages 8 to 21 form an integral part of these financial statements.*

## Asia Securities Equity Opportunities Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 1 General Information

#### 1.1 General

Asia Securities Equity Opportunities Fund ("the Fund") is an open-ended equity fund approved by the Securities and Exchange Commission of Sri Lanka. The Fund was launched on 28 December 2023. The Fund is managed by Asia Securities Wealth Management (Private) Limited which is incorporated and domiciled in Sri Lanka. The registered office of the Fund management company is located at 4th Floor, Lee Hedges Tower, No 349, Galle Road, Colombo 03. Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Pvt) Limited changed from Hatton National Bank PLC to Deutsche Bank AG, Colombo Branch, located at Level 21, One Galle Face Tower, 1A Centre Road, Galle Face, Colombo 02.

The investment objective of the fund is to achieve long term capital growth by investing mainly in quoted equities on the Colombo Stock Exchange. There were no significant changes in the nature of the principal activities of the unit trust during the year under review.

#### 1.2 Date of authorization for issue

The financial statements of the Fund for the period ended 31 March 2025 were authorized for issue by the fund management company and the trustee on 16th July 2025.

### 2 Summary of material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

#### 2.1 Basis of accounting

The financial statements of the Fund have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Fund's financial statements are disclosed in note 4 to the financial statements. The statement of financial position is presented on a liquidity basis and assets and liabilities are presented in decreasing order of liquidity and are not distinguished between the current and non-current. The financial statements are presented in Sri Lankan rupees (LKR).

These are the Fund's first financial statements prepared in accordance with LKASs and SLFRSs as this is the first period of its operation.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after the Fund's inception, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

## Asia Securities Equity Opportunities Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.1 Basis of accounting (Contd)

##### Statement of Compliance

The financial statements which comprise the statement of financial position as at 31 March 2025, statement of comprehensive income, statement of changes in unitholders' fund and statement of cash flows for the period from 28 December 2023 to 31 March 2025 and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards and the requirements of the Unit Trust Deed and Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

##### Fund managers responsibility for financial statements

The Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and CIS code 2022 of the Securities and Exchange Commission of Sri Lanka. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Financial Statements of the Fund at 31 March 2025 comprises of -

- The statement of profit or loss and other comprehensive income (SOPL) providing information on the performance for the year under review.
- Statement of financial position (SOFP) providing the information on the financial position of the Fund as at the year end.
- Statement of changes in unitholders' fund providing the movement in the unitholders' funds during the year under review.
- Notes to the financial statements, which comprise of the accounting policies and other explanatory notes and information.

#### 2.2 Amendments to the Sri Lanka Accounting Standards

In the current year, the Fund has applied a number of amendments to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

##### (a) New accounting standards, amendments and interpretations issued but not yet effective and adopted in 2025

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka. Hence those are not adapted in the Fund during the year. The new standards and amendments listed below are not expected to have material impact on the financial statement at the time of the adoption.

##### (i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

## Asia Securities Equity Opportunities Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.2 Amendments to the Sri Lanka Accounting Standards (Contd)

##### (a) New accounting standards, amendments and interpretations issued but not yet effective and adopted in 2025 (Contd)

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The directors of the Fund anticipate that the application of these amendments may not have an impact on the Funds' financial statements in future periods.

##### (ii) Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The directors of the Fund anticipate that the application of these amendments may not have an impact on the Fund's consolidated financial statements in future periods.

##### (iii) IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

## Asia Securities Equity Opportunities Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.2 Amendments to the Sri Lanka Accounting Standards (Contd)

##### (iii) IFRS 18 Presentation and Disclosures in Financial Statements (Contd)

The directors of the Fund anticipate that the application of these amendments may not have an impact on the Fund's financial statements in future periods.

##### (iv) IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements. The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted. The directors of the Fund do not anticipate that IFRS 19 will be applied for purposes of the Fund's financial statements.

#### 2.3 Functional and presentation currency

The Fund's investors are mainly from Sri Lanka, with all creation and redemption of units are denominated in Sri Lanka Rupees. The primary activity of the Fund is to invest in domestic securities and earn and offer unit holders a return. The performance of the Fund is measured and reported to the unitholders in Sri Lanka Rupees. The Trustee considers the rupees as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Accordingly, the financial statements are presented in Sri Lankan Rupees, which is the Fund's functional and presentation currency.

#### 2.4 Going concern

These financial statements are prepared on the assumption that the Fund is a going concern as continuing in operation for the foreseeable future. It is therefore assumed that the Fund has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operation. Management of the fund has assessed the potential impact of the current economic condition on the Fund's Operations, and is confident that it will not impact the going concern ability of the fund. In a period of rising inflation and interest rates, maturing investments will be typically re-invested at new and higher rates. This will result in a general increase in the fund's running returns.

## Asia Securities Equity Opportunities Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.5 Financial assets

##### Classification and measurement of financial assets and financial liabilities

SLFRS 9 contains three principal classification categories of financial asset: measured at Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

##### (i) Recognition and initial measurement

All financial assets are initially recognized on the date the Fund becomes a party to the contractual provisions of the instrument. This includes purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

##### (ii) Classification

On initial recognition, a financial asset is classified as measured at: Amortised Cost, FVOCI or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Fund's financial assets classified under amortised cost include commercial papers, repurchase agreements, and money market savings.

A debt investment is measured at FVTPL if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms 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 at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any, Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### 2.6 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost include borrowings, accrued expenses and other payables.

## Asia Securities Equity Opportunities Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.6 Financial liabilities – Classification, subsequent measurement and gains and losses (Contd)

##### Derecognition

##### Financial assets

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Fund enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### Financial liabilities

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

##### Offsetting of financial instruments

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

- There is a currently enforceable legal right to offset the recognized amounts and
- There is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### 2.7 Impairment

The Fund recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the fund is exposed to credit risk.

##### Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

## Asia Securities Equity Opportunities Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.7 Impairment (Contd)

Evidence that a financial asset is credit-impaired includes the following observable data: ☒

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due.
- The restructuring of a loan or advance by the Fund on terms that the Fund would not consider otherwise.
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

As of the statement of financial position date the Fund has not observed any of the above thus no impairment provision has been recognized in the financial statements.

The Fund's investments at amortised cost have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses.

The Fund's investments in treasury bill repurchase agreements that are obtained from primary dealers are collateralized with government securities. Therefore, considered as low risk investments.

#### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### 2.8 Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the Revenue can be reliably measured. The following specific criteria must be also be met before Revenue is recognised.

#### 2.9 Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash appropriate, to the net carrying amount of the financial asset.

#### 2.10 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank. The cash flow statement has been prepared using the direct method. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

#### 2.11 Income tax

The Fund is not liable to pay income tax as of the reporting date in accordance with Inland Revenue No 24 of 2017 as amended by the Inland Revenue (Amendment) Act No 45 of 2022. However, the interest income on commercial papers, trust certificates, money market savings & fixed deposits are taxed at 5% as per the Inland Revenue (Amended) Act No 45 of 2022 with effect from 1 January 2023. The Fund's income generated through investment business is treated as "pass-through vehicles" under the provisions of Inland Revenue No 24 of 2017 as amended by the Inland Revenue (Amendment) Act No 45 of 2022.

## Asia Securities Equity Opportunities Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 2. Summary of material accounting policies (Contd.)

#### 2.12 Expenses

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

Management fee -	1.5% p.a. of net asset value of the Fund calculated daily
Trustee fee -	0.25% p.a. of net asset value of the Fund calculated daily
Custodian fee -	Rs 240,000 per Annum

#### 2.13 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

#### 2.14 Increase / (decrease) in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unit holders. Movements in net assets attributable to unit holders are recognised in the statement of profit or loss.

#### 2.15 Unitholders' funds

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 unit holders as at the reporting date.

### 3. Financial risk management

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement, and monitoring. The Fund is exposed to credit risk, market risk, and liquidity risk.

Financial instruments of the Fund comprise investments in listed shares, treasury bills, treasury bonds, repurchase agreements, and money market savings deposits for the purpose of generating a return on the investment made by unit holders, in addition to cash at bank and other financial instruments such as receivables and payables, which arise directly from its operations.

The fund manager is responsible for identifying and controlling the risk that arise from these financial instruments. The fund manager agrees on policies for managing each of the risks identified below.

The risks are measured using a method that reflects the expected impact on the statement of profit or loss and statement of financial position of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

The fund manager also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the fund manager on a regular basis as deemed appropriate, including the fund manager, other key management, the investment committee, and ultimately the trustee of the Fund. The concentration of risk arises when several financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions.

## Asia Securities Equity Opportunities Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd)

#### a) Credit risk

Credit risk is the risk that the counterparty to the financial instruments will fail to discharge an obligation and cause the Fund to incur a financial loss of interest and/or principal. The Fund's exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the carrying amount of financial assets as at the reporting date. It is the Fund's policy to enter contracts with reputable counterparties. The Fund is subject to credit risk on its bank balances and investments at amortised cost. The credit risk exposure on these instruments is not deemed to be significant.

The Fund's maximum exposure to credit risk is the carrying amount of the financial assets are set out below;

Instrument	03/31/2025 (LKR)
Quoted equity securities (At market price)	105,751,632
Repurchase agreements	69,675,077
Cash at the bank	220,389
<b>Total</b>	<b>175,647,098</b>

The analysis below summarises the credit quality of the Fund's debt portfolio at 31 March 2025.

2025 Counterparty	Investment value as at 31 March 2025 (LKR)	As % of total investment	Credit rating	Rating agency
HNB Securities Ltd	69,675,077	39.67%	Not rated	
Deutsche Bank	220,389	0.13%	A-	Fitch Rating
<b>Total</b>	<b>69,895,466</b>			

#### b) Market risk

Market risk represents the risk that the value of the Fund's investments portfolios will fluctuate because of changes in market prices and rates. While market risk cannot be eliminated the fund manager will attempt to reduce this risk by diversifying the Fund's investment portfolio in line with investment objectives of the Fund.

#### c) Price risk

Price risk is that the fair value of the fund's investment in trading securities will fluctuate as a result of changes in the price of the fund's investments in trading securities. Price risk exposure arises from the fund's investment portfolios.

The table below shows the impact on the statement of comprehensive income and statement of financial position due to a reasonably possible change in the price of the Fund's investment in trading securities, with all other variable held constant.

Change in the price of the funds investments in trading securities existing as of reporting date	03/31/2025	
	Increase / (decreases) on profit before tax (LKR)	Increases / (decreases) on amounts attributable to unitholders (LKR)
+10%	10,575,163	10,575,163
-10%	(10,575,163)	(10,575,163)

## Asia Securities Equity Opportunities Fund NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd)

#### d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. 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 table below summarises the Fund's exposure to interest rate risks

03/31/2025	Floating interest rate (LKR)	Fixed interest rate (LKR)	Non-interest bearing (LKR)	Total (LKR)
<i>Financial assets</i>				
Cash and bank balances	-	220,389	-	220,389
Financial assets at FVTPL	-	-	105,751,632	105,751,632
Financial assets at amortized cost	-	69,675,077	-	69,675,077
<b>Total exposure</b>	<b>-</b>	<b>69,895,466</b>	<b>105,751,632</b>	<b>175,647,097</b>

#### e) 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. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. Units are redeemable at the unitholder's options based on the Fund's net asset value per unit at the time of redemption. The Fund manages its obligation when required to do so and its overall liquidity risk by:

- Investing primarily in financial instruments, which under normal market conditions are readily convertible to cash.
- The Fund will also make the Investments within the parameters set out by the Commission in accordance with the Unit Trust Code and the Deed to ensure there is no concentration of risk.
- Maintaining sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests. As a practice we maintain a minimum of 3% of the deposited property to be maintained in cash or near cash. (Near cash means investments such as bank/call deposits, repurchase agreements with maturities of less than 3 months, commercial paper endorsed or guaranteed by a Licensed Commercial Bank or Licensed Specialized Bank with maturities of less than 3 months and government securities including government bonds with maturities of less than one year which can be readily convertible into cash.)
- Requiring at least 14 days prior written notice for unitholder redemption equal to or greater than 3% of the net asset value of the Fund
- Continually search for new investors.

The time frame for return of cash to investors is five business days in which time investments may be recalled for redemption payouts. Further, the Fund is also permitted to borrow up to 15% of the deposited property for redemption payouts. Other financial liabilities have no contractual maturities. Due to the short-term nature of these financial instruments, carrying value approximates fair value.

## Asia Securities Equity Opportunities Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

### 3. Financial risk management (Contd.)

#### e) Liquidity risk (Contd)

The table below precises the Fund's non derivative financial assets and liabilities with contractual maturities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are the contractual undiscounted cash flows.

03/31/2025	Less than 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Total
<b>Financial Assets</b>					
Repurchase agreements	69,678,782	-	-	-	69,678,782
<b>Total</b>	<b>69,678,782</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,678,782</b>
<b>Financial Liabilities</b>					
Management fee	222,084	-	-	-	222,084
Trustee fee	44,796	-	-	-	44,796
Custody fee	24,669	-	-	-	24,669
<b>Total</b>	<b>291,549</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>291,549</b>

#### f) Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that net asset attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly daily as the Fund is subject to daily applications and redemptions at the discretion of unitholders. Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets daily by the Management Company. Under the terms of the Unit Trust Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of unitholders.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund. The Board of Directors and Investment Manager monitor capital on the basis of the value of net assets attributable to unit holders. Please refer to the Note 2 for more details. Disclosures relevant to unitholders' funds are as follows.

#### The movement in the unitholders' funds for the period ended 31 March 2025.

##### I. In terms of value

	03/31/2025 (LKR)
Unitholders' funds as at the beginning of the period	-
Creations during the period	137,119,570
Redemptions during the period	-
Increase in net assets attributable to unitholders during the period	38,026,874
<b>Unitholders' funds as at 31 March 2025</b>	<b>175,146,444</b>

##### II. In terms in numbers of units

	31/03/2025 (Units)
Opening number of units	-
Unit creations during the period	12,589,579
Unit redemptions during the period	-
<b>Closing number of units as at 31 March 2025</b>	<b>12,589,579</b>

## Asia Securities Equity Opportunities Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

#### 4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. In the selection and application of the company's accounting policies, which are described below, the Fund management company is required to make judgements and assumptions and use assumptions in measuring items reported in the financial statements.

These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates were revised if the revision affects only that period or in the period of the revision and future periods as well if the revision affects both the current and future periods. Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value.

Fair value of the financial instruments are determined by observable market prices or rates where available.

#### 5. Revenue

<b>5.1 Interest income</b>	<b>03/31/2025 (LKR)</b>
Repurchase agreements	2,368,053
Savings accounts	159,815
	<u>2,527,868</u>
<b>5.2 Dividend income</b>	<b>03/31/2025 (LKR)</b>
Dividend income	2,206,343
	<u>2,206,343</u>
5.3	Interest income is recognised on accrual basis using the effective interest rate method.
5.4	Notional tax is not applicable as per the new Inland Revenue Act No. 24 of 2017. Effective from 1st January 2023, withholding tax at the rate of 5% has been reintroduced on service fee payments which has a source in Sri Lanka and paid to a resident individual who is not an employee of the payer of such service fee.

#### 6. Realized gain / (loss) on financial assets held at FVTPL

	<b>03/31/2025 (LKR)</b>
Gain / (loss) - Disposal of equity shares	29,119,341
	<u>29,119,341</u>

#### Unrealized gain / (loss) on financial assets held at FVTPL

	<b>03/31/2025 (LKR)</b>
Unrealized appreciation of equity shares	12,411,829
	<u>12,411,829</u>

**Asia Securities Equity Opportunities Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

**8. Cash and bank balances**

	03/31/2025
	LKR
Deutsche Bank savings account (Note 8.1)	220,389
	220,389

**8.1 Cash and bank balances for the purpose of the statement of cash flow**

	03/31/2025
	LKR
Cash and bank balances	220,389

**9. Financial assets at amortised cost**

	03/31/2025
	LKR
Repurchase agreements	69,675,077
	69,675,077

**9.1 Repurchase agreements**

	03/31/2025
	LKR
HNB Securities Ltd	69,675,077
	69,675,077

These repurchase agreements are entirely backed by government securities.  
 No impairment provisions derived through investments.

**10. Financial assets at fair value through profit or loss**

**10.1 Quoted equity securities**

	03/31/2025
	LKR
Cost as at 31 March	93,339,803
Appreciation of market value	12,411,829
Market value as at end of the year	105,751,632

## Asia Securities Equity Opportunities Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

#### 10. Financial assets at fair value through profit or loss (Contd)

Quoted equity securities	No of ordinary shares	Market Price per share (LKR)	Market value LKR	Holdings as % of NAV
<b>Banks</b>				
Hatton National Bank PLC - Non	1,650	255.25	421,162	0.24%
DFCC Bank PLC	28,163	106.00	2,985,278	1.70%
Sampath Bank PLC	130,000	122.50	15,925,000	9.09%
			<b>19,331,440</b>	<b>11.04%</b>
<b>Capital Goods</b>				
Hayleys PLC John Keells Holdings PLC	53,000	137.00	7,261,000	4.15%
Royal Ceramic Lanka PLC	45,000	20.20	909,000	0.52%
	135,800	37.00	5,024,600	2.87%
			<b>13,194,600</b>	<b>7.53%</b>
<b>Diversified financials</b>				
Peoples Leasing & Finance PLC	305,000	17.90	5,459,500	3.12%
			<b>5,459,500</b>	<b>3.12%</b>
<b>Foods Beverages &amp; Tobacco</b>				
Sunshine Holdings PLC	674,800	21.50	14,508,200	8.28%
Lion Brewery Ceylon PLC	3,527	1,271.50	4,484,581	2.56%
			<b>18,992,781</b>	<b>10.84%</b>
<b>Materials</b>				
Alumex PLC CIC Holdings PLC Dipped	1,253,615	15.20	19,054,948	10.88%
Product PLC Ex-pack	109,150	77.90	8,502,785	4.85%
Corrugated Cartons PLC	100,000	55.00	5,500,000	3.14%
	573,279	13.90	7,968,578	4.55%
			<b>41,026,311</b>	<b>23.42%</b>
<b>Energy</b>				
Lanka IOC PLC	61,000	127.00	7,747,000	4.42%
			<b>7,747,000</b>	<b>4.42%</b>
<b>Total</b>			<b>105,751,632</b>	<b>60.38%</b>

#### 10.2 Determining of fair value and hierarchy of fair value

**Level 1** - Financial Instruments that are measured in whole or in part by reference to published quotes in an active market. A Financial Instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices

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

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

Due to the nature of the short term maturity, Carrying value of the financial asset at amortised cost are approximated to their fair value.

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

As at 31 March 2025	Total carrying value LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR	Level 4 LKR
<b>Financial asset measured at fair value</b>					
Financial assets recognised through profit or loss					
Investment in listed shares	105,751,632	105,751,632	-	-	105,751,632
<b>Total financial assets measured at fair value</b>	<b>105,751,632</b>	<b>105,751,632</b>	<b>-</b>	<b>-</b>	<b>105,751,632</b>

## Asia Securities Equity Opportunities Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

#### 11. Other payable

	03/31/2025 (LKR)
Management fees payable	222,084
Trustee fees payable	44,797
Custodian fees payable	24,669
Audit and tax consultancy fees payable	392,846
Other payable	62
	<b>684,458</b>

All accrued balances are payable within one year.

#### 12. Contingencies

There were no significant contingencies existing as at the reporting date that required adjustments to or disclosures in the financial statements.

#### 13. Units in issue and unit price

Number of units in issue and deemed to be in issue as at 31 March 2025 was 12,589,579 and net assets value per unit as at 31 March 2025 was Rs 13.9120.

#### 14. Related party disclosure

##### 14.1 Management company and trustee

The Management Company is Asia Securities Wealth Management (Private) Limited.

Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Private) Limited changed from Hatton National Bank PLC to Deutsche Bank AG, Colombo Branch.

##### 14.2 Key management personnel

Key management personnel includes persons who were directors of Asia Securities Wealth Management (Private) Limited at any time during the financial period.

##### Directors

Mr.Dumith Fernando

Mr.Avancka Herat

Mr. Arjuna Kumar Wignaraja (joined w.e.f 01st July 2024)

##### 14.3 Key management personnel compensation

There were no payments made to the directors of Asia Securities Wealth Management (Private) Limited during the period by the fund.

##### 14.4 Other transactions within the Fund

Apart from those details disclosed in note 14.5 key management personnel have not entered in to any other transactions involving the Fund during the financial period.

## Asia Securities Equity Opportunities Fund

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

#### 14. Related party disclosure (Contd)

##### 14.5 Related party unit holding transactions and balances

The following are the units held by related parties.

As at 31 March 2025	Relationship	No. of units 03/31/2025	Value of units held 03/31/2025
Unit holders			LKR
Dumith Fernando	Chairman	100,000	1,381,790
Avancka Herat	Chief Executive Officer	901	12,447
Asia Securities (Pvt) Ltd	Affiliate	10,056,330	138,957,367
Others	Other KMPs	10,199	140,935

"Others" includes other KMPs and the spouses and children of directors. "Other KMPs" refers to all individuals who, directly or indirectly, had responsibility for planning, directing, and controlling the activities of the Fund during the financial period.

##### 14.6 Transactions and balances related to the service provided by related parties

Fees were charged by the management company and trustee for services provided during the period and the balances outstanding related to such services as at period end are as disclosed below:

Charges for the period with related parties	2025
	LKR
Management fees to Asia securities Wealth Management (Private) Limited (Note 14.7)	1,575,540
Trustee fees (Note 14.7)	317,788
Custodian fees (Note 14.7)	365,205
Brokerage cost to the Asia Securities (Private) Limited	1,547,990

##### Balances with related parties

Current account balance held at Deutsche Bank as at 31 March (Note 8)	-
Saving account balance held at Deutsche Bank as at 31 March (Note 8)	220,389
Management fees payable to Asia securities Wealth Management (Private) Limited (Note 11)	222,084
Trustee fees payable (Note 11)	44,797
Custodian fees payable (Note 11)	24,669

Please refer to the note 2.12 for terms and conditions

**14.7** Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Private) Limited changed from Hatton National Bank PLC to Deutsche Bank AG, Colombo Branch, located at Level 21, One Galle Face Tower, 1A Centre Road, Galle Face, Colombo 02.

**Asia Securities Equity Opportunities Fund**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

**15. Reconciliation between the net asset value  
as per financial statements and the published net asset value**

	2025
	LKR
Net asset value as per financial statements	175,146,444
Published net asset value	175,146,444
Published number of units as at 31 March 2025	12,589,579
Net asset value per unit	13.9120

**16. Events occurring after reporting date**

No other events have occurred since the statement of financial position date which would require adjustments to or disclosure in the financial statements.

**17. Capital commitments**

There were no significant capital and financial commitments as at the reporting date.

## ASIA SECURITIES DYNAMIC GILT FUND

# ASIA SECURITY DYNAMIC GILT FUND REVIEW

(Inception: 31st July 2024)

**Fund Manager**  
Nadarajah Gowthaman

**Fund Objective**  
Maximize the returns at the moderate level of risk, with the potential of making capital gains through exclusively investing in medium to long term government securities in both primary and secondary markets.

**Fund Return**

Period	ASGF Return	CRISIL 364 Benchmark Return
2024-25 (Annualized) (31 Mar 2024 -31 Mar 2025)	11.32%	11.08%
YTD (Annualized) (31 Dec 2024 – 31 Mar 2025)	09.74%	10.37%

**Commentary**  
Over the course of the 2024/25 financial year, the Asia Securities Dynamic Gilt Fund delivered an annualized return of 11.32% to its investors. The fund primarily invests in long-term government securities, actively managing duration to capitalize on higher yields in a declining interest rate environment.

**Macroeconomic Overview:**  
**Sri Lanka in 2024/25**  
Sri Lanka’s economy remained on a steady path to recovery throughout 2024/25, following the severe downturn experienced in 2022. The government’s reform agenda began to yield tangible results, with notable improvements in economic activity, a reduction in uncertainty, and a marked increase in investor confidence. Inflation declined significantly during the year, even entering deflationary territory at one point, primarily due to falling global energy prices. The low-interest rate environment, maintained by the Central Bank, provided strong support for credit growth and domestic economic activity.

The external sector showed continued resilience. A current account surplus was recorded, and the Sri Lankan rupee strengthened against major currencies. On the fiscal front, performance improved for the second consecutive year, with the government achieving a primary surplus. The Central Bank of Sri Lanka (CBSL) upheld an accommodative monetary policy stance under its Flexible Inflation Targeting framework and introduced legal reforms aimed at enhancing financial stability and improving the governance of financial institutions.

The broader economic recovery has been underpinned by restored macroeconomic stability, easing inflationary pressures, low interest rates, and renewed investor optimism. Data-driven policy decisions by the Central Bank and sustained progress under the IMF Extended Fund Facility (EFF) have served as key pillars of this progress.

## ASIA SECURITY DYNAMIC GILT FUND REVIEW

### Global Context

Despite these domestic gains, Sri Lanka continues to operate in a challenging global environment. Global growth remains subdued, hindered by persistent geopolitical tensions, increasing protectionism, and shifting policy landscapes in major economies, particularly the United States. Rising tariffs and trade fragmentation threaten to disrupt global supply chains, which may have negative implications for Sri Lanka's export performance. Nevertheless, the decline in global energy prices and signs of cautious monetary easing by major central banks have provided some relief for emerging market economies, including Sri Lanka.

### Domestic Outlook

Looking ahead, inflation is expected to stabilize around 5% in the medium term, following a brief period of deflation in early 2025. The low-interest rate environment is likely to continue, supporting further credit expansion and sustained economic activity. The Central Bank is expected to maintain a flexible exchange rate regime while continuing to build up the country's foreign reserves.

Sri Lanka's external sector is projected to remain healthy, with a manageable trade deficit and continued growth in tourism revenues, remittances, and service exports likely to support another current account surplus in 2025. Fiscal consolidation efforts, particularly those focused on revenue generation, are expected to play a central role in reducing public debt and sustaining a primary surplus. Further reforms in tax administration and the restructuring of state-owned enterprises will be essential to strengthening public finances.

The financial sector is experiencing a gradual recovery, with credit growth picking up and stability improving. Efforts toward digital transformation and regulatory modernization are also gaining momentum. In terms of economic growth, the industry and services sectors are anticipated to be the main drivers of expansion. However, the agriculture sector may continue to face climate-related challenges. Long-term growth prospects will depend on continued structural reforms, particularly in the labor market, and increased investment in human capital.

### Key Risks

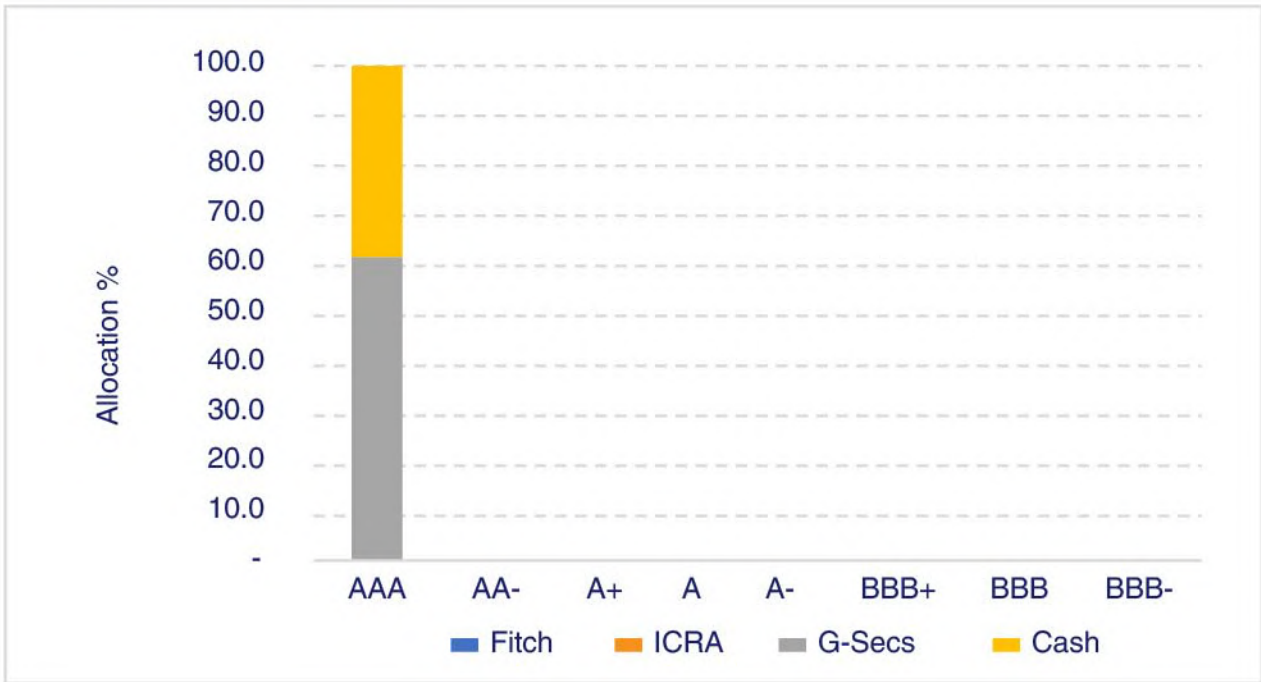
Despite the progress made, key risks remain. These include escalating global trade tensions, climate-related disruptions, and policy uncertainties in major economies. On the domestic front, challenges such as poverty, youth unemployment, and the underutilization of labor continue to pose significant concerns.

Source: CBSL

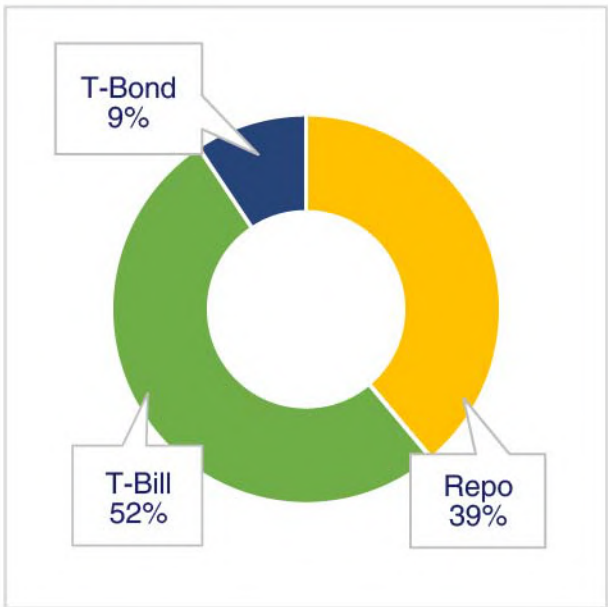
# ASIA SECURITY DYNAMIC GILT FUND REVIEW

## Key Facts of the Fund

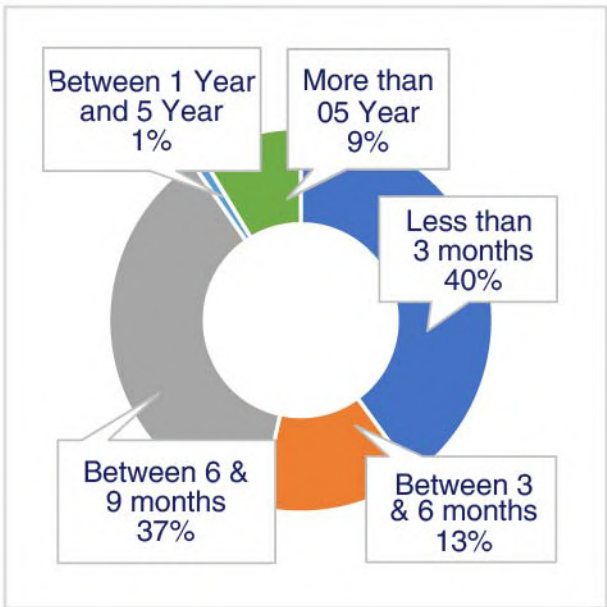
Fund Credit Quality -% of NAV



Asset Allocation



Maturity Profile



The background of the page is a white diagonal band. The top-right corner features a blurred image of a red line graph on a dark background. The bottom-left corner features a blurred image of a candlestick chart with blue and red bars and a blue line graph on a dark background.

**ASIA SECURITIES DYNAMIC GILT FUND**  
**AUDITED FINANCIAL STATEMENTS**  
FOR THE PERIOD ENDED 31 MARCH 2025



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## INDEPENDENT AUDITOR'S REPORT

### To the Unitholders of Asia Securities Dynamic Gilt Fund

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Asia Securities Dynamic Gilt Fund (the Fund). The financial statements of the Fund comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income, the statement of changes in unitholders' fund and the statement of cash flows for the year then ended; and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka 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 Managing Company, Asia Securities Wealth Management (Private) Limited is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

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## INDEPENDENT AUDITOR'S REPORT

### To the Unitholders of Asia Securities Dynamic Gilt Fund

## Report on the audit of the financial statements (Contd.)

### Other information (Contd)

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Managing Company and Those Charged with Governance for the Financial Statements

The Managing Company, Asia Securities Wealth Management (Private) Limited 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 Managing Company 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, the Managing Company 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 Managing Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional scepticism 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.



## INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Asia Securities Dynamic Gilt Fund

### Report on the audit of the financial statements (Contd.)

#### Auditor's Responsibilities for the Audit of the Financial Statements (Contd)

- 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 Managing Company.
- Conclude on the appropriateness of Managing Company'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 have been prepared and presented in accordance with and comply with the requirements of the unit trust deed and Collective Investment Scheme Code (CIS Code) of Securities and Exchange Commission of Sri Lanka.

*Deloitte Partners*

CHARTERED ACCOUNTANTS  
COLOMBO

16 July 2025



**Asia Securities Dynamic Gilt Fund**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the period from 31 July 2024 to 31 March 2025  
(All amounts in Sri Lanka Rupees)

		For the period from 31 July 2024 to 31 March 2025
	Note	LKR
<b>Continuing operation</b>		
<b>Revenue</b>		
Finance income - interest income	05	289,668,566
Fair value gain	06	60,670,516
<b>Total revenue</b>		<b>350,339,082</b>
<b>Operating expenses</b>		
Management fees		(9,110,921)
Trustee fees		(5,513,275)
Custodian fees		(193,376)
Audit fees		(609,588)
Other expenses		(396,135)
<b>Total operating expenses</b>		<b>(15,823,295)</b>
<b>Profit for the period</b>		<b>334,515,787</b>
<b>Increase in net assets attributable to unit holders</b>		<b>334,515,787</b>

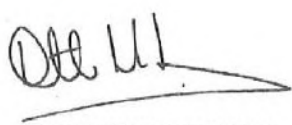
Figures in brackets indicate deductions.

The accounting policies and notes from pages 8 to 21 form an integral part of these financial statements.

**Asia Securities Dynamic Gilt Fund**  
**STATEMENT OF FINANCIAL POSITION**  
**Year ended 31 March 2025**  
**(All amounts in Sri Lanka Rupees)**

	Note	31.03.2025 LKR
<b>Assets</b>		
Cash and bank balances	07	2,036,219
Financial assets at amortised cost	08	1,960,711,358
Financial assets at FVTPL	09	3,091,969,617
<b>Total assets</b>		<b>5,054,717,194</b>
<b>Liabilities</b>		
Other payable	10	2,692,029
<b>Total liabilities</b>		<b>2,692,029</b>
<b>Net assets attributable to unit holders</b>		<b>5,052,025,165</b>
<b>Unitholders' funds</b>		
<b>Net assets attributable to unit holders</b>		<b>5,052,025,165</b>

The Fund Management Company and the Trustee are responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka Accounting Standards. These financial statements were approved by the Fund Management Company and the Trustee on 16th July 2025.



**Director**  
Asia Securities Wealth Management (Private) Limited  
Fund Management Company



**Trustee**  
Deutsche Bank AG, Colombo Branch  
Authorized Signatories  
Trustee



**Director**  
Asia Securities Wealth Management (Private) Limited  
Fund Management Company

*Figures in brackets indicate deductions.*

*The accounting policies and notes from pages 8 to 21 form an integral part of these financial statements.*

**Asia Securities Dynamic Gilt Fund**  
**STATEMENT OF CHANGES IN UNITHOLDERS' FUND**  
**Year ended 31 March 2025**  
**(All amounts in Sri Lanka Rupees)**

	<b>No of units</b>	<b>Unitholders' fund LKR</b>
Increase in net assets attributable to unitholders	-	334,515,787
Creation of units	469,989,275	4,719,509,378
Redemption of units	(187,268)	(2,000,000)
Net increase / (decrease) due to unit holders transactions	469,802,007	4,717,509,378
<b>Unitholders' funds as at 31 March 2025</b>	<b>469,802,007</b>	<b>5,052,025,165</b>

*Figures in brackets indicate deductions.*

*The accounting policies and notes from pages 8 to 21 form an integral part of these financial statements.*

**Asia Securities Dynamic Gilt Fund**  
**STATEMENT OF CASH FLOWS**  
**Year ended 31 March 2025**  
**(All amounts in Sri Lanka Rupees)**

	Notes	For the period from 31 July 2024 to 31 March 2025
<b>Cash flows from operating activities</b>		
Interest received		194,409,963
Gain on disposal of treasury bills		1,498,374
Gain on disposal of treasury bonds		37,765,335
Other expenses paid		(395,954)
Management fees, trustee fees and custodian fees paid		(12,735,312)
Investment in repurchase agreements		(52,699,608,566)
Investment in T-Bills		(4,346,832,974)
Investment in T-Bonds		(1,958,150,679)
Maturity proceed from repurchase agreements		50,740,625,407
Maturity proceed from T-Bills		1,843,773,128
Maturity proceed from T-Bonds		1,484,178,119
<b>Net cash used in operating activities</b>		<b>(4,715,473,159)</b>
<b>Cash flows from financing activities</b>		
Amounts received on unit creations		4,719,509,378
Amounts paid on unit redemptions		(2,000,000)
<b>Net cash generated from financing activities</b>		<b>4,717,509,378</b>
Net increase in cash and cash equivalents during the period		2,036,219
Cash and cash equivalents at the beginning of the period	07	-
<b>Cash and cash equivalents at the end of the period</b>	<b>(Note 7.1)</b>	<b>2,036,219</b>

Figures in brackets indicate deductions.

The accounting policies and notes from pages 8 to 21 form an integral part of these financial statements.

## Asia Securities Dynamic Gilt Fund NOTES TO THE FINANCIAL STATEMENTS

### 1. General Information

#### 1.1 General

Asia Securities Dynamic Gilt Fund ("the Fund") is an open-ended fund approved by the Securities and Exchange Commission of Sri Lanka. The Fund was launched on 31 July 2024. The Fund is managed by Asia Securities Wealth Management (Private) Limited which is incorporated and domiciled in Sri Lanka. The registered office of the Fund management company is located at 4th Floor, Lee Hedges Tower, No 349, Galle Road, Colombo 03. Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Pvt) Limited changed from Hatton National Bank PLC to Deutsche Bank AG, Colombo Branch, located at Level 21, One Galle Face Tower, 1A Centre Road, Galle Face, Colombo 02.

The investment objective of the fund is to maximize the returns a moderate level of risk, with the potential of making capital gains through exclusively investing in medium to long term government securities in both primary and secondary markets. There were no significant changes in the nature of the principal activities of the unit trust during the year under review.

#### 1.2 Date of authorization for issue

The financial statements of the Fund for the period ended 31 March 2025 were authorized for issue by the fund management company and the trustee on 16th July 2025.

### 2. Summary of material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

#### 2.1 Basis of accounting

The financial statements of the Fund have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Fund's financial statements are disclosed in note 4 to the financial statements. The statement of financial position is presented on a liquidity basis and assets and liabilities are presented in decreasing order of liquidity and are not distinguished between the current and non-current. The financial statements are presented in Sri Lankan rupees (LKR).

These are the Fund's first financial statements prepared in accordance with LKASs and SLFRSs as this is the first period of its operation.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after the Fund's inception, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

#### Statement of Compliance

The financial statements which comprise the statement of financial position as at 31 March 2025, statement of comprehensive income, statement of changes in unitholders' fund and statement of cash flows for the period from 31 July 2024 to 31 March 2025 and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards and the requirements of the Unit Trust Deed and Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

## Asia Securities Dynamic Gilt Fund NOTES TO THE FINANCIAL STATEMENTS

### 2. Summary of material accounting policies (Contd.)

#### 2.1 Basis of accounting (Contd)

##### Fund Managers responsibility for financial statements

The Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and CIS code 2022 of the Securities and Exchange Commission of Sri Lanka. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Financial Statements of the Fund at 31 March 2025 comprises of -

- The statement of profit or loss and other comprehensive income (SOPL) providing information on the performance for the year under review.
- Statement of financial position (SOFPI) providing the information on the financial position of the Fund as at the year end.
- Statement of changes in unit holders' fund providing the movement in the unitholders' funds during the year under review.
- Notes to the financial statements, which comprise of the accounting policies and other explanatory notes and information.

#### 2.2 Amendments to the Sri Lanka Accounting Standards

In the current year, the Fund has applied a number of amendments to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

##### (a) New accounting standards, amendments and interpretations issued but not yet effective and adopted in 2025

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka. Hence those are not adapted in the Fund during the year. The new standards and amendments listed below are not expected to have material impact on the financial statement at the time of the adoption.

##### (i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.

## Asia Securities Dynamic Gilt Fund NOTES TO THE FINANCIAL STATEMENTS

### 2. Summary of material accounting policies (Contd.)

#### 2.2 Amendments to the Sri Lanka Accounting Standards (Contd)

##### (b) New accounting standards, amendments and interpretations issued but not yet effective and adopted in 2025

##### (i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability (Contd)

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The directors of the Fund anticipate that the application of these amendments may not have an impact on the Funds' financial statements in future periods.

##### (ii) Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The directors of the Fund anticipate that the application of these amendments may not have an impact on the Fund's consolidated financial statements in future periods.

##### (iii) IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the Fund anticipate that the application of these amendments may not have an impact on the Fund's financial statements in future periods.

## Asia Securities Dynamic Gilt Fund NOTES TO THE FINANCIAL STATEMENTS

### 2. Summary of material accounting policies (Contd.)

#### 2.2 Amendments to the Sri Lanka Accounting Standards (Contd)

##### (iv) IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

The directors of the Fund do not anticipate that IFRS 19 will be applied for purposes of the Fund's financial statements.

#### 2.3 Functional and presentation currency

The Fund's investors are mainly from Sri Lanka, with all creation and redemption of units are denominated in Sri Lanka Rupees. The primary activity of the Fund is to invest in domestic securities and earn and offer unit holders a return. The performance of the Fund is measured and reported to the unitholders in Sri Lanka Rupees. The Trustee considers the rupees as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Accordingly, the financial statements are presented in Sri Lankan Rupees, which is the Fund's functional and presentation currency.

#### 2.4 Going concern

These financial statements are prepared on the assumption that the Fund is a going concern as continuing in operation for the foreseeable future. It is therefore assumed that the Fund has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operation. Management of the fund has assessed the potential impact of the current economic condition on the Fund's Operations, and is confident that it will not impact the going concern ability of the fund. In a period of rising inflation and interest rates, maturing investments will be typically re-invested at new and higher rates. This will result in a general increase in the fund's running returns.

## Asia Securities Dynamic Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS

## 2. Summary of material accounting policies (Contd.)

### 2.5 Financial assets

#### Classification and measurement of financial assets and financial liabilities

SLFRS 9 contains three principal classification categories of financial asset: measured at Amortized Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

#### (i) Recognition and initial measurement

All financial assets are initially recognized on the date the Fund becomes a party to the contractual provisions of the instrument. This includes purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

#### (ii) Classification

On initial recognition, a financial asset is classified as measured at: Amortized Cost, FVOCI or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Fund's financial assets classified under amortized cost include repurchase agreements, and money market savings.

A debt investment is measured at FVTPL if it meets both of the following conditions:- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any, Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

### 2.6 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost. Financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities measured at amortized cost include borrowings, accrued expenses and other payables.

#### Derecognition

##### Financial assets

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Fund enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

## Asia Securities Dynamic Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS

## 2. Summary of material accounting policies (Contd.)

### 2.6 Financial liabilities – classification, subsequent measurement and gains and losses (Contd)

#### Financial liabilities

The Fund derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Fund also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### Offsetting of financial instruments

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

- There is a currently enforceable legal right to offset the recognized amounts and
- There is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously

### 2.7 Impairment

The Fund recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost.

The Fund measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the fund is exposed to credit risk.

#### Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due.
- The restructuring of a loan or advance by the Fund on terms that the Fund would not consider otherwise.
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

As of the statement of financial position date the Fund has not observed any of the above thus no impairment provision has been recognized in the financial statements.

The Fund's investments at amortized cost have low credit risk, and the loss allowance recognized during the period was therefore limited to 12 months expected losses.

The Fund's investments in treasury bill repurchase agreements that are obtained from primary dealers are collateralized with government securities. Therefore, considered as low risk investments.

## Asia Securities Dynamic Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS

## 2. Summary of material accounting policies (Contd.)

### 2.7 Impairment (Contd)

#### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

### 2.8 Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the Revenue can be reliably measured. The following specific criteria must be also be met before Revenue is recognized.

### 2.9 Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash appropriate, to the net carrying amount of the financial asset.

### 2.10 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank. The cash flow statement has been prepared using the direct method. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

### 2.11 Income tax

The Fund is not liable to pay income tax as of the reporting date in accordance with Inland Revenue No 24 of 2017 as amended by the Inland Revenue (Amendment) Act No 45 of 2022. However, the interest income on money market savings are taxed at 5% as per the Inland Revenue (Amended) Act No 45 2022 with effect from 1 January 2023. The Fund's income generated through investment business is treated as "pass-through vehicles" under the provisions of Inland Revenue No 24 of 2017 as amended by the Inland Revenue (Amendment) Act No 45 of 2022.

### 2.12 Expenses

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

Management fee	-	0.30% p.a. of net asset value of the Fund calculated daily
Trustee fee	-	0.15% p.a. of net asset value of the Fund calculated daily
Custodian fee	-	Rs 240,000 per Annum

### 2.13 Accrued expenses

Accrued expenses are recognized initially at fair value and subsequently stated at amortized cost using the effective interest method.

### 2.14 Increase / (decrease) in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unit holders. Movements in net assets attributable to unit holders are recognized in the statement of profit or loss.

### 2.15 Unitholders' funds

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 unit holders as at the reporting date.

## Asia Securities Dynamic Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS

### 3. Financial risk management

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement, and monitoring. The Fund is exposed to credit risk, market risk, and liquidity risk.

Financial instruments of the Fund comprise investments in treasury bills, treasury bonds, and repurchase agreements, and money market savings deposits for the purpose of generating a return on the investment made by unit holders, in addition to cash at bank and other financial instruments such as receivables and payables, which arise directly from its operations.

The fund manager is responsible for identifying and controlling the risk that arise from these financial instruments. The fund manager agrees on policies for managing each of the risks identified below.

The risks are measured using a method that reflects the expected impact on the statement of profit or loss and statement of financial position of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

The fund manager also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the fund manager on a regular basis as deemed appropriate, including the fund manager, other key management, the investment committee, and ultimately the trustee of the Fund.

The concentration of risk arises when several financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions.

#### a) Credit risk

Credit risk is the risk that the counterparty to the financial instruments will fail to discharge an obligation and cause the Fund to incur a financial loss of interest and/or principal. The Fund's exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the carrying amount of financial assets as at the reporting date. It is the Fund's policy to enter contracts with reputable counterparties. The Fund is subject to credit risk on its bank balances and investments at amortized cost. The credit risk exposure on these instruments is not deemed to be significant.

The Fund's maximum exposure to credit risk is the carrying amount of the financial assets are set out below;

Instrument	03/31/2025
Repurchase agreements	1,960,711,358
Treasury bills	2,611,300,380
Treasury bonds	480,669,237
Cash at the bank	2,036,219
<b>Total</b>	<b>5,054,717,194</b>

## Asia Securities Dynamic Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS

### 3. Financial risk management (Contd)

#### a) Credit risk (Contd)

The analysis below summarizes the credit quality of the Fund's debt portfolio at 31 March 2025;

2025 Counterparty	Investment value as at 31 March 2025(LKR)	% of investment	Credit rating	Rating agency
HNB Securities Ltd	1,960,711,358	38.79%	Not rated	
Deutsche Bank	2,036,219	0.04%	A-	Fitch Rating
<b>Total</b>	<b>1,962,747,577</b>			

Debt securities by rating category.

Rating	2025
A-	2,036,219
Not rated	1,960,711,358
<b>Total</b>	<b>1,962,747,577</b>

#### b) Market risk

Market risk represents the risk that the value of the Fund's investments portfolios will fluctuate because of changes in market prices and rates. While market risk cannot be eliminated the fund manager will attempt to reduce this risk by diversifying the Fund's investment portfolio in line with investment objectives of the Fund.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. 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 table below summarizes the Fund's exposure to interest rate risks

31/03/2025	Floating interest rate LKR	Fixed interest rate LKR	Non-interest bearing LKR	Total LKR
<i>Financial assets</i>				
Cash and cash equivalents	-	2,036,219	-	2,036,219
Financial assets at FVTPL	-	3,091,969,617	-	3,091,969,617
Financial assets at amortised cost	-	1,960,711,358	-	1,960,711,358
<b>Total exposure</b>	<b>-</b>	<b>5,054,717,194</b>	<b>-</b>	<b>5,054,717,194</b>

## Asia Securities Dynamic Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS

### 3. Financial risk management (Contd)

#### c) 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. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. Units are redeemable at the unitholder's options based on the Fund's net asset value per unit at the time of redemption.

The Fund manages its obligation when required to do so and its overall liquidity risk by:

- Investing primarily in financial instruments, which under normal market conditions are readily convertible to cash.
- The Fund will also make the Investments within the parameters set out by the Commission in accordance with the Unit Trust Code and the Deed to ensure there is no concentration of risk.
- Maintaining sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests. As a practice we maintain a minimum of 3% of the deposited property to be maintained in cash or near cash. (Near cash means investments such as bank/call deposits, repurchase agreements with maturities of less than 3 months, commercial paper endorsed or guaranteed by a Licensed Commercial Bank or Licensed Specialized Bank with maturities of less than 3 months and government securities including government bonds with maturities of less than one year which can be readily convertible into cash.)
- Requiring at least 14 days prior written notice for unitholder redemption equal to or greater than 3% of the net asset value of the Fund
- Continually search for new investors.

The time frame for return of cash to investors is five business days in which time investments may be recalled for redemption payouts. Further, the Fund is also permitted to borrow up to 15% of the deposited property for redemption payouts. Other financial liabilities have no contractual maturities. Due to the short-term nature of these financial instruments, carrying value approximates fair value.

The table below precises the Fund's non derivative financial assets and liabilities with contractual maturities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are the contractual undiscounted cash flows.

31/03/2025	Less than 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Total
<b>Financial Assets</b>					
Treasury Bills	14,643,606	-	730,261,000	1,991,993,359	2,736,897,965
Treasury Bonds	-	-	-	464,570,571	464,570,571
Repurchase agreements	1,962,007,507	-	-	-	1,962,007,507
<b>Total</b>	<b>1,976,651,113</b>	<b>-</b>	<b>730,261,000</b>	<b>2,456,563,930</b>	<b>5,163,476,043</b>
<b>Financial Liabilities</b>					
Management fee	1,281,885	-	-	-	1,281,885
Trustee fee	775,705	-	-	-	775,705
Custody fee	24,669	-	-	-	24,669
<b>Total</b>	<b>2,082,259</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,082,259</b>

## Asia Securities Dynamic Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS

### 3. Financial risk management (Contd)

#### d) Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that net asset attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly daily as the Fund is subject to daily applications and redemptions at the discretion of unitholders. Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets daily by the Management Company. Under the terms of the Unit Trust Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of unitholders.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund. The Board of Directors and Investment Manager monitor capital on the basis of the value of net assets attributable to unit holders. Please refer to the Note 2 for more details. Disclosures relevant to unitholders' funds are as follows.

**The movement in the unitholders' funds for the period ended 31 March 2025.**

#### I. In terms of value

	31/03/2025 (LKR)
Unitholders' funds as at the beginning of the period	-
Creations during the period	4,719,509,378
Redemptions during the period	(2,000,000)
Increase in net assets attributable to unitholders during the period	334,515,787
<b>Unitholders' funds as at 31 March 2025</b>	<b>5,052,025,165</b>

#### II. In terms in numbers of units

	31/03/2025 (Units)
Opening number of units	-
Unit creations during the period	469,989,275
Unit redemptions during the period	(187,268)
<b>Closing number of units as at 31 March 2025</b>	<b>469,802,007</b>

### 4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. In the selection and application of the company's accounting policies, which are described below, the Fund management company is required to make judgements and assumptions and use assumptions in measuring items reported in the financial statements.

## Asia Securities Dynamic Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS

#### 4. Critical accounting estimates and judgements (Contd)

These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates were revised if the revision affects only that period or in the period of the revision and future periods as well if the revision affects both the current and future periods. Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value.

Fair value of the financial instruments are determined by observable market prices or rates where available.

#### 5. Revenue

	03/31/2025 LKR
5.1 Finance income - interest income	
Repurchase agreements	98,688,324
Treasury bills	148,507,715
Treasury bonds	42,382,263
Money market bank accounts	90,264
	<b>289,668,566</b>

5.2 Income is recognized on accrual basis using the effective interest rate method.

5.3 Notional tax is not applicable as per the new Inland Revenue Act No. 24 of 2017.

Effective from 1st January 2023, withholding tax at the rate of 5% has been reintroduced on service fee payments which has a source in Sri Lanka and paid to a resident individual who is not an employee of the payer of such service fee.

**Asia Securities Dynamic Gilt Fund**  
**NOTES TO THE FINANCIAL STATEMENTS**

**6. Fair value gain**

**03/31/2025**

**LKR**

Unrealized gains / (losses) on financial assets fair value through profit or loss	21,406,808
Realized gains / (losses) on financial assets fair value through profit or loss	39,263,708
	<b>60,670,516</b>

**6.1 Unrealized gains / (losses) on financial assets fair value through profit or loss**

Treasury bills	15,251,568
Treasury bonds	6,155,240
	<b>21,406,808</b>

**6.2 Realized gains / (losses) on financial assets fair value through profit or loss**

Treasury bills	1,498,373
Treasury bonds	37,765,335
	<b>39,263,708</b>

**7. Cash and bank balances**

**03/31/2025**

**LKR**

Deutsche Bank savings account	2,036,219
	<b>2,036,219</b>

**7.1 Cash and bank balances for the purpose of the statement of cash flow**

**03/31/2025**

**LKR**

Cash and bank balances	<b>2,036,219</b>
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## Asia Securities Dynamic Gilt Fund

### NOTES TO THE FINANCIAL STATEMENTS

#### 8. Financial assets at amortised cost

		03/31/2025
		LKR
Repurchase agreements	8.1	1,960,711,358
		<u>1,960,711,358</u>

##### 8.1 Repurchase agreements

	03/31/2025
	LKR
HNB Securities Ltd	1,960,711,358
	<u>1,960,711,358</u>

These repurchase agreements are entirely backed by government securities.

No impairment provision derived through these investments.

#### 9. Financial assets at fair value through profit or loss

	03/31/2025
	LKR
Treasury bills	2,611,300,380
Treasury bonds	480,669,237
	<u>3,091,969,617</u>

##### Determining of fair value and hierarchy of fair value

**Level 1** - Financial Instruments that are measured in whole or in part by reference to published quotes in an active market. A Financial Instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices

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

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

Due to the nature of the short term maturity, Carrying value of the financial asset at amortized cost are approximated to their fair value.

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

As at 31 March 2025	Total carrying value	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value					
Financial assets recognized through profit or loss - measured at fair value					
Government securities	3,091,969,617	3,091,969,617	-	-	3,091,969,617
Total financial assets measured at fair value	<u>3,091,969,617</u>	<u>3,091,969,617</u>	-	-	<u>3,091,969,617</u>

**Asia Securities Dynamic Gilt Fund**  
**NOTES TO THE FINANCIAL STATEMENTS**

## 10. Other payable

	03/31/2025
	LKR
Management fees payable	1,281,885
Trustee fees payable	775,705
Custodian fees payable	24,669
Audit and tax consultancy fees payable	609,588
Other payable	182
	<b>2,692,029</b>

All accrued balances are payable within one year.

## 11. Contingencies

There were no significant contingencies existing as at the reporting date that required adjustments to or disclosures in the financial statements.

## 12. Units in issue and unit price

Number of units in issue and deemed to be in issue as at 31 March 2025 was 469,802,007 and net assets value per unit as at 31 March 2025 was Rs 10.7535.

## 13. Related party disclosure

### 13.1 Management company and trustee

The Management Company is Asia Securities Wealth Management (Private) Limited.

Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Private) Limited changed from Hatton National Bank PLC to Deutsche Bank AG, Colombo Branch, located at Level 21, One Galle Face Tower, 1A Centre Road, Galle Face, Colombo 02.

### 13.2 Key management personnel

Key management personnel includes persons who were directors of Asia Securities Wealth Management (Private) Limited at any time during the financial period.

#### Directors

Mr.Dumith Fernando

Mr.Avancka Herat

Mr. Arjuna Kumar Wignaraja (joined w.e.f 01st July 2024)

**Asia Securities Dynamic Gilt Fund**  
**NOTES TO THE FINANCIAL STATEMENTS**

## **13.Related party disclosure (Contd.)**

### **13.3 Key management personnel compensation**

There were no payments made to the directors of Asia Securities Wealth Management (Private) Limited during the period by the fund.

### **13.4 Other transactions within the Fund**

Apart from those details disclosed in Note 13.5 key management personnel have not entered in to any other transactions involving the Fund during the financial period.

### **13.5 Related party unit holding transactions and balances**

Key management personnel made no investments during the financial period.

### **13.6 Asia Securities' discretionary employee retirement benefit plan**

The discretionary employee retirement benefit plan program is available to all employees of Asia Securities Wealth Management (Pvt) Ltd and its affiliates, including non-executive directors. This is a special benefit that the company grants to its employees and its non-executive directors.

	<b>No of Units Held 2025</b>	<b>Value of units held 2025</b>
Asia Securities' discretionary employee retirement benefit plan	330,584	3,554,940
	330,584	3,554,940

**Asia Securities Dynamic Gilt Fund**  
**NOTES TO THE FINANCIAL STATEMENTS**

## 13.Related party disclosure (Contd.)

### 13.7 Transactions and balances related to the service provided by related parties

Fees were charged by the management company and trustee for services provided during the period and the balances outstanding related to such services as at period end are as disclosed below:

		<b>03/31/2025</b>
<b>Charges for the period with related parties</b>		<b>LKR</b>
Management fees to		
Asia securities Wealth Management (Pvt) Ltd		9,110,921
Trustee fees	(Note 13.8)	5,513,275
Custodian fees	(Note 13.8)	193,376

### Balances with related parties

Current account held at Deutsche Bank as at 31 March 2025	(Note 07)	-
Savings account balance held at Deutsche Bank 31 March 2025	(Note 07)	2,036,219
Management fees payable to		
Asia Securities Wealth Management (Pvt) Ltd	(Note 10)	1,281,885
Trustee fees payable	(Note 10)	775,705
Custodian fees payable	(Note 10)	24,669

**Please refer to the note 2.12 for terms and conditions**

**13.8** Effective from 5th August 2024, the trustee and custodian for the unit trust funds managed by Asia Securities Wealth Management (Pvt) Limited changed from Hatton National Bank PLC to Deutsche Bank AG.

Deutsche Bank has not invested in the Fund during the year.

**Asia Securities Dynamic Gilt Fund**  
**NOTES TO THE FINANCIAL STATEMENTS**

**14. Reconciliation between the net asset value as per financial statements and the published net asset value**

	<b>2025</b>
	<b>LKR</b>
Net asset value as per financial statements	5,052,025,165
Published net asset value	5,052,025,165
Published number of units as at 31 March	469,802,007
<b>Net asset value per unit</b>	<b><u>10.7535</u></b>

**15. Events occurring after reporting date**

No other events have occurred since the statement of financial position date which would require adjustments to or disclosure in the financial statements.

**16. Capital commitments**

There were no significant capital and financial commitments as at the reporting date.

## CORPORATE INFORMATION

### MANAGEMENT COMPANY

Asia Securities Wealth Management (Pvt) Limited  
4th Floor, Lee Hedges Tower,  
349, Galle Road, Colombo 3

### TRUSTEE & CUSTODIAN

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

### AUDITORS

Deloitte Partners  
100, Braybrooke Place, Colombo 2

### LAWYERS

Nithya Partners  
97/A, Galle Main Road, Colombo 3

### BANKERS

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

## DECLARATION BY THE TRUSTEES AND MANAGEMENT COMPANY

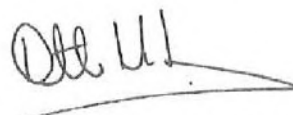
This declaration is issued in line with the SEC Circular No. 02/2009 on Guidelines for Trustees and Managing Companies of Unit Trusts Funds, by the Trustees and Management Company. Deutsche Bank AG, the Trustee and Asia Securities Wealth Management (Pvt) Ltd, the Managers of Asia Securities Money Market Fund, Asia Securities Income Fund, Asia Securities Gilt Fund, Asia Securities Equity Opportunities Fund and Asia Securities Dynamic Gilt Fund hereby declare that;

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

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



.....  
**Director**  
**Management Company**



.....  
**Director**  
**Management Company**

**DEUTSCHE BANK AG**  
Colombo Branch



.....  
**Authorized Signatories**  
**Trustee**  
.....  
**Authorized Signatories**  
**Trustee**

