2025 / 26

Audited Financial Statements

First Capital Wealth Fund

Managed by
FIRST CAPITAL ASSET MANAGEMENT LIMITED

First Capital
A Janashakthi Group Company

CONTENT

First Capital

Report of The Manager

We are pleased to provide you with the Audited Financial Statements of First Capital Wealth Fund for the fiscal year ended on 31 March 2026.

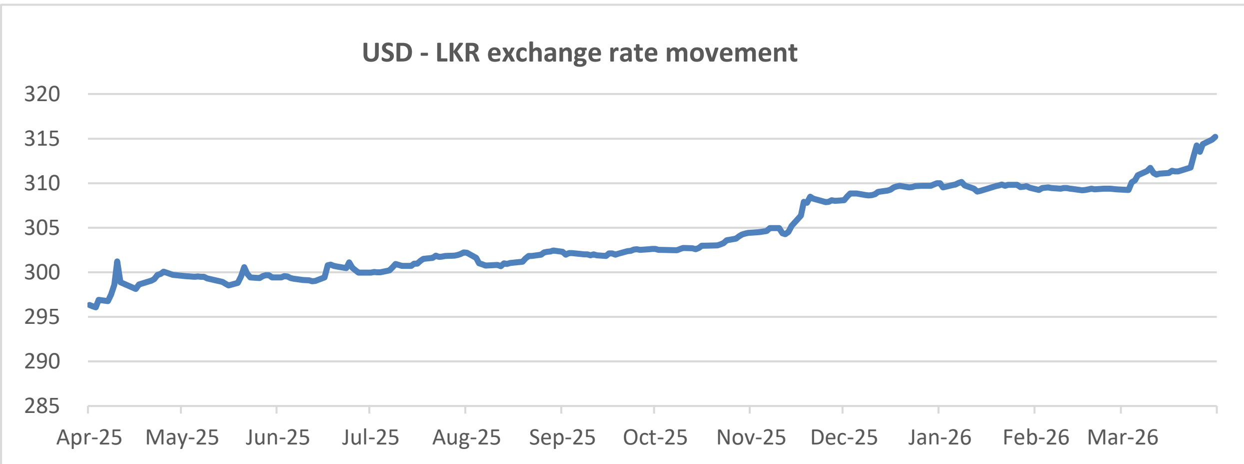
Economic and Industry Overview

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) programme. 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.

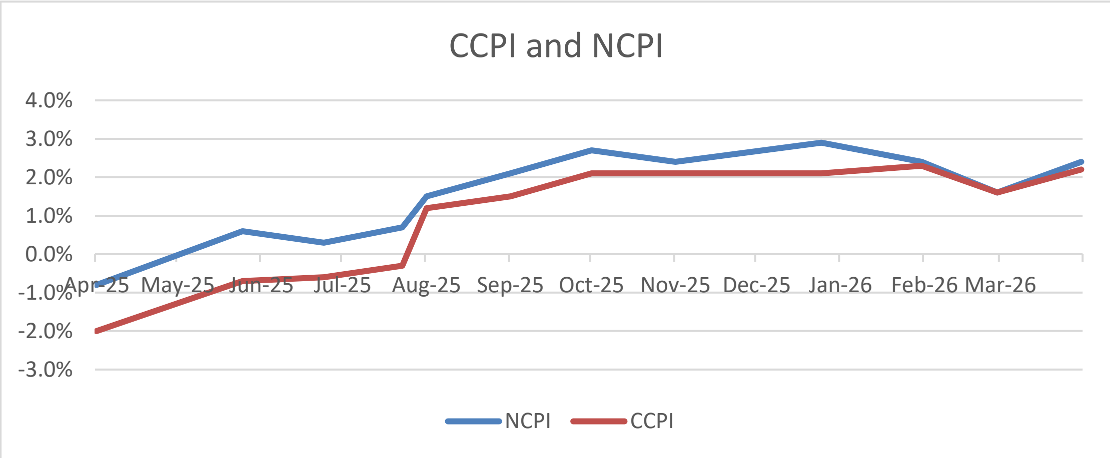
During the year, Sri Lanka successfully completed the fourth and fifth reviews under the IMF Extended Fund Facility programme, reinforcing policy credibility and unlocking additional external financing. Continued progress in implementing fiscal reforms, together with the successful completion of external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

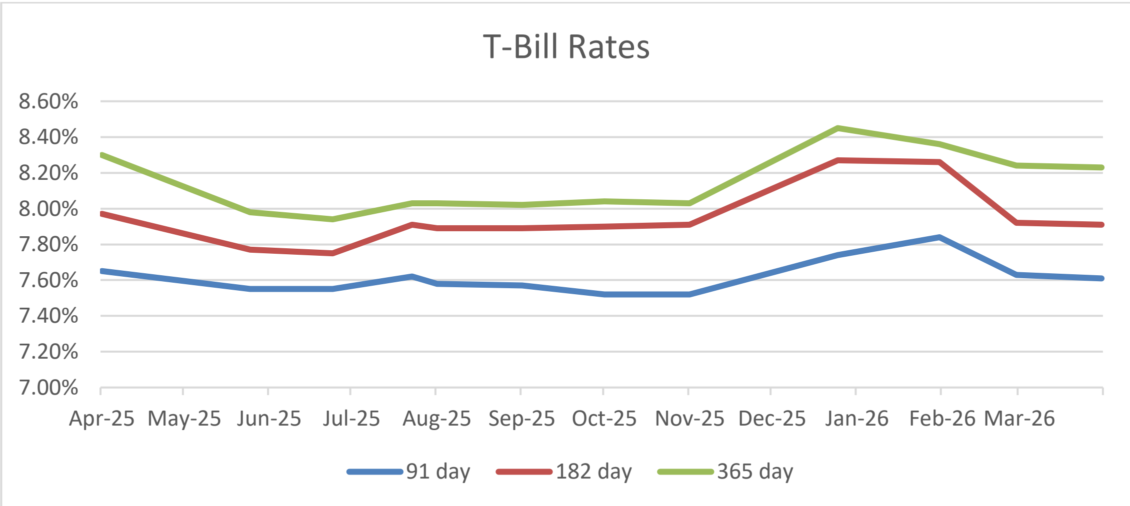
The Sri Lankan Rupee remained relatively stable throughout most of the financial year, supported by healthy foreign exchange inflows from tourism, workers' remittances and export earnings. Nevertheless, the currency experienced moderate depreciation during the final quarter of the year as global crude 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 of Sri Lanka 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 Wealth Fund reported a Profit after Tax of Rs. 19.9Mn for the year ended 31 March 2026 compared to Rs. 39.4Mn in the previous year (2024/25). The decrease in profit after tax is mainly due to the loss on fair valuation of financial assets of 21.7Mn during the reporting period.

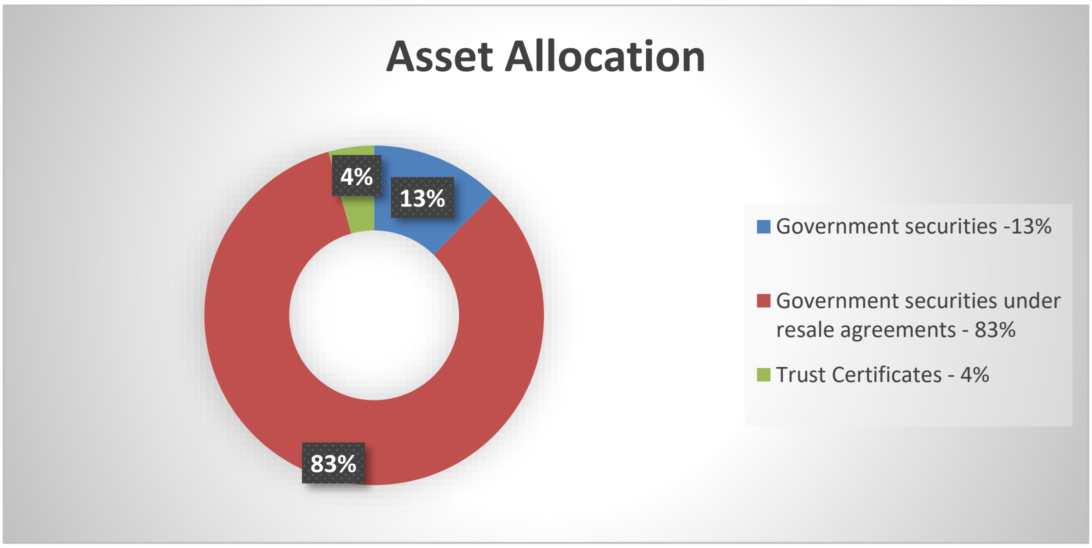
The Fund reported an Annualised Return of 6.6% for the year ended 31 March 2026 compared to the average 5-year treasury bond yield (base yield) of 9.6% (source: Central Bank of Sri Lanka - *Monthly Economic Indicators;* https://www.cbsl.gov.lk/statistics/economic-indicators/monthly- indicators. 5-year treasury bond (risk free return) is used to evaluate the performance of the Fund which denotes the return over the risk-free return since there is no appropriate benchmark indexfor the Fund).

The Annualised Return reported in the previous year (2024/25) was 15.9% compared to the average 5-year treasury bond yield (base yield) of 11.3% (source: Central Bank of Sri Lanka - *Monthly Economic Indicators;* https://www.cbsl.gov.lk/statistics/economic-indicators/monthly- indicators).

The Funds under Management as at 31 March 2026 were Rs. 245.2 Mn compared to Rs. 352.9 Mn as at 31 March 2025. In accordance with Sri Lanka Financial Reporting Standards, the Fund is accounted for on a marked-to-market basis wherein the return to investors reduces during periods of rising interest rates and increases when interest rates are decline.

The asset allocation of the Fund as at the reporting date is as follows.

Asset Allocation as at 31 March 2026



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.

B.R.DE SILVA & CO.
Chartered Accountants

A member of Nexia International

Private & Confidential

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of First Capital Wealth 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.

B. R. DE SILVA & CO. Chartered Accountants

22/1,
Vijaya Kumaranatunga Mw.,
Colombo 05,
Sri Lanka.

Responsibilities of the 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 misstatements, 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 the going concern and using the going concern basis of accounting unless the 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 on whether the financial statements as a whole are free from material misstatements, 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 misstatements in 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 the 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.

B.R. DE SILVA & CO. Chartered Accountants

- 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 WEALTH FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2026

For the year ended 31 March.	Note	2026 Rs.	2025 Rs.
Income	8	47,294,046	40,372,694
Direct expenses	9	(19,495)	(117,389)
Net trading income		47,274,551	40,255,305
Gain/ (Loss) on fair valuation of financial assets recognised through profit or loss- measured at fair value	10	(21,663,226)	4,041,577
		25,611,325	44,296,882
Administration expenses	11	(5,503,090)	(4,812,258)
Other operating expenses	12	(116,325)	(109,675)
Profit before tax		19,991,910	39,374,949
Income tax expenses	13	-	-
Profit for the year		19,991,910	39,374,949
Other comprehensive income		-	-
Total comprehensive income for the year		19,991,910	39,374,949

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

B.R. DE SILVA & CO. Chartered Accountants

FIRST CAPITAL WEALTH FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

As at	Note	31.03.2026 Rs.	31.03.2025 Rs.
Assets			
Cash at bank	14	287,978	631,551
Financial assets recognised through profit or loss - measured at fair value	15	41,071,947	294,149,978
Financial assets at amortised cost	16	204,743,183	59,043,764
Total assets		246,103,108	353,825,293
Unitholders' funds and liabilities			
Liabilities			
Accruals and other payables	17	816,550	936,567
Total liabilities		816,550	936,567
Unitholders' funds			
Net assets attributable to unitholders	18.1	245,286,558	352,888,726
		245,286,558	352,888,726
Total unitholders' funds and liabilities		246,103,108	353,825,293
Net assets value per unit (Rs.)	18	2,254.70	2,115.12

The Managing Company of First Capital Wealth 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

DE SILVA & CO. Chartered Accountants

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

For the year ended 31 March,	Note	Unitholders' Fund Rs.
Balance as at 1 April 2024		169,081,474
Increase due to unit creation during the year	**18.1**	287,206,451
Decrease due to unit redemption during the year	**18.1**	(142,774,148)
Increase in net assets attributable to unitholders		39,374,949
Balance as at 31 March 2025		**352,888,726**
Balance as at 1 April 2025		352,888,726
Increase due to unit creation during the year	**18.1**	53,114,285
Decrease due to unit redemption during the year	**18.1**	(180,708,363)
Increase in net assets attributable to unitholders		19,991,910
Balance as at 31 March 2026		**245,286,558**

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

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

Accounting policy
The statement of cash flows have 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		19,991,910	39,374,949
Adjustment for :			
Gain/ (Loss) on fair valuation of financial assets recognised through profit or loss - measured at fair value	10	21,663,226	(4,041,577)
Operating profit before working capital changes		**41,655,136**	**35,333,372**
(Decrease)/ increase in financial assets recognised through profit or loss		231,414,808	(130,049,034)
Decrease in financial investments -at amortised cost		(145,699,420)	(49,834,438)
Increase / (decrease) in accruals and other liabilities		(120,019)	141,151
Cash flows generated from/ (used in) operations		127,250,505	(144,408,949)
Net cash flows generated from/ (used in) operating activities		127,250,505	(144,408,949)
Cash flows from financing activities			
Proceeds from units creation	18.1	53,114,285	287,206,451
Payments for units redemption	18.1	(180,708,363)	(142,774,148)
Net cash flows generated from/ (used in) financing activities		**(127,594,078)**	144,432,303
Net Increase / (decrease) in cash and cash equivalent during the year		(343,573)	23,354
Cash and cash equivalents at the beginning of the year		631,551	608,197
Cash and cash equivalents at the end of the year	14	287,978	631,551

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

FIRST CAPITAL WEALTH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

1. Reporting entity

First Capital Wealth Fund ("the Fund") is an Open-Ended Unit Trust approved by the Securities and Exchange Commission of Sri Lanka on 10 August 2010.

The registered office/ place of business of the Fund is located at No. 2, Deal Place, Colombo 3. First Capital Asset Management Limited is the Managing Company of First Capital Wealth 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 fixed income securities (i.e. Government Securities and Corporate Debt Instruments) on behalf of its clients.

The objective of the First Capital Wealth 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.

Contd...6

B.R. DE SILVA & CO. Chartered Accountants

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 297).

Where the minimum number of unit holders falls below the specified minimum threshold due to redemption by a unitholder or any other supervening circumstance, the Managing Company of the Fund is required to make the best efforts for compliance within 3 months from the date of the first shortfall and should consult the Commission forthwith.

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 at 31 March 2026 comprises of;

- The Statement of Profit or Loss and Other Comprehensive Income (SOPLOCI) providing information on the performance for the year under review
- Statement of Financial Position (SOFP) providing information on the financial position of the Fund as at the year end
- Statement of Changes in Unitholders' Fund providing the movement in the unitholders' Funds during the year under review
- 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 Accounting Policies and other explanatory notes and information

B. R. DE SILVA & CO. Chartered Accountants

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	Note
Financial assets recognised through profit or loss - measured at fair value	Fair value	Note 15
Financial assets at amortised cost	Amortised cost	Note 16

2.3. Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees (LKR), 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 recognised in the period in which the estimate is revised and in any future periods affected.

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

Critical Accounting Estimate/ Judgment	Disclosure Note
Going concern	Note 2.3.1
Classification of financial assets	Note 3.3.3
Fair value of financial instruments	Note 20
Impairment losses on financial assets	Note 16.1

E. R. DE SILVA & CO. Chartered Accountants

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 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 20).

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 recognised amounts and there is an intention to settle on a net basis or to realise 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.

B. R. DE SILVA & CO.

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 indicate.

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 08
Direct expenses	Note 09
Gain / (Loss) on fair valuation of financial assets recognized through profit or loss – measured at fair value	Note 10
Administration expenses	Note 11
Income tax expenses	Note 13
Material accounting policies - Recognition of assets and liabilities	
Financial assets recognised through profit or loss - measured at fair value	Note 15
Financial assets at amortised cost	Note 16

3.3. Financial instruments

3.3.1. Initial recognition

Financial assets and liabilities are initially recognised 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 FVPL are expensed in the statement of profit or loss.

B. R. De Silva & Co. Chartered Accountants

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, financial assets measured at fair value through other comprehensive income and financial assets at amortised cost. All the financial assets are recognised at fair value at their initial recognition.

B.R. DE SILVA & CO. Chartered Accountants

Financial Assets (Contd...)

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 sole 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.

B.R. DE SILVA & CO.

FIRST CAPITAL WEALTH FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

Financial Assets (Contd...)

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 recognistion, 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 Investment in government securities purchased under resale agreement 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 amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

E.R. DE SILVA & CO. Chartered Accountants

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 recognised 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 is 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.

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.

B.R. DE SILVA & CO. Chartered Accountants

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

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 loss is 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. Sale and repurchase agreements

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

3.3.8. De-recognition

A financial asset is de-recognised when,

1. The rights to receive cash flows from the asset have expired.
2. The Fund has transferred its rights to receive cash f lows 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.

B.R. DE SILVA & CO.
Chartered Accountants

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 10).

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 unit holders 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, 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 arises 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.

B. R. DE SILVA & CO.

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

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

B. R. DE SILVA & CO. Chartered Accountants

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.

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.

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 behaviour.

B. R. DE SILVA & CO. Chartered Accountants

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

· interest on financial assets measured at fair value through other comprehensive income are calculated on an effective interest basis.

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 though 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.

		2025/2026	2024/2025
		Rs.	Rs.
8	**Income**		
	Interest income on financial assets recognised - through profit or loss measured at fair value	18,679,777	30,916,553
	Interest income on financial assets at amortised cost	12,963,480	3,450,769
	Gain on sale of financial assets recognised through - profit and loss measured at fair value	15,229,659	4,987,834
	Penalty fee	421,130	1,017,538
		47,294,046	**40,372,694**
9	**Direct expenses**		
	Interest expense on repo borrowing	19,495	117,389
		19,495	**117,389**
10	**Gain on financial assets recognised through profit or loss - measured at fair value**		
	Treasury Bond	22,238,416	3,446,562
	Debenture	-	56,265
	Trust Certificates	(575,190)	538,750
		21,663,226	**4,041,577**

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

B. R. DE SILVA & CO. Chartered Accountants

Accounting policy
The management and trustee fees of the Fund as per the trust deed is 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.

11 Administration expenses

	2025/2026 Rs.	2024/2025 Rs.
Management fee	4,168,238	3,580,626
Trustee fee	852,594	732,401
Audit Fee	482,258	499,231
	5,503,090	4,812,258

12 Other operating expenses

Bank charges	116,325	109,675
	116,325	109,675

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.

13.1 Reconciliation between current tax expense and the accounting profit

	2025/2026 Rs.	2024/2025 Rs.
Accounting profit from ordinary activities before tax	19,991,910	39,374,949
Less:- Exempted income	(19,991,910)	(39,374,949)
Taxable profit	-	-
Income tax provision for the year	-	-

B. R. DE SILVA & CO. • Chartered Accountants •

	Notes	31.03.2026 Rs.	31.03.2025 Rs.
14 Cash at bank			
Bank of Ceylon	14.1	287,978	631,551
		287,978	631,551

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.

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 Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, transaction costs are recognised in Profit or Loss as incurred.

Financial assets at fair value through Profit or Loss are measured at fair value, and subsequent therein are recognised in Profit or Loss.

Following assets represent financial assets at fair value though profit or loss.
* Investment in trust certificates
* Investment in debentures
* Investment in government securities

		31.03.2026 Rs.	31.03.2025 Rs.
Trust Certificates	15.1	10,687,130	11,373,580
Government securities	15.2	30,384,817	282,776,398
		41,071,947	294,149,978

15.1 Trust Certificates

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 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 Value of the Fund
Alliance Finance Company PLC	BBB	10,687,130	4%	11,373,580	3%
Total		10,687,130		11,373,580	

B.R. DE SILVA & CO. Chartered Accountants

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

15.2 Government securities

	Value - Net as at 31 March 2026 (Rs.)	Percentage exposure to each issuer against the Net Value of the Fund	Value - Net as at 31 March 2025 (Rs.)	Percentage exposure to each issuer against the Net Value of the Fund
Treasury Bond	30,384,817	12%	282,776,398	80%
	30,384,817		282,776,398	

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.

i. Investment in government securities purchased under re-sale agreements
ii. Fixed deposits

For the year ended 31 March,	2026 Rs.	2025 Rs.
Investment in government securities purchased under re-sale agreements (Note 16.1)		
Bank of Ceylon	-	59,043,764
HNB Securities Limited	204,743,183	-
	204,743,183	59,043,764

16.1 This represents investment in resale agreements entirely backed by Government Securities. No impairment provisions derived through these investments.

17 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	284,109	387,375
Trustee fee payable	58,113	79,236
Auditor's remuneration	474,328	449,367
Miscellaneous payable	-	20,589
	816,550	936,567

18 Net assets per unit

Net assets (Rs.)	245,286,558	352,888,726
Total number of units	108,789	166,841
Net assets per value unit (Rs.)	2,254.70	2,115.12

18.1 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	92,618	169,081,474
Increase due to unit creation during the year	145,914	287,206,451
Decrease due to unit redemption during the year	(71,690)	(142,774,148)
Increase in net assets attributable to unit holders	-	39,374,949
Balance as at 31 March 2025	166,842	352,888,726
Balance as at 1 April 2025	166,842	352,888,726
Increase due to unit creation during the year	24,448	53,114,285
Decrease due to unit redemption during the year	(82,501)	(180,708,363)
Increase in net assets attributable to unit holders	-	19,991,910
Balance as at 31 March 2026	108,789	245,286,558
Year on Year decrease	-35%	-30%

19 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.
Assets				
Cash at bank	-	287,978	287,978	287,978
Financial assets recognised through profit or loss - measured at fair value	41,071,947	-	41,071,947	41,071,947
Financial assets - at amortised cost	-	204,743,183	204,743,183	204,743,183
	41,071,947	205,031,161	246,103,108	246,103,108
Liabilities				
Accrued expenses and other payables	-	816,550	816,550	816,550
	-	816,550	816,550	816,550

As at 31 March 2025	Financial Assets/ Liabilities - FVTPL	Financial Assets/ Liabilities - at amortised cost	Total carrying amount	Fair value
	Rs.	Rs.	Rs.	Rs.
Assets				
Cash at bank	-	631,551	631,551	631,551
Financial assets recognised through profit or loss - measured at fair value	294,149,978	-	294,149,978	294,149,978
Financial assets - at amortised cost	-	59,043,764	59,043,764	59,043,764
	294,149,978	59,675,315	353,825,293	353,825,293
Liabilities				
Accrued expenses and other payables	-	936,567	936,567	936,567
	-	936,567	936,567	936,567

E.R. DE SILVA & CO.

20 Determination of fair value and hierarchy of fair value

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

Level 1 - 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.

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

Fund has not transferred any financial assets during the year 2025-26.

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 bonds	Valued using the CBSL yield	Level 1*
Corporate debt		
Trust Certificates	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.

Financial assets measured at fair value

As at 31 March 2026	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total fair value Rs.
Financial assets recognised through profit or loss - measured at fair value				
- Trust Certificates	-	10,687,130	-	10,687,130
- Government securities	30,384,817	-	-	30,384,817
Total financial investments	**30,384,817**	**10,687,130**	**-**	**41,071,947**

As at 31 March 2025	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total fair value Rs.
Financial assets recognised through profit or loss - measured at fair value				
- Trust Certificates	-	11,373,580	-	11,373,580
- Government securities	282,776,398	-	-	282,776,398
Total financial investments	**282,776,398**	**11,373,580**	**-**	**294,149,978**

B.R. DE SILVA & CO. Chartered Accountants

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

20.1 Measurement of fair values

20.1 (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
Investment in Trust Certificates	The valuation model is based on Yield Curve of the Government Securities. Yields relating to Government Securities based on the maturities of the respective Trust Certificate 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 (4.70%)

20.1 (b) Reconciliation of fair values of level 2

	Trust Certificates Rs.	Total Rs.
Balance as at 01 April 2025	11,373,580	11,373,580
Purchases	-	-
Sales / Matured	-	-
Interest accrued (net of coupon receipt)	(111,260)	(111,260)
Gain/ (Loss) on fair valuation of financial assets	(575,190)	(575,190)
Balance as at 31 March 2026	10,687,130	10,687,130

20.1.1 Sensitivity of the Market Yield on Financial Instruments measured at fair value is as follows.

	(-) 0.5% Decrease (Effect in Rs.)	(+) 0.5% Increase (Effect in Rs.)
Investment in Treasury Bonds	736,644	(730,535)
Investment in Trust Certificates	133,510	(131,050)

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.

E.W. DE SILVA & CO. Chartered Accountants

21 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.

21.1 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.

21.1(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates which 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 managing 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.

21.1(b) Liquidity risk

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

Management of liquidity risk includes the following elements:

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

21 Financial risk management (Contd.)

21.1(b) Liquidity risk (Contd.)

Maturity analysis of the financial assets and financial liabilities

As at 31 March 2026	Carrying amount Rs.	Up to 3 months Rs.	3 Months to 1 year Rs.	1-3 years Rs.	3-5 years Rs.	Over 5 years Rs.
Assets						
Cash at bank	287,978	287,978	-	-	-	-
Financial assets at fair value through profit or loss						
Trusts Certificates	10,687,130	-	-	-	10,687,130	-
Treasury bonds	30,384,817	-	-	-	-	30,384,817
Financial assets at amortised cost						
Investment in Government securities under resale agreements	204,743,183	204,743,183	-	-	-	-
Total financial assets	**246,103,108**	**205,031,161**	-	-	**10,687,130**	**30,384,817**
Liabilities						
Accruals and other payables	816,550	816,550	-	-	-	-
Total financial liabilities	**816,550**	**816,550**	-	-	-	-

As at 31 March 2025	Carrying amount Rs.	Up to 3 months Rs.	3 Months to 1 year Rs.	1-3 years Rs.	3-5 years Rs.	Over 5 years Rs.
Assets						
Cash at bank	631,551	631,551	-	-	-	-
Financial assets at fair value through profit or loss						
Trusts Certificates	11,373,580	-	-	-	11,373,580	-
Treasury bonds	282,776,398	-	-	54,564,356	198,558,940	29,653,102
Financial assets - at amortised cost						
Investment in Government securities under resale agreements	59,043,764	59,043,764	-	-	-	-
Total financial assets	**353,825,293**	**59,675,315**	-	**54,564,356**	**209,932,520**	**29,653,102**
Liabilities						
Accruals and other payables	936,567	936,567	-	-	-	-
Total financial liabilities	**936,567**	**936,567**	-	-	-	-

21.1(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 of Fund manager.

B.R. DE SILVA & CO. Chartered Accountants

21 Financial risk management (Contd.)

21.1 (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
- 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 quality by class of financial assets

As at 31 March 2026	12 Month expected credit losses Rs.	Life time expected credit losses not credit impaired Rs.	Life time expected credit losses credit impaired Rs.	Total Rs.
Assets				
Cash at bank	287,978	-	-	287,978
Financial assets at amortised cost	204,743,183	-	-	204,743,183
Total financial assets	205,031,161	-	-	205,031,161

As at 31 March 2025	12 Month expected credit losses Rs.	Life time expected credit losses not credit impaired Rs.	Life time expected credit losses credit impaired Rs.	Total Rs.
Assets				
Cash at bank	631,551	-	-	631,551
Financial assets - at amortised cost	59,043,764	-	-	59,043,764
Total financial assets	59,675,315	-	-	59,675,315

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 Rs.	Financial assets recognised through profit or loss - measured at fair value Rs.	Financial assets - at amortised cost Rs.	Total financial assets Rs.
Sector wise breakdown				
Government	287,978	30,384,817	-	30,672,795
Corporate	-	10,687,130	204,743,183	215,430,313
Others	-	-	-	-
Total	287,978	41,071,947	204,743,183	246,103,108

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	631,551	282,776,398	-	283,407,949
Corporate	-	11,373,580	59,043,764	70,417,344
Others	-	-	-	-
Total	**631,551**	**294,149,978**	**59,043,764**	**353,825,293**

Credit quality analysis of financial investments

As at 31 March 2026

	Risk Status	Amortised Cost Rs.	FVTPL Rs.	Total Rs.
Government securities	Risk free	204,743,183	30,384,817	235,128,000
Debt instruments having credit ratings*				
AA+ to A+	Low risk	-	-	-
A to BBB+	Medium risk	-	-	-
Below BBB	High risk	-	10,687,130	10,687,130
		204,743,183	**41,071,947**	**245,815,130**

As at 31 March 2025

	Risk Status	Amortised Cost Rs.	FVTPL Rs.	Total Rs.
Government securities	Risk free	-	282,776,398	282,776,398
Debt instruments having credit ratings*				
AA+ to A+	Low risk	-	-	-
A to BBB+	Medium risk	59,043,764	-	59,043,764
Below BBB	High risk	-	11,373,580	11,373,580
		59,043,764	**294,149,978**	**353,193,742**

*This includes only investment in Debentures & Trust certificate and does not include equity investments.

B. R. DE SILVA & CO. Chartered Accountants

FIRST CAPITAL WEALTH FUND
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2026

21.1 (d) 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 risks are measured using sensitivity analysis. However, due to the short term nature of the fund, 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) in basis points	Effect on the profit for the year ended 31.03.2026	Effect on the profit for the year ended 31.03.2025
		Rs.	Rs.
Increase in interest rate	+0.5%	(861,585)	(5,075,833)
Decrease in interest rate	-0.5%	870,154	4,575,618

	Floating interest rate	Fixed interest rate	Total
	Rs.	Rs.	Rs.
As at 31 March 2026			
Assets			
Government Securities	-	30,384,817	30,384,817
Total financial assets	-	30,384,817	30,384,817

	Floating interest rate	Fixed interest rate	Total
	Rs.	Rs.	Rs.
As at 31 March 2025			
Assets			
Government securities - Treasury Bond	-	282,776,398	282,776,398
Total financial assets	-	282,776,398	282,776,398

E. R. DE SILVA & CO.

21.1 (e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company'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 authorisation 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.

22. 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 Disclousers'

22.1. 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 Personnel	Director	-	-	
Sarvodaya Development Finance PLC**	Related Company via Key Management Personnel	-	-	-	

Mr. Kavin Karunamoorthy has been appointed as Director/Chief Executive Officer of First Capital Asset Manangment 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 (Intermediary Parent) 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 Limited (Ultimate Parent Company).

22 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.

22.2 Transaction with managing company

Name of the company	ture of the transaction	Transaction amount 2025/2026 Rs.	Transaction amount 2024/2025 Rs.
First Capital Asset Management Limited	Management fee	4,168,238	3,580,626

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	Management fee payable	(284,109)	(387,375)

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

Nature of the transaction	For the year ended 31.03.2026		For the year ended 31.03.2025	
	2025/2026	Amount owed (to) / by the related party as at 31.03.2026	2024/2025	Amount 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	1,983,497	-	2,937,604	-
Interest expense	(19,495)	-	(117,389)	-
Gain on sale of financial investments - FVTPL	6,135,288	-	4,987,834	-
Benefit accrued on Unit Trust	1,893,777	-	5,277,488	-
Statement of Financial Position				
Investment in Unit Trust	-	-	-	(55,277,498)

B. R. DE SILVA & CO. Chartered Accountants

22 Related party disclosures (Contd.)

22.4 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 Frist 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. Dependents of the Individual or the individual's domestic partner

Close Family Members are related parties to the Entity.

Transactions with KMP/CFM	For the year ended 31.03.2026		For the year ended 31.03.2025	
	2025/2026 Rs.	Amount owed (to) / by the related party as at 31.03.2026 Rs.	2024/2025 Rs.	Amount owed (to) / by the related party as at 31.03.2025 Rs.
Investment in Unit Trust	-	-	-	-
Benefit accrued on Unit Trust investments	-	-	-	-

23 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.

24 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.

All material and important events that occurred after the reporting date have been considered and appropriate disclosures are made in the financial statements.

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

B.R. De Silva & Co. Chartered Accountants

CORPORATE INFORMATION

NAME OF THE FUND (UNIT TRUST)
First Capital Wealth 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

First Capital
A Janashakthi Group Company