2025/26

Audited Financial Statements

First Capital Money Market Fund

Managed by
FIRST CAPITAL ASSET MANAGEMENT LIMITED

First Capital
A Janashakthi Group Company

CONTENT

DESCRIPTION	Page
Fund Manager's Report	1
Financial Reports	
Independent Auditor's Report	7
Statement of Profit or Loss and Other Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Unitholders' Funds	12
Statement of Cash Flows	13
Notes to the Financial Statements	14
Corporate Information	50

First Capital

Report of The Manager

We have pleasure in presenting to you the Audited Financial Statements of First Capital Money Market Fund for the year ended 31 March 2026.

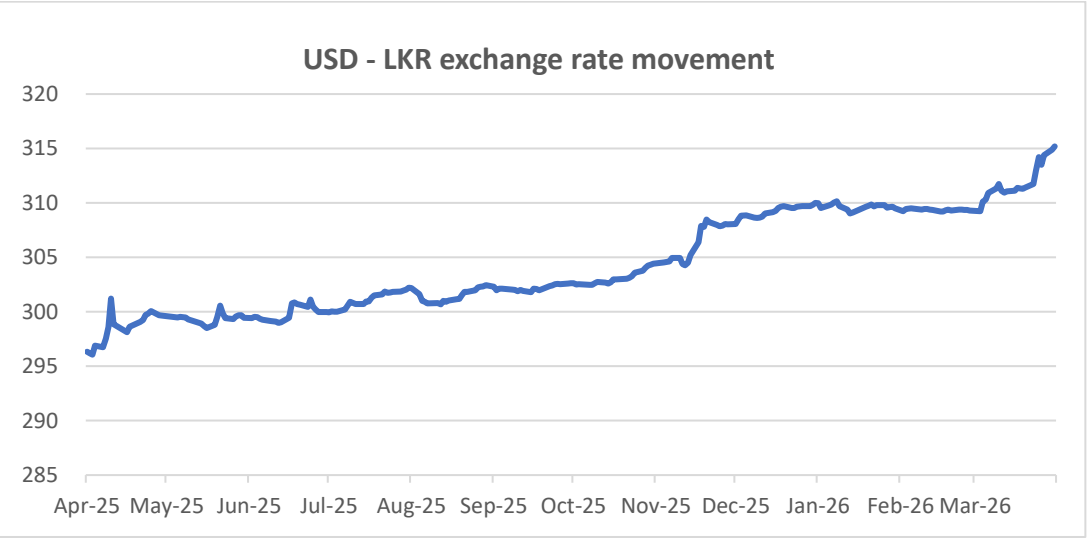
Economic and Industry Overview

The Sri Lankan economy continued its recovery during the year 2025/26, supported by sustained macroeconomic stability, improving investor confidence and continued implementation of structural reforms under the International Monetary Fund (IMF) program. Economic growth moderated compared to the strong rebound witnessed during the previous year, the economy remained on a positive trajectory, supported by gradual improvements in private sector activity, tourism, remittance inflows and expanding domestic demand.

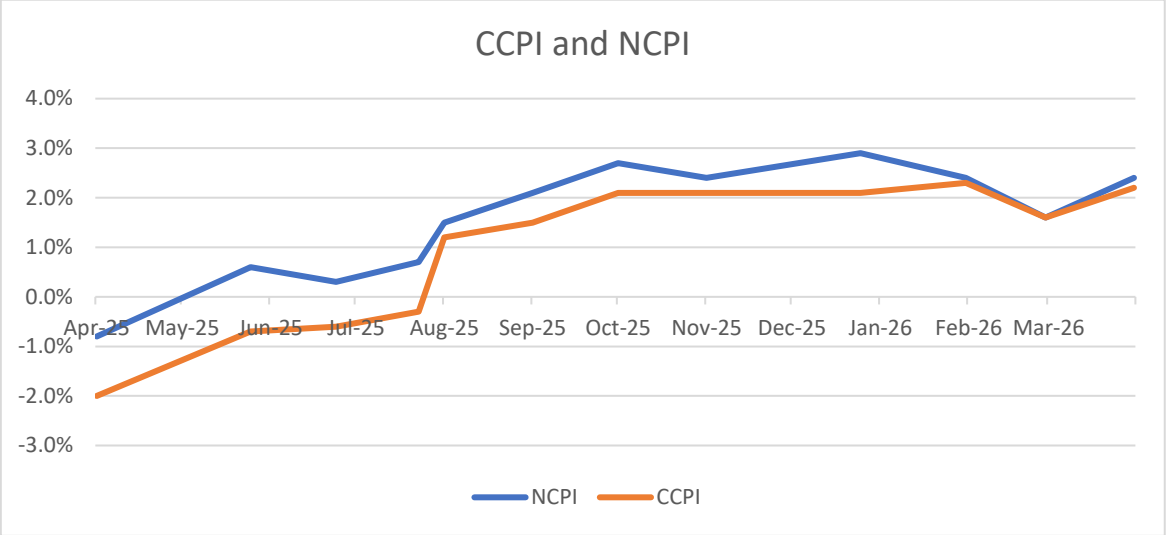
During the year, Sri Lanka successfully completed the fourth and fifth reviews under the IMF Extended Fund Facility programme, reinforcing policy credibility and unlocking additional external financing. Continued progress in implementing fiscal reforms, together with the successful completion of external debt restructuring, strengthened investor confidence during the period.

Inflation remained well below the Central Bank of Sri Lanka's medium-term target for much of the financial year owing to subdued domestic demand, favourable base effects and lower global commodity prices during the first half of the year. However, inflationary pressures gradually re-emerged towards the latter part of the period following adjustments to administered prices, stronger private sector credit growth and rising global energy prices amid heightened geopolitical tensions.

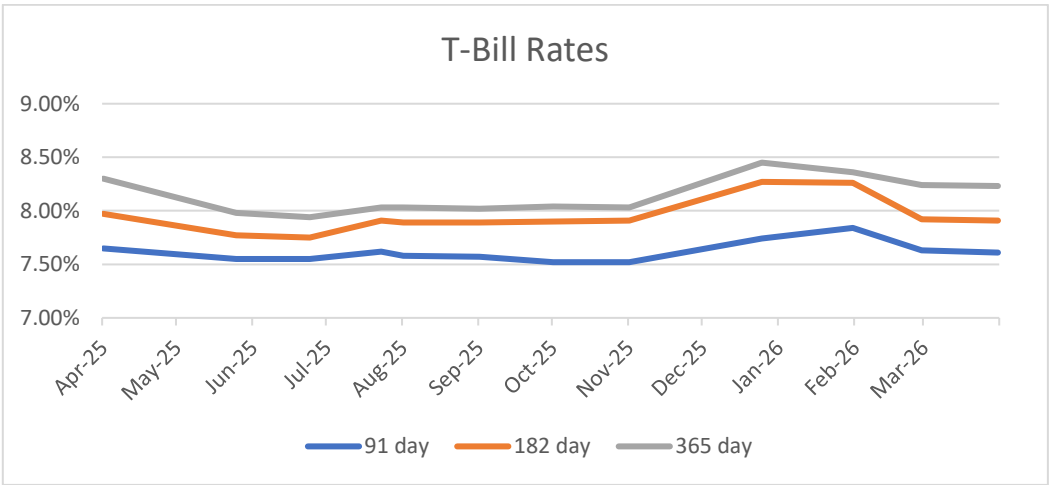
The Sri Lankan Rupee remained relatively stable throughout most of the financial year, supported by healthy foreign exchange inflows from tourism, workers' remittances and export earnings. Nevertheless, the currency experienced moderate depreciation during the final quarter of the year as global crude oil prices increased following escalating geopolitical tensions in the Middle East, leading to higher import expenditure and increased demand for foreign currency.



Gross official reserves continued to improve during the year, supported by sustained foreign exchange purchases by the Central Bank of Sri Lanka, continued multilateral disbursements and stronger tourism receipts. The improved external sector position contributed to maintaining confidence in the country's balance of payments despite increased import demand during the latter part of the year.



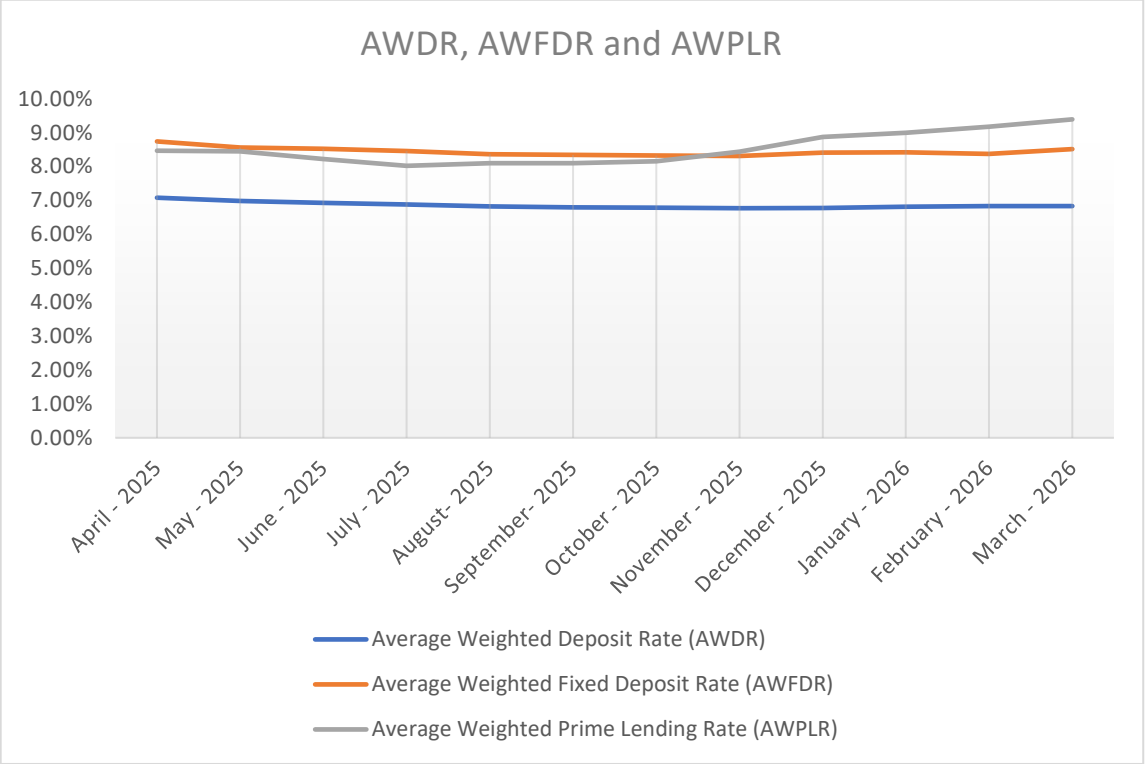
The Central Bank of Sri Lanka maintained an accommodative monetary policy stance during the first half of the financial year as inflation remained subdued. However, with inflation expectations gradually normalizing and private sector credit recording a strong recovery, monetary policy remained largely unchanged during the latter part of the year while the Central Bank continued to monitor evolving domestic and global developments. Treasury bill yields remained broadly stable during the first half before gradually increasing towards the end of the financial year, reflecting market expectations of firmer inflation and increased government borrowing requirements.



Fund Performance

First Capital Money Market Fund reported a Profit after Tax of Rs. 4.12Bn for the year ended 31 March 2026 compared to Rs. 5.86Bn in the previous year (2024/25). The decrease in profit after tax is mainly due to the decrease in interest income on financial assets from Rs. 6.42Bn to Rs. 4.76Bn (Year on Year Basis) which is due to the lower funds under management during the year.

The Fund reported an Annualised Return of 8.06% for the year ended 31 March 2026 compared to the Average Weighted Deposit Rate of 6.86% (Source: Central Bank of Sri Lanka – Monthly Economic Indicators; https://www.cbsl.gov.lk/statistics/economic-indicators/monthly-indicators). The Annualised Return reported in the previous year (2024/25) was 10.05% compared to the Average Weighted Deposit Rate of 7.96% (Source: Central Bank of Sri Lanka – Monthly Economic Indicators; https://www.cbsl.gov.lk/statistics/economic-indicators/monthly-indicators).

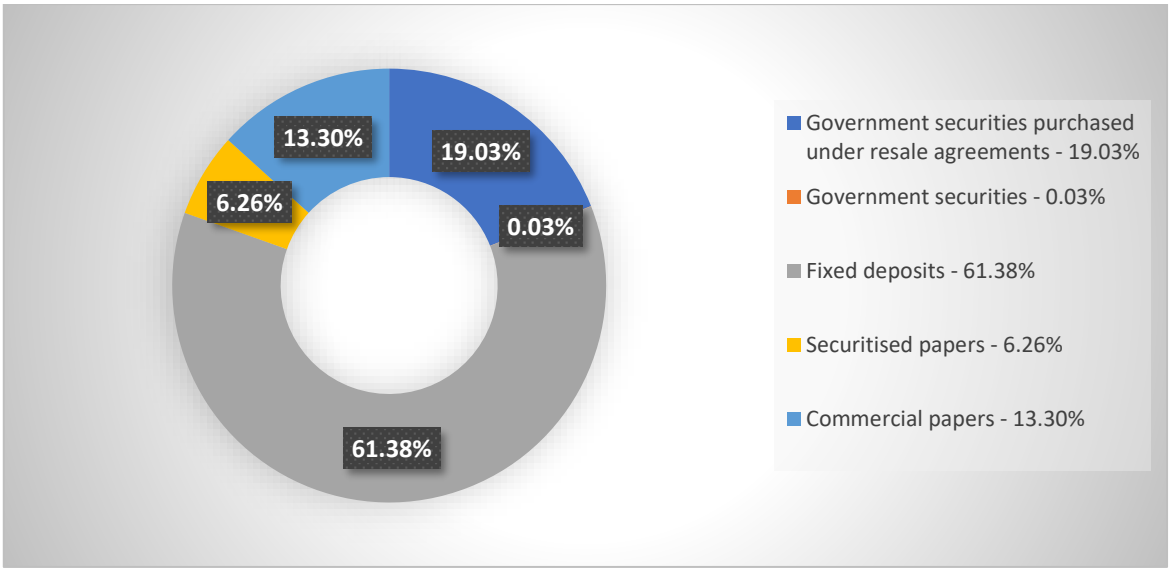


Over the financial year, the fund strategically reallocated a portion of its investments from government securities to fixed deposits with investment-grade-rated issuers to capitalize on the higher yields driven by private sector credit growth. At the same time, it maintained adequate liquidity through a prudent allocation to government securities and related instruments. By taking advantage of the favorable interest rate environment, the fund actively managed portfolio duration to enhance returns while carefully structuring the maturity profile to meet liquidity requirements. The continued allocation to government securities also reinforced the portfolio's strong credit quality, supporting both return generation and capital preservation objectives.

The Funds under Management of the First Capital Money Market Fund as at 31 March 2026 was Rs. 44.27Bn compared to Rs. 70.40Bn year ago (as of 31 March 2025). The decrease in Funds under Management (YoY basis) is also due to declining market yields and continued growth in private sector credit, investors increasingly sought longer-term investment options to offset the reduction in yields available on short-term instruments such as money market funds.

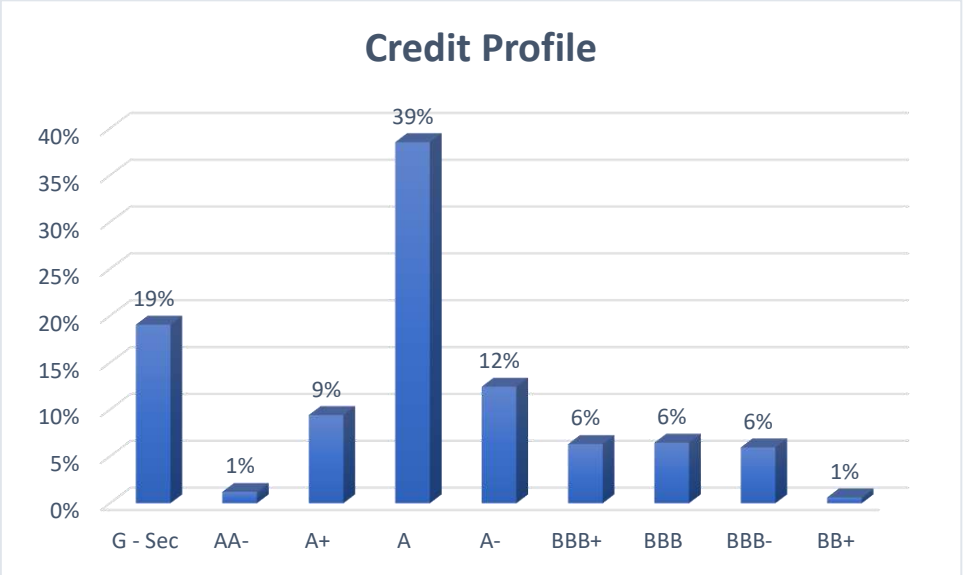
Period	Year to Date (01-April-2025 to 31-Mar-2026)	3 Months (01-Jan-2026 to 31-Mar-2026)	1 Month (01-Mar-2026 to 31-Mar-2026)
Annualised Fund Return	8.07%	8.10%	8.24%
Average Weighted Deposit Rate (AWDR)	6.86%	6.82%	6.83%

Asset Allocation as at 31 March 2026

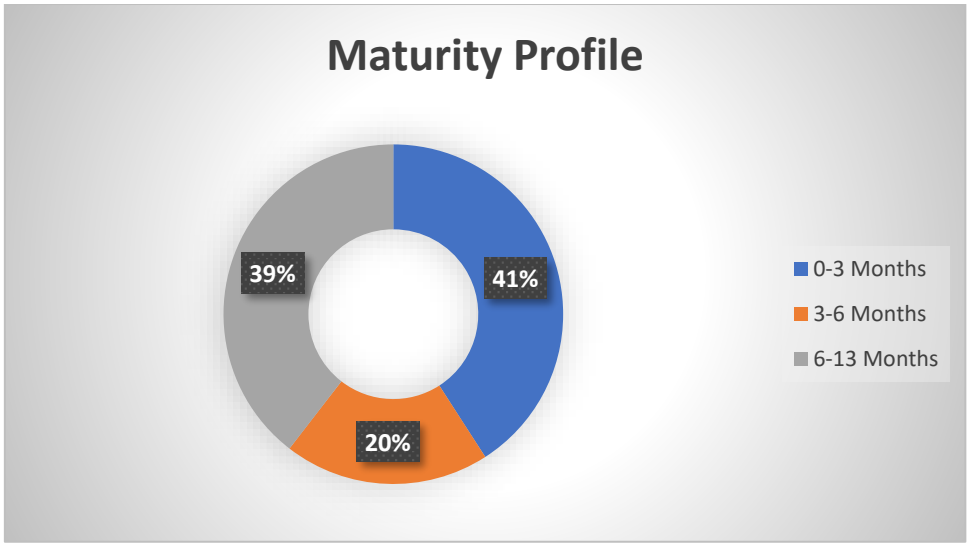


At the end of the reporting period, the Fund maintained a predominantly conservative investment portfolio, with 61% of assets invested in fixed deposits. The remaining assets were diversified into securities rated at and above investment grade, as illustrated in the accompanying credit profile chart.

Credit Profile as at 31 March 2026



Maturity Profile as at 31 March 2026



Given the prevailing macroeconomic conditions and interest rate environment, the fund will continue to focus on maximizing returns through strategic allocations across high-quality asset classes, while carefully assessing the associated risk–return trade-offs. As a money market fund, it remains committed to preserving capital and maintaining adequate liquidity to meet investor redemption requirements in a timely manner.

Approximately 59% of the Fund's total investments have maturities between 3 and 13 months, while the remaining 41% are within the 0 to 3-month maturity range. This allocation strategy helps to effectively balance reinvestment risk amid fluctuating interest rates, while also ensuring that a significant portion of the portfolio can be repriced at current market rates. Additionally, the investments maturing within 0 to 3 months also meet the regulatory liquidity requirement for Money Market Funds, representing at least 20% of the fund's assets within one month period.

Future Outlook

Sri Lanka's economic recovery continued in 2025, with real GDP expanding by 5.0%, supported by stable monetary policy, continued progress under the IMF programme, and improving macroeconomic conditions.

Looking ahead, economic growth is expected to moderate to 3.0%-4.0% in year 2026 amid a more challenging operating environment. Escalating geopolitical tensions in the Middle East, tighter domestic monetary conditions, and persistent inflationary pressures are likely to weigh on household consumption and private sector activity. Meanwhile, slower-than-expected public capital expenditure may constrain investment-led growth. Inflation is expected to remain elevated in the near term, averaging between 6.0% and 8.0%, driven by higher fuel and utility prices, food inflation, and the pass-through effects of recent cost increases.

The global economic outlook remains challenging in the near term, with escalating geopolitical tensions in the Middle East posing significant downside risks to global growth. The potential disruption to energy markets and a sustained increase in oil prices could intensify inflationary pressures, tighten financial conditions, and weigh on economic activity across both advanced and emerging economies. Consequently, global growth expectations for year 2026 has been revised downward, reflecting the heightened uncertainty arising from these geopolitical developments.

Appreciations

We would like to express our gratitude to our esteemed unitholders for their confidence in us. Additionally, we wish to acknowledge the invaluable support received from the Securities and Exchange Commission of Sri Lanka and our Trustee, the Bank of Ceylon.

Private & Confidential

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF FIRST CAPITAL MONEY MARKET FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of First Capital Money Market Fund ("the Fund"), which comprise the statement of financial position as at 31 March 2026 and the statement of profit or loss and other comprehensive income, statement of changes in Unitholders' Funds and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2026, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Fund Managing Company is responsible for the other information. The other information comprises the report of the Fund Manager but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information included in the Fund Manager's report and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report on in this regard.

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Web : www.brdesilva.com

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

The Fund Managing Company 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 the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Fund Manager.
- Conclude on the appropriateness of Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The financial statements are prepared and presented in accordance with and comply with the requirements of the Collective Investment Scheme code (CIS Code 2022) of the Securities and Exchange Commission of Sri Lanka and Trust Deed.

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

Date 05th June 2026

(LW/ST/ms/836)

B. R. DE SILVA & CO. Chartered Accountants

FIRST CAPITAL MONEY MARKET FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH,

	Note	2026 Rs.	2025 Rs.
Income	8	4,781,183,543	6,477,154,006
Direct expenses	9	(25,376,426)	(17,838,787)
Net trading income		**4,755,807,117**	**6,459,315,219**
Loss on fair valuation of financial assets recognised through profit or loss-measured at fair value	10	(206,182,481)	(124,568,077)
		4,549,624,636	**6,334,747,142**
Administration expenses	11	(422,893,893)	(476,462,251)
Other operating expenses	12	(1,721,592)	(1,693,165)
(Provision)/ reversal for impairment of financial assets at amortised cost	16.3	(1,908,844)	6,805,352
Profit before tax		**4,123,100,307**	**5,863,397,078**
Income tax expenses	13	-	-
Profit for the year		**4,123,100,307**	**5,863,397,078**
Other comprehensive income		-	-
Total comprehensive income for the year		**4,123,100,307**	**5,863,397,078**

Figures in bracket indicate deductions.
The accounting policies and notes form an integral part of these financial statements.

E. R. SILVA & CO. Chartered Accountants

FIRST CAPITAL MONEY MARKET FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH,

	Note	31.03.2026 Rs.	31.03.2025 Rs.
Assets			
Cash at bank	14	848,580	3,656,192
Financial assets recognised through profit or loss - measured at fair value	15	8,676,994,158	44,429,671,754
Financial assets at amortised cost	16	35,624,127,718	26,018,561,659
Other receivable	17	68,918	-
Total assets		**44,302,039,374**	**70,451,889,605**
Unitholders' funds and liabilities			
Liabilities			
Accruals and other payables	18	29,858,334	53,729,680
Total liabilities		**29,858,334**	**53,729,680**
Unitholders' funds			
Net assets attributable to unitholders	19.1	44,272,181,040	70,398,159,925
Total Unitholders' Funds		**44,272,181,040**	**70,398,159,925**
Total Unitholders' Funds and Liabilities		**44,302,039,374**	**70,451,889,605**
Net assets value per unit (Rs.)	19	3,635.21	3,363.91

The Managing Company of First Capital Money Market Fund is responsible for the preparation and presentation of these financial statements in accordance with the Sri Lanka Accounting Standards.

The accounting policies and notes form an integral part of these financial statements.

Approved by the Fund Managing Company on 5 June 2026

Mangala Jayashantha
Chief Financial Officer
First Capital Asset Management Limited
Fund Managing Company

Trustee of the Fund
Bank of Ceylon

Kavin Karunamoorthy
Director/Chief Executive Officer
First Capital Asset Management Limited
Fund Managing Company

Dilshan Wirasekara
Director
First Capital Asset Management Limited
Fund Managing Company

B. R. DE SILVA & CO. Chartered Accountants

FIRST CAPITAL MONEY MARKET FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS
FOR THE YEAR ENDED 31 MARCH 2026

For the year ended 31 March 2026	Note	Unitholders' funds Rs.
Balance as at 1 April 2024		48,588,562,951
Increase due to unit creation during the year	**19.1**	194,384,604,480
Decrease due to unit redemption during the year	**19.1**	(178,438,404,584)
Increase in net assets attributable to unitholders		5,863,397,078
Balance as at 31 March 2025		**70,398,159,925**
Balance as at 1 April 2025		70,398,159,925
Increase due to unit creation during the year	**19.1**	145,625,131,710
Decrease due to unit redemption during the year	**19.1**	(175,874,210,902)
Increase in net assets attributable to unitholders		4,123,100,307
Balance as at 31 March 2026		**44,272,181,040**

Figures in bracket indicate deductions.
The accounting policies and notes form an integral part of these financial statements.

FIRST CAPITAL MONEY MARKET FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026

Accounting policy

The statement of cash flows has been prepared using the "Indirect Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard LKAS 7 - "Statement of Cash Flows".

For the year ended 31 March,	Note	2026 Rs.	2025 Rs.
Cash flows from operating activities			
Profit before taxation		4,123,100,307	5,863,397,078
Adjustment for :			
Loss on fair valuation of financial assets recognised through profit or loss -measured at fair value	9	206,182,481	124,568,077
Provision/ (reversal) for impairment of financial assets at amortised cost	16.3	1,908,844	(6,805,352)
Operating profit before working capital changes		**4,331,191,632**	**5,981,159,803**
(Increase) / Decrease in financial assets recognised through profit or loss -measured at fair value		35,546,495,115	(14,863,591,894)
Increase in financial asset at amortised cost		(9,607,474,903)	(4,947,012,685)
Decrease/(Increase) in other receivables		(68,918)	6,328,013
Decrease in accruals and other payable		(23,871,346)	(1,124,312,467)
Decrease in repo borrowing against government securities		-	(1,025,715,552)
Cash flows generated from/(used in) operations		**30,246,271,580**	**(15,973,144,782)**
Tax paid	13	-	-
Net cash flows generated from/(used in) operating activities		**30,246,271,580**	**(15,973,144,782)**
Net cash flows generated from/(used in) investing activities		-	-
Cash flows generated from/(used in) financing activities			
Proceeds from units creations	19.1	145,625,131,710	194,384,604,480
Payments for units redemption	19.1	(175,874,210,902)	(178,438,404,584)
Net cash flows generated from/(used in) financing activities		**(30,249,079,192)**	**15,946,199,896**
Net decrease in cash and cash equivalents during the year		**(2,807,612)**	**(26,944,886)**
Cash and cash equivalents at the beginning of the year		3,656,192	30,601,078
Cash and cash equivalents at the end of the year	14	**848,580**	**3,656,192**

Figures in bracket indicate deductions.
The accounting policies and notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

1. REPORTING ENTITY

First Capital Money Market Fund ("the Fund") is an Open-Ended Unit Trust approved by the Securities and Exchange Commission of Sri Lanka on 16 September 2014.

The registered office/place of business of the Fund is located at No. 2, Deal Place, Colombo 03. First Capital Asset Management Limited is the Managing Company of First Capital Money Market Fund while Bank of Ceylon has been appointed as the Trustee.

They Key Investor Information Document and the Trust Deed related to the Fund are available on the website of First Capital www.firstcapital.lk/products/unit-trusts.

1.1 Principal activities

The Fund engages in investment in short term fixed income securities on behalf of its unitholders. The operations of the Fund commenced on 24 September 2014.

The objective of the First Capital Money Market Fund is to yield superior returns to unitholders while minimizing their risk through investments in fixed income securities placed according to the parameters stated in the Collective Investment Scheme code (CIS code 2022) of the Securities and Exchange Commission of Sri Lanka.

There were no significant changes in the nature of the principal activities of the Fund during the year under review.

1.2 Approval of financial statements

The financial statements of the Fund for the year ended 31 March 2026 were authorized for issue by the Fund Managing Company on 5 June 2026.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Fund have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS and LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka in compliance with the requirements of the Collective Investment Scheme code (CIS code 2022) of the Securities and Exchange Commission of Sri Lanka.

Statement of compliance (Contd...)

These SLFRSs and LKASs are available at the website of CA Sri Lanka www.casrilanka.com.

The Fund is in compliance with the minimum number of unitholders requirement of fifty throughout the year (Number of Unitholders as at 31 March 2026 is 6,991).

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 current and non-current.

2.1.1. Fund Managers' Responsibility for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of these Financial Statements in accordance with SLFRS and LKAS 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 as at 31 March 2026 comprises of –

- The Statement of Profit or Loss and Statement of Comprehensive Income (SOPLOCI) providing information on the performance of the Fund 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
- Statement of Cash Flows, which provides information to the users, on the ability of the Fund to generate cash and cash equivalents and utilization of those cash flows
- Notes to the Financial Statements, which comprise of the Accounting Policies and other explanatory notes and information of the Fund

2.2 Basis of measurement

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

Category	Basis of Measurement
Financial assets recognised through profit or loss - measured at fair value	Fair value
Financial assets at amortised cost	Amortised cost
Financial liabilities	Amortised cost

2.3 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees (Rs.), which is the Fund's functional currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

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

Critical Accounting Estimate/Judgment	Disclosure Note
Going concern	Note 2.4.1
Classification of financial assets	Note 3.3.3
Fair value of financial instruments	Note 21
Impairment losses on financial assets	Note 16.3
Provision for liabilities	Note 3.3.10

2.4.1 Going concern

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

2.4.2 Determination of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk. Several of the Fund's accounting policies and disclosures require the determination of fair value for both financial assets and liabilities.

2.4.3. Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (Note 26).

3. MATERIALITY AND PRESENTATION

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

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

Assets and liabilities are offset and the net amount reported in the SOFP, only when there is a legally enforceable 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. Income and expenses are not offset in the Income Statement, unless required or permitted by Sri Lanka Accounting Standards.

3.1 Material accounting policies

The material accounting policies set out below have been applied consistently to all periods presented in the Financial Statements of the Fund, unless otherwise indicated.

3.2 Index of material accounting policy information

Accounting Policy	Note
Material accounting policies - General	
Financial Instruments	Note 3.3
Material accounting policies - Recognition of income and expenses	
Direct income	Note 8
Direct Expense	Note 9
Gain/(loss) on fair valuation of financial assets recognized through profit or loss - measured at fair value	Note 3.3.11 and Note 10
Administration expenses	Note 11
Income tax expenses	Note 13
Material accounting policies - Recognition of assets and liabilities	
Financial assets recognized through profit or loss - measured at fair value	Note 15
Financial assets at amortised cost	Note 16
Securities sold under re-purchase agreements (Repo borrowing)	Note 3.3.7

3.3 Financial instruments

3.3.1. Initial recognition

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

3.3.2. Initial measurement of financial instrument

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

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3.3.3. Classification and Subsequent Measurement of Financial Assets

The Fund classifies all its financial assets in the following measurement categories:
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Assessment of whether Contractual Cash Flows are Solely Payments of Principal and Interest ("SPPI").

3.3.4. Business Model Assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Fund's Management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cashflows nor held both to collect contractual cash flows and to sell financial assets.

3.3.5. Financial Assets

Financial assets are classified appropriately as financial assets recognised through profit or loss (FVTPL), Financial assets measured at fair value through other comprehensive income (FVTOCI) and Financial assets at amortised cost. All the financial assets are recognized at fair value at its initial recognition.

Financial Assets - Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement

Financial assets at FVTPL	A financial asset is measured at fair value through profit or loss if: (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding Or (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell Or (c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within unrealised gains/(loss) during the period in which it arises. FVTPL at SOFP comprise of investment in Government Securities and Corporate Debt Securities.
Financial assets at amortised cost	A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt instruments at amortised cost in the SOFP comprise of investments in Resale agreements against Government Securities and Fixed Deposits. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in realised gain/(loss) on debt instruments held at amortised cost. The amortized cost is reduced by impairment losses. Interest income, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised inprofit or loss.

3.3.6 Identification, measurement and assessment of impairment

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

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

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

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

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

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

For debt instruments at amortised cost issued by Sovereign, the Fund applies the low-risk simplification. The Fund considers evidence of impairment for financial asset at amortised cost at both a specific asset and collective level. All individually significant financial asset at amortised cost are assessed for specific impairment. All individually significant financial asset at amortised cost found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets at amortised cost that are not individually significant are collectively assessed for impairment by grouping together financial assets at amortised cost with similar risk characteristics.

Identification, measurement and assessment of impairment (Contd...)

In assessing collective impairment, the Fund uses of historical trends of the probability of default, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical data.

Impairment loss on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses/ (reversals) are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.3.7. Securities sale and repurchase agreements (repo)

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

3.3.8. De-recognition

A financial asset is de-recognized when,

1. The rights to receive cash flows from the asset have expired.

2. The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either,

   - The Fund has transferred substantially all the risks and rewards of the asset or
   - The Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

3.3.9. Offsetting of financial instruments

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

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

3.3.10. Provision

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

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

Gain /(loss) on Fair Valuation of Financial assets is the unrealised gain/ (loss) on fair valuation (marked to market valuation) of government securities, commercial papers, securitised paper and debentures. The fair valuation gain/(loss) is presented in profit or loss in the statement of profit or loss and other comprehensive income (Note 9).

4. COMPARATIVE INFORMATION

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

5. 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 unitholders as at the reporting date.

6. 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 government securities, treasury bills/bonds repurchase agreements under government securities, fixed deposits, securitised papers and commercial papers 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.

Fund managers' responsibility for financial risk management

The fund manager is responsible for identifying and controlling the risk that arise from these financial instruments. Fund Manager's financial risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Financial Risk Management Policies of the Fund translates overall risk appetite on business activities in a holistic approach to provide the guidance required for convergence of strategic and risk perspectives of the Fund.

The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities. The fund manager, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. 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 SOPLOCI and SOFP 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, investment committee, and ultimately the trustee of the Fund.

Concentration of risk arises when a number of financial instruments or contracts are entered in to 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.

Fund managers' responsibility for financial risk management (Contd...)

Market risk

Market risk represents the risk that the value of the fund's investments portfolios will fluctuate as a result of changes in market prices. However, the fund's exposure to price risk and currency risk are deemed negligible as all its investments are short term fixed income securities denominated in Sri Lankan Rupees. 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.

Liquidity risk

Liquidity risk represents the risk that the Unit Trust will not have adequate financial resources to meet the Unit Trust's obligations as and when they fall due. This risk arises from mismatches in the timing of cash flows. Taking steps to ensure, as far as possible, that it will always have adequate financial resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Unit Trust's reputation. During FY 2025/26, the Fund experienced a net decrease in unitholders' funds of approximately 37% (from LKR 70.4 Bn to LKR 44.3 Bn), reflecting elevated redemption activity; the Fund maintained adequate liquidity throughout, supported by its short-tenor asset profile and active liquidity management.

Credit risk

Credit risk is the risk of financial loss to Unit Trust if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Unit Trust's advances to clients, investment in corporate debt securities and other securities.

Fund managers' responsibility for financial risk management (Contd...)

Operational risk

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

7. NEW AMENDMENTS TO THE SRI LANKA ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued following new amendments to the Sri Lanka Accounting Standards which will become applicable for financial periods beginning after on or after 1 January 2027. Accordingly, the Fund has not applied the following new amendments to the standard in preparing these financial statements. The said new amendments to the standard are not expected to have a material impact on the Fund's financial statements.

New SLFRS / amendment to the existing SLFRS	Summary of the requirements/ Objectives
SLFRS 18 Presentation and Disclosure in Financial Statement	SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements. • Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations, and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change. • Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements. • Enhanced guidance is provided on how to group information in the financial statements. • In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

Accounting policy

Interest Income and Expense

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the statement of profit or loss and other comprehensive income include:

interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis; and

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Fund's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Gain/ (loss) on sale of financial assets measured at fair value through profit or loss

Gain/(loss) on Sale of financial assets measured at fair value through profit or loss comprises realised trading gains on disposal of government securities, commercial papers, securitised papers and debentures, are presented in direct income as sale of financial assets at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

For the year ended 31 March,		2026 Rs.	2025 Rs.
8	**Income**		
	Interest income on financial assets recognised through profit or loss measured at fair value	2,076,952,427	3,786,755,484
	Interest income on financial assets at amortised cost	2,684,091,084	2,654,456,245
	Placement fee	-	3,376,592
	Gain on sale of financial assets recognised through profit or loss - measured at fair value	20,140,032	52,565,685
		4,781,183,543	6,477,154,006
9	**Direct expenses**		
	Interest expense on repo borrowings	25,376,426	17,838,787
		25,376,426	17,838,787
10	**Loss on fair valuation of financial assets recognised through profit or loss -measured at fair value**		
	Commercial Papers	(32,416,960)	(26,772,068)
	Securitised Papers	(3,773,141)	2,787,177
	Treasury Bill	(169,409,214)	107,731,658
	Treasury Bond	(583,166)	(208,314,844)
		(206,182,481)	(124,568,077)

Loss on fair valuation of financial investments has been accounted for in accordance with the SLFRS 9.

11 Administration expenses

Accounting policy

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

Management fee	-	0.5 % p.a. of net asset value of the Fund calculated on a daily basis.
Trustee fee	-	0.15 % p.a. of net asset value of the Fund calculated on a daily basis.

For the year ended 31 March,	2026 Rs.	2025 Rs.
Management fee	324,759,224	365,946,189
Trustee fee	97,427,767	109,783,857
Audit Fee	706,902	732,205
	422,893,893	476,462,251

12 Other operating expenses

Bank charges	1,721,592	1,693,165
	1,721,592	1,693,165

13 Income tax expenses

Accounting policy

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

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

For the year ended 31 March,	2026 Rs.	2025 Rs.
Reconciliation between current tax expense and the accounting profit		
Profit before tax as per financial statements	4,123,100,307	5,863,397,078
Less: Exempted income	(4,123,100,307)	(5,863,397,078)
Taxable income	-	-
Income tax expense	-	-

As at

		Note	31.03.2026 Rs.	31.03.2025 Rs.
14	**Cash at bank**			

Accounting policy
Cash and cash equivalents in the statement of financial position comprise of cash at bank.

Bank of Ceylon	14.1	607,640	3,401,652
Sampath Bank PLC	14.1	240,940	254,540
		848,580	3,656,192

14.1 Bank balances are maintained only to settle day to day operations. Excess cash balances are reviewed on a daily basis and transferred the same to investment account. Remaining cash at bank represent current account balance with banks, which are due on demand. Accordingly no impairment provision is required.

The above balance represents as at 31 March 2026 is with credit rating of "AA-".

15 **Financial assets recognised through profit or loss - measured at fair value**

Accounting policy

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through Profit or Loss if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Upon initial recognition, transaction costs are recognised in Profit or Loss as incurred.

Financial assets recognised at fair value through Profit or Loss are initially measured at fair value. Subsequent to initial recognition, they are remeasured at fair value. Changes in fair value are recorded in Gain/ (loss) on fair valuation of financial assets recognised through profit or loss - measured at fair value' in the Statement of Profit or Loss and Other Comprehensive Income.

Following assets represent financial assets at fair value though profit or loss,
* Investment in government securities
* Investment in commercial papers
* Investment in securitised papers

	Note	31.03.2026 Rs.	31.03.2025 Rs.
Commercial papers	15.1	5,892,718,188	10,559,506,033
Securitised papers	15.2	2,772,986,431	530,576,031
Government securities	15.3	11,289,539	33,339,589,690
		8,676,994,158	44,429,671,754

15.1 **Commercial papers**

Name of the issuer	Issuer credit rating	Value - Net as at 31 March 2026 (Rs.)	Percentage exposure to each issuer against the Net Asset Value of the Fund	Value - Net as at 31 March 2025 (Rs.)	Percentage exposure to each issuer against the Net Asset Value of the Fund
LOLC Holdings PLC	A	5,892,718,188	13%	10,559,506,033	
Total		5,892,718,188		10,559,506,033	

15.2 Securitised papers

Name of the issuer	Issuer credit rating	Value - Net as at 31 March 2026 (Rs.)	Percentage exposure to each issuer against the Net Asset Value of the Fund	Value - Net as at 31 March 2025 (Rs.)	Percentage exposure to each issuer against the Net Asset Value of the Fund
Singer Finance (Lanka) PLC	BBB+	605,983,501	1%	530,576,031	1%
Asia Asset Finance PLC	A+	545,072,356	1%	-	-
Janashakthi Finance PLC	BB+	274,305,392	1%	-	-
LB Finance PLC	A-	791,158,312	2%	-	-
Siyapatha Finance PLC	A	556,466,870	1%	-	-
Total		2,772,986,431	6%	530,576,031	1%

15.3 Government securities

	Value - Net as at 31 March 2026 (Rs.)	Percentage exposure to each issuer against the Net Asset Value of the Fund	Value - Net as at 31 March 2025 (Rs.)	Percentage exposure to each issuer against the Net Asset Value of the Fund
Treasury Bill	11,289,539	0%	33,093,624,614	47%
Treasury Bond	-	-	245,965,076	0%
	11,289,539	0%	33,339,589,690	47%

16 Financial assets at amortised cost

Accounting policy

A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost of the Fund comprise of the followings.

* Investment in government securities purchased under re-sale agreements
* Fixed deposits

Recognition and Measurement of ECL

The Fund measures loss allowances at an amount equal to lifetime ECL, except for the following, for which are measured as 12-month ECL: debt investment securities that are determined to have low credit risk at the reporting date; and other financial instruments on which credit risk has not increased significantly since their initial recognition. The Fund considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the definition of "investment grade". The Fund does not apply the low credit risk exemption to any other financial instruments. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Fund assesses financial assets under three stages in determining ECL.

➤ stage 1 :

A financial asset that is not originally credit impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their ECL measured at an amount equal to the proportion of life time ECL that result from default events possible within the next 12 months (12mECL).

➤ stage 2 :

financial instruments that have experienced a significant increase in credit risk since initial recognition but for which the exposure is not yet defaulted. For these assets, lifetime ECLs are recognised, representing the expected credit losses that result from all possible default events over the expected life of the financial asset.

➤ stage 3 :

financial instruments which are deemed to be credit impaired. This is where a credit loss has already been suffered on the assets. For these assets, lifetime ECLs are recognised, representing the expected credit losses that result from all possible default events over the expected life of the financial asset.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

➤ financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive).
➤ financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
➤ undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Fund if the commitment is drawn down and the cash flows that the Fund expects to receive; and

➤ financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Fund expects to recover.

The mechanics of the ECL calculations are outlined below and the key elements, Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) under collective impairment assessment are as follows:

Probability of Default (PD)

The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD)

is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. They are calculated on a discounted cashflow basis using EIR as the discounting factor.

	Note	31.03.2026	31.03.2025
		Rs.	Rs.
Investment in government securities under resale agreements	16.1	8,431,191,440	19,395,736,234
Investments in fixed deposits (Net of provision for impairment)	16.2	27,192,936,278	6,622,805,425
		35,624,127,718	26,018,561,659

16.1 This represent investment in Resale agreements entirely backed by government securities. No impairment provisions derived through these investments.

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16.2 Fixed Deposit

	Note	31.03.2026 Rs.	31.03.2025 Rs.
Investments in fixed deposits		27,195,188,311	6,623,148,614
Less :- Provision for Impairment	16.3	(2,252,033)	(343,189)
		27,192,936,278	6,622,805,425

16.2.1 Investments in fixed deposits (Net of provision for impairment)

Name of the issuer	Issuer credit rating	31.03.2026 Value - Net as at 31 March 2026 Rs.	31.03.2026 Percentage exposure to each issuer against the Net Asset Value of the Fund	31.03.2025 Value - Net as at 31 March 2025 Rs.	31.03.2025 Percentage exposure to each issuer against the Net Asset Value of the Fund
Alliance Finance Company PLC	BBB	2,096,472,801	4.60%	1,523,752,964	2.16%
Siyapatha Finance PLC	A	2,859,630,293	6.46%	1,892,522,744	2.69%
Mahindra Ideal Finance Limited	AA-	534,419,972	1.21%	394,654,524	0.56%
Asia Asset Finance PLC	A+	1,484,087,373	3.35%	563,673,465	0.80%
Singer Finance (Lanka) PLC	BBB+	2,189,053,072	4.94%	1,055,037,700	1.50%
HNB Finance PLC	A	3,315,741,821	7.49%	778,128,429	1.11%
Mercantile Investment & Finance PLC	BBB-	2,640,826,570	5.96%	154,560,451	0.22%
Vallibel Finance PLC	A-	2,661,521,428	6.01%	260,475,148	0.37%
Abans Finance PLC	A-	204,116,349	0.46%	-	-
Lanka Orix Finance Company PLC	A+	2,139,165,864	4.83%	-	-
LB Finance PLC	A-	1,853,604,415	4.19%	-	-
Central Finance Company PLC	A	1,051,846,329	2.38%	-	-
Pan Asia Banking Corporation PLC	BBB	522,680,104	1.18%	-	-
Peoples Leasing Company PLC	A	3,396,952,059	7.67%	-	-
CDB Finance PLC	BBB	202,265,164	0.46%	-	-
AMW Capital Leasing & Finance PLC	BBB	100,552,264	0.23%	-	-
Total		27,192,936,278	61.42%	6,622,805,425	9.41%

16.3 Provision for impairment in investment in fixed deposit represents expected credit losses (ECL) in accordance with SLFRS 9. Accordingly, individual impairment provision has been derived as follows.

	31.03.2026 Rs.	31.03.2025 Rs.
Stage 1 - 12 months expected loss	2,252,033	343,189
Stage 2 - Life time expected loss, not credit impaired	-	-
Stage 3 - Life time expected loss, credit impaired	-	-
Total (Note 16.3.1)	2,252,033	343,189

16.3.1 Movement in provision for expected credit loss

Balance as the beginning of the year	343,189	7,148,541
Provision /(reversal) for the year	1,908,844	(6,805,352)
Balance at the end of the year	2,252,033	343,189

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		31.03.2026 Rs.	31.03.2025 Rs.
17	**Other receivable**		
	Interest receivable from Mercantile Investment & Finance PLC	68,918	-
		68,918	-

18 **Accruals and other payables**

Accounting policy

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

a) Initial recognition and measurement

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

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

b) Subsequent measurement

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

Other financial liabilities

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

	31.03.2026 Rs.	31.03.2025 Rs.
Management fee payable	22,388,223	38,672,126
Trustee fee payable	6,716,467	11,601,638
Auditor's remuneration payable	733,644	717,032
Outstanding unit investments	-	2,738,884
	29,858,334	53,729,680

19 **Net assets value per unit**

Net assets attributable to unitholders (Rs.)	44,272,181,040	70,398,159,925
Total number of units	12,178,712	20,927,459
Net assets value per unit (Rs.)	3,635.21	3,363.91
Year on Year Increase	**8%**	**10%**

19.1 **Movements in the number of units and net assets during the year is as follows:**

	No. of Units	Rs.
Balance as at 1 April 2024	15,895,599	48,588,562,951
Increase due to unit creation during the year	60,739,170	194,384,604,480
Decrease due to unit redemption during the year	(55,707,310)	(178,438,404,584)
Increase in net assets attributable to unitholders	-	5,863,397,078
Balance as at 31 March 2025	20,927,459	70,398,159,925
Balance as at 1 April 2025	20,927,459	70,398,159,925
Increase due to unit creation during the year	41,807,236	145,625,131,710
Decrease due to unit redemption during the year	(50,555,983)	(175,874,210,902)
Increase in net assets attributable to unitholders	-	4,123,100,307
Balance as at 31 March 2026	12,178,712	44,272,181,040
Year on Year Increase/(Decrease)	**-42%**	**-37%**

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20 **Analysis of financial instrument by measurement basis**

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

As at 31 March 2026	Financial Assets/ Liabilities - FVTPL	Financial Assets/ Liabilities - at amortised cost	Total carrying amount	Fair value
	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value				
Financial asset - FVTPL	8,676,994,158	-	8,676,994,158	8,676,994,158
Financial assets not measured at fair value				
Cash at bank	-	848,580	848,580	848,580
Financial assets at amortised cost	-	35,624,127,718	35,624,127,718	35,624,127,718
Total financial assets	8,676,994,158	35,624,976,298	44,301,970,456	44,301,970,456
Financial liabilities not measured at fair value				
Accruals and other payables	-	29,858,334	29,858,334	29,858,334
Total financial liabilities	-	29,858,334	29,858,334	29,858,334

As at 31 March 2025	Financial Assets/ Liabilities - FVTPL	Financial Assets/ Liabilities - at amortised cost	Total carrying amount	Fair value
	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value				
Financial asset - FVTPL	44,429,671,754	-	44,429,671,754	44,429,671,754
Financial assets not measured at fair value				
Cash at bank	-	3,656,192	3,656,192	3,656,192
Financial assets at amortised cost	-	26,018,561,659	26,018,561,659	26,018,561,659
Total financial assets	44,429,671,754	26,022,217,851	70,451,889,605	70,451,889,605
Financial liabilities not measured at fair value				
Repo borrowing against government securities	-	-	-	-
Accruals and other payables	-	53,729,680	53,729,680	53,729,680
Total financial liabilities	-	53,729,680	53,729,680	53,729,680

21 **Determination of fair value and hierarchy of fair value**

Level 1 - **Inputs that are quoted market prices (unadjusted) in an active market for identical instruments.**

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

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

Level 3 - **Inputs that are unobservable**

Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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Determination of fair value and hierarchy of fair value (Contd...)

Due to the nature of short term maturity, carrying value of the financial assets at amortised cost are approximated to their fair

Fund has not transferred any financial assets during the year FY2025/26.

Following table represents the fair value measurement of the fund according to fair value hierarchy

Financial instrument category	Fair value technique	Fair value hierarchy
Government securities		
Treasury bills	Valued using the CBSL yield curve	Level 1*
Treasury bonds	Valued using the CBSL yield curve	Level 1*
Corporate debt		
Commercial papers	comparable market yield (Government Securities)	Level 2
Securitised papers	comparable market yield (Government Securities)	Level 2

CBSL - Central Bank of Sri Lanka

*The fair values of treasury bills and bonds have been derived using the market yields published by Central Bank of Sri Lanka. Accordingly, investments in treasury bills and bonds have been classified as level 1.

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

As at 31 March 2026	**Total Carrying Amount**	**Quoted Prices in Active Markets**	**Significant Observable Inputs**	**Significant Unobservable Inputs**	**Total fair value**
		Level 1	**Level 2**	**Level 3**	
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Financial assets measured at fair value					
Financial assets recognised through profit or loss - measured at fair value					
Securitised papers	2,772,986,431	-	2,772,986,431	-	2,772,986,431
Commercial papers	5,892,718,188	-	5,892,718,188	-	5,892,718,188
Government securities	11,289,539	11,289,539	-	-	11,289,539
	8,676,994,158	**11,289,539**	**8,665,704,619**	**-**	**8,676,994,158**

As at 31 March 2025	**Total Carrying Amount**	**Quoted Prices in Active Markets**	**Significant Observable Inputs**	**Significant Unobservable Inputs**	**Total fair value**
		Level 1	**Level 2**	**Level 3**	
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Financial assets measured at fair value					
Financial assets recognised through profit or loss - measured at fair value					
Securitised papers	530,576,031	-	530,576,031	-	530,576,031
Commercial papers	10,559,506,033	-	10,559,506,033	-	10,559,506,033
Government securities	33,339,589,690	33,339,589,690	-	-	33,339,589,690
	44,429,671,754	**33,339,589,690**	**11,090,082,064**	**-**	**44,429,671,754**

21.1 **Measurement of fair values**

21.1.1 (a) **Valuation techniques and significant unobservable inputs**

The following table show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement
Investment in Commercial papers	The valuation model is based on Yield Curve of the Government Securities. Yields relating to Government Securities based on the maturities of the respective commercial paper is interpolated in the valuation considering the initial risk premiums (at the time of issue) of the investee companies are constant as at the reporting date.	Risk premium of the investee companies (2.23% - 2.93%)	The estimated fair value would increase/(decrease) if risk premium of the investee company is lower or higher.
Investment in Securitised papers	The valuation model is based on Yield Curve of the Government Securities. Yields relating to Government Securities based on the maturities of the respective securitised paper is interpolated in the valuation considering the initial risk premiums (at the time of issue) of the investee companies are constant as at the reporting date.	Risk premium of the investee companies (0.49% - 2.83%)	The estimated fair value would increase/(decrease) if risk premium of the investee company is lower or higher.

21.1.1 (b) **Reconciliation of level 2 fair values**

The following table shows a reconciliation from the opening balance to the closing balances for Level 2 fair values.

	Commercial papers	Securitised papers	Total
	Rs.	Rs.	Rs.
Balance as at 01 April 2025	10,559,906,033	530,576,031	11,090,082,064
Purchases	12,918,384,562	3,003,796,412	15,922,381,274
Sales / matured	(18,325,267,479)	(921,505,138)	(19,246,792,617)
Interest accrued	772,331,732	163,892,267	936,223,999
Gain/(loss) on fair valuation of financial assets	(32,416,860)	(3,773,141)	(36,190,101)
Balance as at 31 March 2026	5,892,718,188	2,772,986,431	8,665,704,619

21.1.1 (c) **Sensitivity of the Market Yield on Financial Instruments (Impact to SOPL & OCI) measured at fair value is as follows.**

	(-) 0.5% Decrease (Effect in Rs.)	(+) 0.5% Increase (Effect in Rs.)
Investment in Commercial Papers	8,097,363	(8,061,511)
Investment in Securitised paper	6,856,985	(6,806,467)
Investment in Treasury Bills	7,826	(7,826)

Financial Instruments for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (original maturity less than 397 days), it is assumed that the carrying amount approximates their fair values. This assumption is also applied to lending without specific maturity or revolving nature.

22 Financial risk management

Overview

The Unit Trust has exposure to the following risks via financial instruments.

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

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

22.1 Risk management framework

The Board of Directors of the fund Managing Company has the overall responsibility for the establishment and oversight of the Unit Trust's risk management framework. The Managing Company has established an Board Integrated Risk Management Committee (BIRMC) which is tasked with reviewing wide-ranging risk categories that includes market, liquidity, credit and operational risk. The committee members have been assigned the responsibility to manage these risks prudently.

Unit Trust's risk management policies are established to identify and analyse the risk confronted by the Unit Trust, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

22.1(a) Market risk

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

Management of market risk includes the following elements.

- Overall authority for managing market risk is vested with the Board of Directors of the Fund management company.
- The operational authority for managing market risk is vested with the Investment, asset and liability committee.
- Interest rate risk is managed within the approved limits by the Investment, asset and liability committee.

22 **Financial risk management (Contd.)**

22.1 (a) **Market risk (Contd.)**

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result 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. However, due to the short term nature of the, it is reasonably expected that the fluctuation in interest rate will not materially impact the net assets value of the fund.

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant.

	Increase/ (decrease)	Effect on the profit for the year ended 31.03.2026 Rs.	Effect on the profit for the year ended 31.03.2025 Rs.
Increase in interest rate			
Investment in Commercial Papers	+0.5%	(8,061,511)	(14,781,281)
Investment in Securitised paper	+0.5%	(6,806,467)	(1,694,507)
Investment in Treasury Bills	+0.5%	(7,826)	(84,087,424)
Investment in Treasury Bonds	+0.5%	-	(304,415)
Decrease in interest rate			
Investment in Commercial Papers	-0.5%	8,097,363	14,836,410
Investment in Securitised paper	-0.5%	6,856,985	1,705,662
Investment in Treasury Bills	-0.5%	7,826	84,666,068
Investment in Treasury Bonds	-0.5%	-	305,320

The Interest rate profile of the Fund's interest-yielding financial instruments are as follows

As at 31 March 2026	Floating interest rate Rs.	Fixed interest rate Rs.	Total Rs.
Assets			
Commercial Papers	-	5,892,718,188	5,892,718,188
Government Securities	-	11,289,539	11,289,539
Securitised papers	-	2,772,986,431	2,772,986,431
Fixed Deposits	-	27,192,936,278	27,192,936,278
Repo Investments	-	8,431,191,440	8,431,191,440
Total financial assets	**-**	**44,301,121,876**	**44,301,121,876**

As at 31 March 2025	Floating interest rate Rs.	Fixed interest rate Rs.	Total Rs.
Assets			
Commercial Papers	-	10,559,506,033	10,559,506,033
Government Securities	-	33,339,589,690	33,339,589,690
Securitised papers		530,576,031	530,576,031
Fixed Deposits	-	6,622,805,425	6,622,805,425
Repo Investments	-	19,395,756,234	19,395,756,234
Total financial assets	**-**	**70,448,233,413**	**70,448,233,413**

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22 Financial risk management (Contd.)

22.1(b) Liquidity risk

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

Management of liquidity risk includes the following elements:

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

Maturity analysis of the financial assets and financial liabilities

As at 31 March 2026	Carrying amount Rs.	Less than 30 days Rs.	31 - 90 days Rs.	91 - 180 days Rs.	181 - 396 days Rs.
Assets					
Cash at bank	848,580	848,580	-	-	-
Financial assets recognised through profit or loss - measured at fair value	8,676,994,158	1,391,678,892	3,636,859,700	2,531,536,378	1,116,919,188
Financial assets at amortised cost	35,624,127,718	9,802,526,428	8,528,057,319	10,745,216,001	6,548,327,970
Total financial assets	**44,301,970,456**	**11,195,053,900**	**12,164,917,019**	**13,276,752,379**	**7,665,247,158**
Liabilities					
Accruals and other payables	29,858,334	29,858,334	-	-	-
Total financial liabilities	**29,858,334**	**29,858,334**	-	-	-

As at 31 March 2025	Carrying amount Rs.	Less than 30 days Rs.	31 - 90 days Rs.	91 - 180 days Rs.	181 - 396 days Rs.
Assets					
Cash at bank	3,656,192	3,656,192	-	-	-
Financial assets recognised through profit or loss - measured at fair value	44,429,671,754	3,055,800,143	8,805,255,709	12,391,630,775	20,176,985,127
Financial assets at amortised cost	26,018,561,659	20,257,766,468	548,019,188	-	5,212,776,003
Total financial assets	**70,451,889,605**	**23,317,222,803**	**9,353,274,897**	**12,391,630,775**	**25,389,761,130**
Liabilities					
Accruals and other payables	53,729,680	53,729,680	-	-	-
Total financial liabilities	**53,729,680**	**53,729,680**	-	-	-

22 **Financial risk management (Contd.)**

22.1(c) **Credit risk**

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

Management of credit risk includes the following components:

- Formulating credit policies in consultation with business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities.
- Limiting concentration of exposures to counterparties.
- Reviewing compliance through regular audits by internal audit.

Credit risk exposure - Cash at bank

Credit risk exposure of cash at bank is depicted in the below table using carrying values as at the SOFP date.

31 March	Issuer Rating	Rating Agency	2026	2025
Bank of Ceylon	AA-	Fitch	607,640	3,401,652
Sampath Bank PLC	AA-	Fitch	240,940	254,540
Total exposure to credit risk			848,580	3,656,192

Credit quality by class of financial assets

As at 31 March 2026	12 Month expected credit loss	Life time expected credit losses not credit impaired	Life time expected credit losses credit impaired	Total
	Rs.	Rs.	Rs.	Rs.
Assets				
Cash at bank	848,580	-	-	848,580
Financial assets at amortised cost	35,624,127,718	-	-	35,624,127,718
Total	**35,624,976,298**	-	-	**35,624,976,298**

As at 31 March 2025	12 Month expected credit loss	Life time expected credit losses not credit impaired	Life time expected credit losses credit impaired	Total
	Rs.	Rs.	Rs.	Rs.
Assets				
Cash at bank	3,656,192	-	-	3,656,192
Financial assets at amortised cost	26,018,561,659	-	-	26,018,561,659
Total	**26,022,217,851**	-	-	**26,022,217,851**

Credit quality analysis of financial investments

As at 31 March 2026	Risk Status	Amortised Cost	FVTPL	Total
		Rs.	Rs.	Rs.
Government securities*	Risk free	8,431,191,440	11,289,539	8,442,480,979
Debt instruments having credit ratings**				
AA+ to A+	Low risk	-	545,072,356	545,072,356
A to BBB-	Medium risk	-	7,846,326,871	7,846,326,871
Below BBB-	High risk	-	274,305,392	274,305,392
Fixed Deposits				
AA+ to A+	Low risk	4,157,673,209	-	4,157,673,209
A to BBB-	Medium risk	23,035,263,069	-	23,035,263,069
Below BBB-	High risk	-	-	-
Total		35,624,127,718	8,676,994,158	44,301,121,876

As at 31 March 2025	Risk Status	Amortised Cost	FVTPL	Total
		Rs.	Rs.	Rs.
Government securities*	Risk free	19,395,756,234	33,339,589,690	52,735,345,924
Debt instruments having credit ratings**				
AA+ to A+	Low risk	-	-	-
A to BBB-	Medium risk	-	11,090,082,064	11,090,082,064
Below BBB-	High risk	-	-	-
Fixed Deposits				
AA+ to A+	Low risk	958,327,989	-	958,327,989
A to BBB-	Medium risk	5,664,477,436	-	5,664,477,436
Below BBB-	High risk	-	-	-
Total		26,018,561,659	44,429,671,754	70,448,233,413

*This includes governments securities investments and repo investments against government securities.

**This includes only investment in Commercial Papers and Securitised Papers and does not include equity investments.

Sensitivity of ECL to future economic conditions

The Fund has estimated the impairment provision on financial investments as at 31 March 2026, subject to various assumptions. The following table demonstrates the sensitivity of the impairment provision of the Fund as at 31 March 2026 and 2025 to a feasible change in the following variables assuming all other variables remain constant.

Sensitivity of ECL

As at 31 March	2026		2025	
	Effect on total asset	Effect on PBT	Effect on total asset	Effect on PBT
	Rs.	Rs.	Rs.	Rs.
Change in Probability Default (PD) factor:				
10% increase	(225,204)	(225,204)	(34,319)	(34,319)
10% decrease	225,204	225,204	34,319	34,319
Change in macro economic variables:				
10% increase	88,209	88,209	11,178	11,178
10% decrease	(91,535)	(91,535)	(10,657)	(10,657)
Change in Loss Given Default (LGD) factor:				
10% increase	(225,204)	(225,204)	(34,319)	(34,319)
10% decrease	225,204	225,204	34,319	34,319

22 **Financial risk management (Contd.)**

22.1(c) **Credit risk (Contd.)**

Analysis of concentration risk

The following table shows the risk concentration by sector for the components of the Statement of Financial Position.

As at 31 March 2026	Cash at bank	Financial assets recognised through profit or loss - measured at fair value	Financial assets - at amortised cost	Total financial assets
	Rs.	Rs.	Rs.	Rs.
Sector wise breakdown				
Government	607,640	11,289,539	176,313,658	188,210,837
Corporate	240,940	8,665,704,619	35,447,814,060	44,113,759,619
Total	**848,580**	**8,676,994,158**	**35,624,127,718**	**44,301,970,456**

As at 31 March 2025	Cash at bank	Financial assets recognised through profit or loss - measured at fair value	Financial assets at amortised cost	Total financial assets
	Rs.	Rs.	Rs.	Rs.
Sector wise breakdown				
Government	3,401,652	33,339,589,690	19,395,756,234	52,738,747,576
Corporate	254,540	11,090,082,064	6,622,805,425	17,713,142,029
Total	3,656,192	44,429,671,754	26,018,561,659	70,451,889,605

22.1.(d) **Credit Quality by Counterparties wise**

The Funds' maximum exposure to credit risk is analysed as follows;

Issuer Name	Instrument Type	Fair Value - LKR	Exposure (as of 31.03.2026)	Instrument Rating	
Bank of Ceylon	Repo Investments	176,313,658	0.4%	AAA	Sovereign
Commercial Bank Of Ceylon PLC	Repo Investments	150,030,907	0.3%	AAA	Sovereign
First Capital Treasuries PLC	Repo Investments	5,756,749,711	13.0%	AAA	Sovereign
HNB Securities Limited	Repo Investments	2,208,067,630	5.0%	AAA	Sovereign
Capital Alliance PLC	Repo Investments	140,029,534	0.3%	AAA	Sovereign
Government of Sri Lanka	Government Securities	11,289,539	0.0%	AAA	Sovereign
LOLC Holdings PLC	Commercial Paper	5,892,718,188	13.3%	A	Lanka Rating
Singer Finance (Lanka) PLC	Securitised Papers	605,983,501	1.4%	BBB+	Fitch
Asia Asset Finance PLC	Securitised Papers	545,072,356	1.2%	A+	Fitch
Janashakthi Finance PLC	Securitised Papers	274,305,392	0.6%	BBB-	Lanka Rating
LB Finance PLC	Securitised Papers	791,158,312	1.8%	A-	Fitch
Siyapatha Finance PLC	Securitised Papers	556,466,870	1.3%	A	Fitch
Alliance Finance Company PLC	Fixed Deposit	2,036,472,801	4.6%	BBB	Lanka Rating
Siyapatha Finance PLC	Fixed Deposit	2,859,630,293	6.5%	A	Fitch
Mahindra Ideal Finance Limited	Fixed Deposit	534,419,972	1.2%	AA-	Fitch
Asia Asset Finance PLC	Fixed Deposit	1,484,087,373	3.4%	A+	Fitch
Singer Finance (Lanka) PLC	Fixed Deposit	2,189,053,072	4.9%	BBB+	Fitch
HNB Finance PLC	Fixed Deposit	3,315,741,821	7.5%	A	Fitch
Mercantile Investment & Finance PLC	Fixed Deposit	2,640,826,570	6.0%	BBB-	Fitch
Vallibel Finance PLC	Fixed Deposit	2,661,521,828	6.0%	A-	Lanka Rating
Abans Finance PLC	Fixed Deposit	204,116,349	0.5%	A-	Fitch
Lanka Orix Finance Company PLC	Fixed Deposit	2,139,165,864	4.8%	A+	Lanka Rating
LB Finance PLC	Fixed Deposit	1,853,604,415	4.2%	A+	Lanka Rating
Central Finance Company PLC	Fixed Deposit	1,051,846,329	2.4%	A	Fitch
Pan Asia Banking Corporation PLC	Fixed Deposit	522,680,104	1.2%	BBB	Fitch
Peoples Leasing Company PLC	Fixed Deposit	3,396,952,059	7.7%	A	Fitch
CDB Finance PLC	Fixed Deposit	202,265,164	0.5%	BBB	Fitch
AMW Capital Leasing & Finance PLC	Fixed Deposit	100,552,264	0.2%	BBB	Fitch
Total		**44,301,121,876**			

Note 1: Repo Investments are against Government Securities.

Note 2: Ratings of the Repo Investments are the rating of Sovereign Instruments (Government Securities).

22.1.(d) Credit Quality by Counterparties wise (Contd.)

The Funds' maximum exposure to credit risk is analysed as follows;

Issuer Name	Instrument Type	Fair Value - LKR	Exposure (as of 31.03.2025)	Instrument Rating	
Bank of Ceylon	Repo Investments	1,595,326,231	2.3%	AAA	Sovereign
First Capital Treasuries PLC	Repo Investments	17,800,430,003	25.4%	AAA	Sovereign
Government of Sri Lanka	Government Securities	33,339,589,690	47.4%	AAA	Sovereign
LOLC Holdings PLC	Commercial Papers	10,559,506,033	19.4%	A	Lanka Rating
Singer Finance (Lanka) PLC	Securitised Papers	530,576,031	1.0%	BBB+	Lanka Rating
Mahindra Ideal Finance Limited	Fixed Deposit	394,654,524	0.7%	AA-	Fitch
Asia Asset Finance PLC	Fixed Deposit	563,673,465	1.0%	A+	Lanka Rating
HNB Finance PLC	Fixed Deposit	778,128,429	1.4%	A	Fitch
Siyapatha Finance PLC	Fixed Deposit	1,892,522,744	3.5%	A	Fitch
Singer Finance (Lanka) PLC	Fixed Deposit	1,055,037,700	1.9%	BBB+	Fitch
Alliance Finance Company PLC	Fixed Deposit	1,523,752,964	2.8%	BBB-	Lanka Rating
Mercantile Investment & Finance PLC	Fixed Deposit	154,560,451	0.3%	BBB-	Lanka Rating
Vallibel Finance PLC	Fixed Deposit	260,475,148	0.5%	BBB+	Lanka Rating
Total		**70,448,233,413**			

Note 1: Repo Investments are against Government Securities.

Note 2: Ratings of the Repo Investments are the rating of Sovereign Instruments (Government Securities).

22 Financial risk management (Contd.)

22.1 (e) Operational risk

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

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

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

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of the transaction.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Development of business contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Unit Trust's internal controls and procedures is supported by a programme of periodic reviews undertaken by Internal Audit. The results of internal audit reviews are discussed with the management of the business unit with summaries submitted to the Board Audit Committee. During the year, the First Capital Group achieved ISO/IEC 27001:2022 certification for its Information Security Management System, further strengthening the operational and information security controls applicable to the Managing Company's operations.

B. R. DE SILVA & CO. Chartered Accountants

23. Related party disclosures

Accounting policy

The company carried out transactions in the ordinary course of business on arm's length basis with parties who are defined as related parties as per the Sri Lanka Accounting Standard- LKAS 24 'Related Party Disclosers'.

23.1. Directorships in other companies

The Directors of First Capital Asset Management Limited (Managing Company of the Unit Trusts) are also Directors of the following group companies (as of 31 March 2026).

Name of the company	Relationship	Dr. Nishan de Mel	Mr. Kavin Karunamoorthy	Mr. Dilshan Wirasekara	Mr. Kuda Banda Herath
Janashakthi Limited *	Ultimate Parent	-	-	-	-
Janashakthi Insurance PLC **	Subsidiary of the Ultimate Parent	Director	-	-	-
Janashakthi Corporate Services Limited **	Subsidiary of the Ultimate Parent	-	-	-	-
Janashakthi Finance PLC ***	Subsidiary of the Ultimate Parent	-	-	-	-
First Capital Holdings PLC**	Intermediary Parent	-	-	Managing Director/CEO	Director
First Capital Limited**	Immediate Parent	-	-	Managing Director/CEO	Director
First Capital Treasuries PLC**	Subsidiary of the Immediate Parent	Director	-	Director	-
First Capital Markets Limited	Subsidiary of the Immediate Parent	-	-	Managing Director/CEO	-
First Capital Equities (Private) Limited	Subsidiary of the Immediate Parent	-	-	Director	-
First Capital Trustee Services (Private) Limited	Subsidiary of the Immediate Parent	-	-	Managing Director/CEO	-
First Capital Advisory Services (Private) Limited	Subsidiary of the Immediate Parent	-	-	Director	-
Verite Research (Pvt) Limited	Related Company via Key Management	Director	-	-	-
Sarvodaya Development Finance PLC**	Related Company via Key Management	-	-	-	-

Mr. Kavin Karunamoorthy has been appointed as Director/Chief Executive Officer of First Capital Asset Management Limited with effect from 9 December 2025.

* Janashakthi Limited was listed on the Colombo Stock Exchange subsequent to the year end of 31 March 2026.

**Mr. Ramesh Schaffter represents as a Director of First Capital Holdings PLC (Immediate Listed Parent Company) and is also a Director of Janashakthi Limited (Ultimate Parent Company), First Capital Limited, First Capital Treasuries PLC, Janashakthi Insurance PLC, Janashakthi Corporate Services Limited and Sarvodaya Development Finance PLC.

*** Mr. Prakash Schaffter represents as a Director of Janashakthi Finance PLC and is also a Director of Janashakthi PLC Limited (Ultimate Parent Company).

23 **Related party disclosures (Contd.)**

First Capital Asset Management Limited manages licensed Unit Trusts namely First Capital Wealth Fund, First Capital Fixed Income Fund, First Capital Gilt-Edged Fund, First Capital Money Market Fund, First Capital Equity Fund and First Capital Money Plus Fund which are also treated as Related Parties of the Company.

The Fund carries out transactions with parties who are defined as related parties as per Sri Lanka Accounting Standard (LKAS 24), "Related Party Disclosure", in the ordinary course of its business. The details of such transactions are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Fund and is comparable with what is applied to transactions between the Fund and its unrelated customers. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

23.2 Transaction with managing company

Name of the company	Nature of the transaction	Transaction amount 2025/26	Amounts owed (to)/ by the related party as at 31.03.2026	Transaction amount 2024/25	Amounts owed (to)/ by the related party as at 31.03.2025
		Rs.	Rs.	Rs.	Rs.
First Capital Asset Management Limited	Management fee charged	324,759,224	(22,388,223)	365,946,189	(38,672,126)
	Benefit accrued on unit trust investments	7,187,986	-	4,884,796	-

Amounts owed (to) / by the related party	Nature of the transaction	Amounts owed (to) / by the related party as at 31.03.2026	Amounts owed (to) / by the related party as at 31.03.2025
		Rs.	Rs.
First Capital Asset Management Limited *	Investment in unit trust	(72,764,661)	(141,292,640)

* Number of units under this investment as at 31.03.2026 - 20,016.63 (31.03.2025 - 42,002.46).

23.3 Transaction with ultimate parent company/ intermediary parent company/ immediate parent company / subsidiaries of the parent companies of the Management Company.

Nature of transaction	Year ended 31.03.2026		Year ended 31.03.2025	
	2025/2026	Amounts owed (to)/ by the related party as at 31.03.2026	2024/2025	Amounts owed (to)/ by the related party as at 31.03.2025
	Rs.	Rs.	Rs.	Rs.
Statement of Profit or Loss and Other Comprehensive Income				
Interest income	1,098,938,285	-	1,833,326,859	-
Interest expense	22,538,070	-	17,838,787	-
Gain on sale of financial investments - FVTPL	3,061,147	-	38,295,460	-
Benefit accrued on unit trust	228,198,460	-	325,817,073	-
Statement of Financial Position				
Investment in unit trust *	-	(5,792,768,156)	-	(2,799,244,676)
Government securities under resale agreements	-	5,756,749,712	-	17,800,430,003

* Number of units under this investment as at 31.03.2026 - 1,593,516.63 (31.03.2025 - 832,139.33).

23 Related party disclosures (Contd.)

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

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

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

Close Family Members are related parties to the Entity.
Transaction with key management personal and their close family members are disclosed below.

	Year ended 31.03.2026		Year ended 31.03.2025	
Transactions with KMP/CFM	2025/26	Amounts owed (to)/ by the related party as at 31.03.2026	2024/25	Amounts owed (to)/ by the related party as at 31.03.2025
	Rs.	Rs.	Rs.	Rs.
Investment in Unit Trust*	-	(214,788,621)	-	(348,124,338)
Benefit accrued on Unit Trust investments	17,716,824	-	16,418,014	-

* Number of units under this investment as at 31.03.2026 - 59,085.61 (31.03.2025 - 103,487.90).

24 Capital commitments and contingent liabilities

Accounting Policy

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

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

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

25 Events occurring after the reporting period

Accounting Policy

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

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

26 Reconciliation between the net asset value as per Financial Statement and the Monthly Return

	Year ended 31.03.2026		Year ended 31.03.2025	
	Unit Price (Rs.)	Value (Rs.)	Unit Price (Rs.)	Value (Rs.)
Net Asset Value of the Fund as per Monthly Return	3,635.50	44,275,728,599	3,354.14	70,193,616,159
Less : Gain/ (Loss) on fair valuation of financial asset - at fair value through profit or loss	(0.11)	(1,295,526)	9.79	204,686,955
Less : Impairment provision for financial asset - at amortised cost	(0.18)	(2,252,033)	(0.02)	(343,189)
Net Asset Value of the Fund as per Audited Financial Statements	3,635.21	44,272,181,040	3,363.91	70,398,159,925

CORPORATE INFORMATION

NAME OF THE FUND (UNIT TRUST)
First Capital Money Market Fund

FUND MANAGING COMPANY
First Capital Asset Management Limited (PB 187)

TRUSTEE OF THE FUND
Bank of Ceylon

REGISTERED OFFICE OF FUND MANAGING COMPANY
First Capital Asset Management Limited
No. 2, Deal Place
Colombo 3

BOARD OF DIRECTORS OF FUND MANAGING COMPANY
Dr. Nishan de Mel
Mr. Kavin Karunamoorthy
Mr. Dilshan Wirasekara
Mr. Kuda Banda Herath

SECRETARIES
Ms. Heidy Seneviratne
No. 02, Deal Place
Colombo 03.

EXTERNAL AUDITORS
M/s B. R. De Silva & Co
Chartered Accountants
No. 22/4, Vijaya Kumaranatunga Mawatha
Colombo 5

INTERNAL AUDITORS
M/s Ernst & Young
No. 109, Rotunda Towers
Galle Road
Colombo 3

PRINCIPAL BANKERS
Bank of Ceylon
Sampath Bank PLC

First Capital

A Janashakthi Group Company