

**FIRST CAPITAL WEALTH FUND  
INTERIM FINANCIAL STATEMENTS  
FOR SIX MONTHS ENDED 30<sup>TH</sup> SEPTEMBER 2022**



First Capital

## REPORT OF THE MANAGER

We have pleasure in presenting the Unaudited Interim Financial Statements of First Capital Wealth Fund (the Fund) for the six months ended 30<sup>th</sup> September 2022.

### Fund Performance

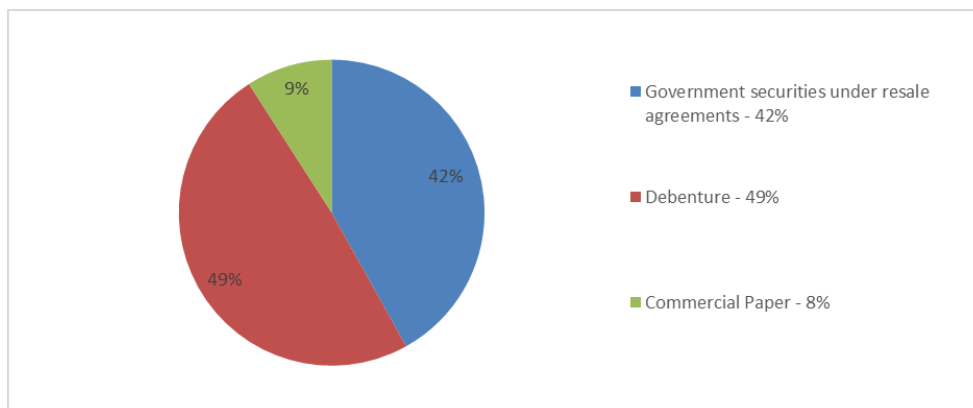
First Capital Wealth Fund reported a Loss after Tax of Rs. 4.8Mn for the six months ended 30<sup>th</sup> September 2022 compared to a Profit after Tax of Rs. 6.2Mn in the correspondence period of the previous year. The loss reported for the period under review is as a result of the fair valuation losses on fixed income securities portfolios amounting to Rs. 10.7Mn (2021/22 – Rs. 4.1Mn).

The Fund reported an Annualised Negative Return of 5.38% for the six months ended 30<sup>th</sup> September 2022 compared to 5-year treasury bond yield (base yield) of 21.11% (source: Central Bank of Sri Lanka - *Daily Reports*; <https://www.cbsl.gov.lk/en/pd-daily-report>. 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 index for the Fund).

The Annualised Return reported in the corresponding period of the previous year (2021/22) was 4.80% compared to 5-year treasury bond yield of 9.15% (source: Central Bank of Sri Lanka - *Daily Reports*; <https://www.cbsl.gov.lk/en/pd-daily-report>). The Funds under Management as at 30<sup>th</sup> September 2022 was Rs. 94Mn compared to Rs. 257Mn at the beginning of the year (The Fund's yield is variable and subject to change. Past performance is not an indicator of future performance).

### Asset Allocation as at 30<sup>th</sup> September 2022

The Asset Allocation of the Fund as at 30<sup>th</sup> September 2022 is as follows.



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Company Reg. No: PB 187

## **Appreciations**

We take this opportunity to thank our valued unitholders for the trust and confidence placed in us. We also place on record our appreciation for the support extended by the Securities and Exchange Commission of Sri Lanka and our Trustee, Bank of Ceylon.

We express our sincere thanks to the Board of Directors, Management Team and Staff of the First Capital Asset Management Limited for their contribution towards our performance.

**FIRST CAPITAL WEALTH FUND**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

<b>For Six Months ended 30<sup>th</sup> September</b>	<b>2022</b>	<b>2021</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Income</b>	<b>7,103,138</b>	<b>12,288,728</b>
Direct expenses	(2,412)	(39,852)
<b>Net trading income</b>	<b>7,100,726</b>	<b>12,248,876</b>
Unrealised loss on fair valuation of financial assets recognised through profit or loss - measured at fair value	(10,677,745)	(4,118,725)
	<b>(3,577,019)</b>	<b>8,130,151</b>
Administration and other operating expenses	(1,183,969)	(1,901,959)
<b>Profit/ (Loss) before taxation</b>	<b>(4,760,988)</b>	<b>6,228,192</b>
Income tax expenses	-	-
<b>Profit/ (Loss) for the period</b>	<b>(4,760,988)</b>	<b>6,228,192</b>
<b>Increase/ (Decrease) in net assets attributable to unitholders</b>	<b>(4,760,988)</b>	<b>6,228,192</b>

Figures in brackets indicate deductions.

The notes form an integral part of these financial statements.

**FIRST CAPITAL WEALTH FUND  
STATEMENT OF FINANCIAL POSITION**

<b>As at</b>	<b>30.09.2022</b>	<b>31.03.2022</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Assets</b>		
Cash at bank	809,188	820,478
Financial assets recognised through profit or loss - measured at fair value	53,970,100	226,997,883
Financial assets -at amortised cost	39,585,575	29,732,955
Other receivables	300,820	299,180
	<b>94,665,683</b>	<b>257,850,496</b>
<b>Total Assets</b>		
<b>Unitholders' funds and liabilities</b>		
<b>Liabilities</b>		
Accrued expenses and other liabilities	782,811	1,076,516
<b>Total Liabilities</b>	<b>782,811</b>	<b>1,076,516</b>
<b>Unitholders' funds</b>		
Net assets attributable to unitholders	93,882,872	256,773,980
	<b>93,882,872</b>	<b>256,773,980</b>
<b>Total unitholders' funds and liabilities</b>	<b>94,665,683</b>	<b>257,850,496</b>
<b>Net asset per unit (Rs.)</b>	<b>1,057.94</b>	<b>1,087.67</b>

The notes form an integral part of these financial statements.

The Management 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.

Approved by the Managing Company on 22<sup>nd</sup> December 2022.



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



**Dilshan Wirasekara**  
**Director/ Chief Executive Officer**  
**First Capital Asset Management Limited**  
**Fund Management Company**



**Chandana de Silva**  
**Director**  
**First Capital Asset Management Limited**  
**Fund Management Company**

**FIRST CAPITAL WEALTH FUND  
STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS**

<b>For Six Months ended 30<sup>th</sup> September 2022</b>	<b>Unitholders' Funds Rs.</b>
<b>Balance as at 1<sup>st</sup> April 2021 (Audited)</b>	<b>262,466,930</b>
Capital infused during the period	17,000
Capital redeemed during the period	(4,837,044)
Increase in net assets attributable to unitholders	6,228,192
<b>Balance as at 30<sup>th</sup> September 2021 (Unaudited)</b>	<b><u>263,875,078</u></b>
<b>Balance as at 1<sup>st</sup> April 2022 (Audited)</b>	<b>256,773,980</b>
Capital infused during the period	1,382,699
Capital redeemed during the period	(159,512,819)
Decrease in net assets attributable to unitholders	(4,760,988)
<b>Balance as at 30<sup>th</sup> September 2022 (Unaudited)</b>	<b><u>93,882,872</u></b>

Figures in brackets indicate deduction.  
The notes form an integral part of these financial statements.

**FIRST CAPITAL WEALTH FUND  
STATEMENT OF CASH FLOWS**

**For Six Months ended 30<sup>th</sup> September**

	<b>2022</b>	<b>2021</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Cash flows from operating activities</b>		
Profit/ (loss) before taxation	(4,760,988)	6,228,192
Adjustment for :		
Unrealised loss on fair valuation of financial assets - at fair value through profit and loss	10,677,745	4,118,725
<b>Operating profit before working capital changes</b>	<b>5,916,757</b>	<b>10,346,917</b>
Decrease in financial assets -at fair value through profit or loss	162,350,038	6,082,764
Increase in financial investments at amortised cost	(9,852,620)	(10,347,591)
Increase in other receivables	(1,640)	(153,182)
Decrease in accrued expenses and other liabilities	(293,705)	(120,629)
Decrease in borrowings on repurchase agreement	-	(100,027)
<b>Cash generated flows from operations</b>	<b>158,118,830</b>	<b>5,708,252</b>
<b>Net cash flows from operating activities</b>	<b>158,118,830</b>	<b>5,708,252</b>
<b>Net cash flows from investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from/ (used in) financing activities</b>		
Proceeds from units creation	1,382,699	17,000
Payment for units redemption	(159,512,819)	(4,837,044)
<b>Net cash flows used in financing activities</b>	<b>(158,130,120)</b>	<b>(4,820,044)</b>
<b>Net cash inflows/ (outflows) for the period</b>	<b>(11,290)</b>	<b>(888,208)</b>
Cash and cash equivalents at the beginning of the period	820,478	137,959
<b>Cash and cash equivalents at the end of the period</b>	<b>809,188</b>	<b>1,026,167</b>

Figures in brackets indicate deductions.

The notes form an integral part of these financial statements.

**FIRST CAPITAL WEALTH FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**

1. The number of Units represented by unitholders' funds as at 30<sup>th</sup> September 2022 is 88,742.
2. The above figures are subject to audit. The same accounting policies as in the Audited Financial Statements for the year ended 31<sup>st</sup> March 2022 have been followed in the preparation of the above interim financial statements.
3. There have been no material capital commitment and contingent liabilities as at the reporting date which require disclosures in the financial statements (No commitment and contingent liabilities as at 31<sup>st</sup> March 2022).
4. There have been no material events subsequent to the reporting date which require disclosures/ adjustments in the above interim financial statements.



**FIRST CAPITAL WEALTH FUND**  
**INTERIM FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30<sup>TH</sup> SEPTEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial instruments- Fair Value Measurement**

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements in accordance with SLFRS 13.

**Level - 1**

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

**Level - 2**

Financial instruments that are measured at fair value on a recurring 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 market transactions involving comparable securities.

**Level - 3**

Financial Instruments that are not supported by observable market prices information.

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

**5.1 Fair values versus the Carrying amounts**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position are as follows;

	As at 30.09.2022		As at 31.03.2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.
<b>Asset</b>				
<b>Financial assets measured at fair value</b>				
Financial assets recognised through profit or loss - measured at fair value	<b>53,970,100</b>	<b>53,970,100</b>	226,997,883	226,997,883
	<b>53,970,100</b>	<b>53,970,100</b>	226,997,883	226,997,883
<b>Financial assets not measured at fair value</b>				
Cash at bank	<b>809,188</b>	<b>809,188</b>	820,478	820,478
Financial assets at amortised cost	<b>39,585,575</b>	<b>39,585,575</b>	29,732,955	29,732,955
Other receivables	<b>300,820</b>	<b>300,820</b>	299,180	299,180
	<b>40,695,583</b>	<b>40,695,583</b>	30,852,613	30,852,613
<b>Total financial assets</b>	<b>94,665,683</b>	<b>94,665,683</b>	257,850,496	257,850,496
<b>Financial Liabilities measured at fair value</b>	-	-	-	-
<b>Financial liabilities not measured at fair value</b>				
Accrued expenses and other liabilities	<b>782,811</b>	<b>782,811</b>	1,076,516	1,076,516
<b>Total financial liabilities</b>	<b>782,811</b>	<b>782,811</b>	1,076,516	1,076,516

**FIRST CAPITAL WEALTH FUND**  
**INTERIM FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30<sup>TH</sup> SEPTEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

**5.2 Financial instruments- Fair Value**

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

**As at 30<sup>th</sup> September 2022**

**Financial assets measured at fair value**

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

- Investment in debentures

- Investment in commercial papers

**Financial assets not measured at fair value**

Cash at bank

Financial assets - at amortised cost

Other receivables

**Total financial assets**

**Financial liabilities measured at fair value**

**Financial liabilities not measured at fair value**

Accrued expenses and other liabilities

**Total financial liabilities**

	Level 1	Level 2	Level 3	Total Fair Value
	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value				
Financial assets recognised through profit or loss - measured at fair value				
- Investment in debentures	41,455,350	4,848,930	-	46,304,280
- Investment in commercial papers	-	7,665,820	-	7,665,820
	<b>41,455,350</b>	<b>12,514,750</b>	-	<b>53,970,100</b>
Financial assets not measured at fair value				
Cash at bank	-	-	809,188	809,188
Financial assets - at amortised cost	-	-	39,585,575	39,585,575
Other receivables	-	-	300,820	300,820
	-	-	<b>40,695,583</b>	<b>40,695,583</b>
<b>Total financial assets</b>	<b>41,455,350</b>	<b>12,514,750</b>	<b>40,695,583</b>	<b>94,665,683</b>
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Accrued expenses and other liabilities	-	-	782,811	782,811
<b>Total financial liabilities</b>	-	-	<b>782,811</b>	<b>782,811</b>

**As at 31<sup>st</sup> March 2022**

**Financial assets measured at fair value**

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

- Investment in debentures

- Investment in securitised papers

- Investment in commercial papers

- Investment in government securities - Treasury bills

**Financial assets not measured at fair value**

Cash at bank

Financial assets at amortised cost

Other receivables

**Total financial assets**

**Financial liabilities measured at fair value**

**Financial liabilities not measured at fair value**

Accrued expenses and other liabilities

**Total financial liabilities**

	Level 1	Level 2	Level 3	Total Fair Value
	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value				
Financial assets recognised through profit or loss - measured at fair value				
- Investment in debentures	-	59,750,830	-	59,750,830
- Investment in securitised papers	-	35,252,369	-	35,252,369
- Investment in commercial papers	-	33,033,084	-	33,033,084
- Investment in government securities - Treasury bills	98,961,600	-	-	98,961,600
	<b>98,961,600</b>	<b>128,036,283</b>	-	<b>226,997,883</b>
Financial assets not measured at fair value				
Cash at bank	-	-	820,478	820,478
Financial assets at amortised cost	-	-	29,732,955	29,732,955
Other receivables	-	-	299,180	299,180
	-	-	<b>30,852,613</b>	<b>30,852,613</b>
<b>Total financial assets</b>	<b>98,961,600</b>	<b>128,036,283</b>	<b>30,852,613</b>	<b>257,850,496</b>
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Accrued expenses and other liabilities	-	-	1,076,516	1,076,516
<b>Total financial liabilities</b>	-	-	<b>1,076,516</b>	<b>1,076,516</b>

**FIRST CAPITAL WEALTH FUND**

**INTERIM FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30<sup>TH</sup> SEPTEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

**5.3 Measurement of fair values**

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

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

**Financial instruments measured at fair value**

<b>Type</b>	<b>Valuation Technique</b>	<b>Significant Unobservable Inputs</b>
Debentures	The valuation model is based on Yield Curve of the Government Securities. Yields relating to Government Securities based on the remaining maturities of the respective debenture 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 (5.20% - 6.19%)
Commercial papers	The valuation model is based on Yield Curve of the Government Securities. Yields relating to Government Securities based on the remaining 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 company (14.23%)
Securitised papers	The valuation model is based on Yield Curve of the Government Securities. Yields relating to Government Securities based on the remaining 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 (4.73% - 7.06%)

**FIRST CAPITAL WEALTH FUND**

**INTERIM FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30<sup>TH</sup> SEPTEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

**5.4 Financial instruments - Accounting classifications**

As at 30<sup>th</sup> September 2022

	Financial assets - FVTPL	Financial assets/ liabilities at amortised cost	Total carrying amount	Fair value
	Rs.	Rs.	Rs.	Rs.
<b>Financial assets measured at fair value</b>				
Financial assets - FVTPL	53,970,100	-	53,970,100	53,970,100
	<b>53,970,100</b>	<b>-</b>	<b>53,970,100</b>	<b>53,970,100</b>
<b>Financial assets not measured at fair value</b>				
Cash at bank	-	809,188	809,188	809,188
Financial assets at amortised cost	-	39,585,575	39,585,575	39,585,575
Other receivables	-	300,820	300,820	300,820
	<b>-</b>	<b>40,695,583</b>	<b>40,695,583</b>	<b>40,695,583</b>
<b>Total financial assets</b>	<b>53,970,100</b>	<b>40,695,583</b>	<b>94,665,683</b>	<b>94,665,683</b>
<b>Financial liabilities measured at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>				
Accrued expenses and other liabilities	-	-	782,811	782,811
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>782,811</b>	<b>782,811</b>

As at 31<sup>st</sup> March 2022

	Financial assets - FVTPL	Financial assets/ liabilities at amortised cost	Total carrying amount	Fair value
	Rs.	Rs.	Rs.	Rs.
<b>Financial assets measured at fair value</b>				
Financial assets - FVTPL	226,997,883	-	226,997,883	226,997,883
	<b>226,997,883</b>	<b>-</b>	<b>226,997,883</b>	<b>226,997,883</b>
<b>Financial assets not measured at fair value</b>				
Cash at bank	-	820,478	820,478	820,478
Financial assets - at amortised cost	-	29,732,955	29,732,955	29,732,955
Other receivables	-	299,180	299,180	299,180
	<b>-</b>	<b>30,852,613</b>	<b>30,852,613</b>	<b>30,852,613</b>
<b>Total financial assets</b>	<b>226,997,883</b>	<b>30,852,613</b>	<b>257,850,496</b>	<b>257,850,496</b>
<b>Financial liabilities measured at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>				
Accrued expenses and other liabilities	-	-	1,076,516	1,076,516
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,076,516</b>	<b>1,076,516</b>