



First Capital

A Janashakthi Group Company

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# PROVISIONAL FINANCIAL STATEMENTS

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Six Months ended  
30<sup>th</sup> September 2023

**FIRST CAPITAL FIXED INCOME FUND**

Managed by

**FIRST CAPITAL ASSET MANAGEMENT LIMITED**

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First Capital

## REPORT OF THE MANAGER

We have pleasure in presenting the Unaudited Interim Financial Statements of First Capital Fixed Income Fund (the Fund) for the six months ended 30<sup>th</sup> September 2023.

### Fund Performance

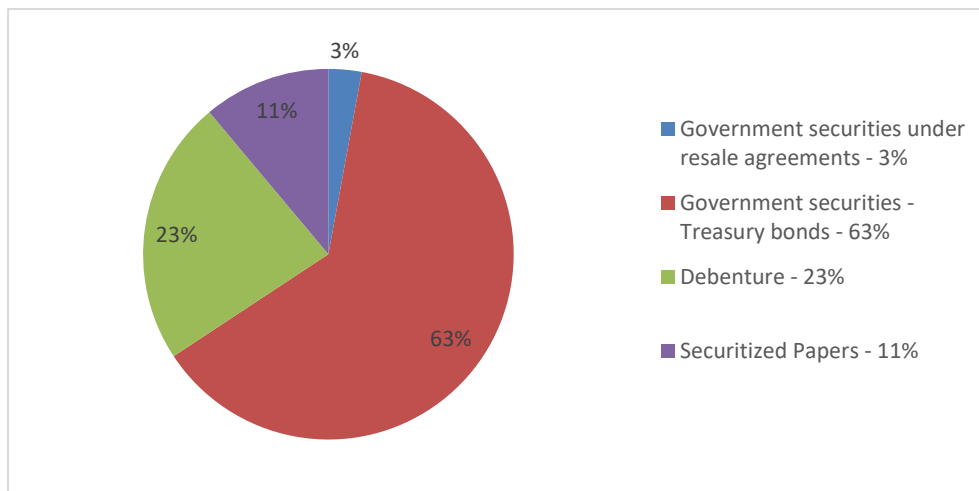
First Capital Fixed Income Fund reported a Profit after Tax of Rs. 366.1Mn for the six months ended 30<sup>th</sup> September 2023 compared to a Loss after Tax of Rs. 8.5Mn in the corresponding period of the previous year. The Profit reported for the period under review is mainly as a result of the fair valuation gains on fixed income securities portfolio amounting to Rs. 278.5Mn (2022/23 – Fair valuation loss of Rs. 80.5Mn).

The Fund reported an Annualised Return of 102.14% (inclusive of the marked to market gain) for the six months ended 30<sup>th</sup> September 2023 compared to 5-year treasury bond yield (base yield) of 18.42% (source: The Central Bank of Sri Lanka - *Daily Reports*; <https://www.cbsl.gov.lk/en/pd-daily-report>). The 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 Negative Return reported in the corresponding period of the previous year (2022/23) was 1.76% compared to the 5-year treasury bond yield (base yield) of 21.11% (source: The 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 2023 was Rs. 1,094Mn compared to Rs. 977Mn 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 2023

The Asset Allocation of the Fund as at 30<sup>th</sup> September 2023 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 First Capital Asset Management Limited for their contribution towards our performance.

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

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

	<b>2023</b>	<b>2022</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Income</b>	<b>95,493,918</b>	<b>75,806,323</b>
Direct expenses	(3,784,919)	-
<b>Net trading income</b>	<b>91,708,999</b>	<b>75,806,323</b>
Gain / (Loss) on fair valuation of financial assets recognised through profit or loss - measured at fair value	278,529,888	(80,473,837)
	<b>370,238,887</b>	<b>(4,667,514)</b>
Administration and other operating expenses	(4,116,298)	(3,821,640)
Reversal for Impairment of financial assets at amortised cost	-	5,559
<b>Profit/ (Loss) before taxation</b>	<b>366,122,589</b>	<b>(8,483,595)</b>
Income tax expenses	-	-
<b>Profit / (Loss) for the period</b>	<b>366,122,589</b>	<b>(8,483,595)</b>
<b>Increase / (Decrease) in net assets attributable to unitholders</b>	<b>366,122,589</b>	<b>(8,483,595)</b>

Figures in brackets indicate deductions

The notes form an integral part of these provisional financial statements.

**FIRST CAPITAL FIXED INCOME FUND  
STATEMENT OF FINANCIAL POSITION**

As at	<b>30.09.2023</b> <b>Unaudited</b> <b>Rs.</b>	<b>31.03.2023</b> <b>Audited</b> <b>Rs.</b>
<b>Assets</b>		
Cash at bank	215,296	223,237
Financial assets recognised through profit or loss - measured at fair value	1,155,966,958	905,719,650
Financial assets at amortised cost	34,351,685	64,505,863
Other receivable	7,984,340	8,388,763
<b>Total assets</b>	<b>1,198,518,279</b>	<b>978,837,513</b>
<b>Unitholders' funds and liabilities</b>		
<b>Liabilities</b>		
Accrued expenses and other liabilities	3,027,937	1,970,831
Repo Borrowing	101,501,071	-
<b>Total liabilities</b>	<b>104,529,008</b>	<b>1,970,831</b>
<b>Unitholders' funds</b>		
Net assets attributable to unitholders	1,093,989,271	976,866,682
	<b>1,093,989,271</b>	<b>976,866,682</b>
<b>Total unitholders' funds and liabilities</b>	<b>1,198,518,279</b>	<b>978,837,513</b>
<b>Net assets value per unit</b>	<b>3,208.17</b>	<b>2,254.31</b>

The notes form an integral part of these provisional financial statements.

The Management Company of First Capital Fixed Income Fund is responsible for the preparation and presentation of these Provisional Financial Statements in accordance with the Sri Lanka Accounting Standards.

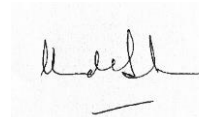
Approved by the Managing Company on 15<sup>th</sup> December 2023.



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



**Dilshan Wirasekara**  
**Managing Director/ CEO**  
**First Capital Asset Management Limited**  
**Fund Management Company**



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

**FIRST CAPITAL FIXED INCOME FUND  
STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS**

**For Six Months ended 30<sup>th</sup> September 2023**

	<b>Unitholders' Funds Rs.</b>
<b>Balance as at 1<sup>st</sup> April 2022 (Audited)</b>	<b>995,663,968</b>
Increase due to unit creation during the period	207,768,118
Decrease due to unit redemption during the period	(208,091,939)
Decrease in net assets attributable to unitholders	<b>(8,483,595)</b>
<b>Balance as at 30<sup>th</sup> September 2022 (Unaudited)</b>	<b><u>986,856,552</u></b>
<b>Balance as at 1<sup>st</sup> April 2023 (Audited)</b>	<b>976,866,682</b>
Increase due to unit creation during the period	663,782,104
Decrease due to unit redemption during the period	(912,782,104)
Increase in net assets attributable to unitholders	366,122,589
<b>Balance as at 30<sup>th</sup> September 2023 (Unaudited)</b>	<b><u>1,093,989,271</u></b>

Figures in brackets indicate deduction.

The notes form an integral part of these provisional financial statements.

**FIRST CAPITAL FIXED INCOME FUND  
STATEMENT OF CASH FLOWS**

<b>For Six Months ended 30<sup>th</sup> September</b>	<b>2023</b>	<b>2022</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	366,122,589	(8,483,595)
Adjustment for :		
Gain / (Loss) on fair valuation of financial assets - at fair value through profit and loss	(278,529,888)	80,473,837
Reversal for Impairment of financial assets at amortised cost	-	(5,559)
<b>Operating profit before working capital changes</b>	<b>87,592,701</b>	<b>71,984,683</b>
(Increase) / Decrease in financial assets - at fair value through profit or loss	28,282,580	(67,592,746)
Decrease in financial assets - at amortised cost	30,154,178	16,520,185
(Increase) / Decrease in other receivables	404,423	(250,923)
Increase / (Decrease) in accrued expenses and other liabilities	1,057,106	(116,785)
Increase in payable under resale agreements	101,501,071	-
<b>Cash flows generated from operations</b>	<b>248,992,059</b>	<b>20,544,414</b>
<b>Net cash flows generated from operating activities</b>	<b>248,992,059</b>	<b>20,544,414</b>
<b>Net cash flows from/(used in) investing activities</b>		
Proceeds from units creations	663,782,104	207,768,118
Payments for units redemptions	(912,782,104)	(208,091,939)
<b>Net cash flows used in financing activities</b>	<b>(249,000,000)</b>	<b>(323,821)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(7,941)</b>	<b>20,220,593</b>
Cash and cash equivalents at the beginning of the period	223,237	618,803
<b>Cash and cash equivalents at the end of the period</b>	<b>215,296</b>	<b>20,839,396</b>

Figures in brackets indicate deductions.

The notes form an integral part of these provisional financial statements.



**FIRST CAPITAL FIXED INCOME FUND**  
**NOTES TO THE PROVISIONAL FINANCIAL STATEMENTS**

1. The number of Units represented by unitholders' funds as at 30<sup>th</sup> September 2023 is 341,001.
2. The above figures are provisional. The same accounting policies as in the Audited Financial Statements for the year ended 31<sup>st</sup> March 2023 have been followed in the preparation of the above provisional 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 2023).
4. There have been no material events after the reporting period which require adjustments/disclosures in the above provisional financial statements.

**FIRST CAPITAL FIXED INCOME FUND**  
**NOTES TO THE PROVISIONAL 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 value.

**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 30.09.2023		As at 31.03.2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.
<b>Financial assets measured at fair value</b>				
Financial assets recognised through profit or loss - measured at fair value	<b>1,155,966,958</b>	<b>1,155,966,958</b>	905,719,650	905,719,650
	<b>1,155,966,958</b>	<b>1,155,966,958</b>	905,719,650	905,719,650
<b>Financial assets not measured at fair value</b>				
Cash at bank	215,296	215,296	223,237	223,237
Financial assets - at amortised cost	34,351,685	34,351,685	64,505,863	64,505,863
Other receivables	7,984,340	7,984,340	8,388,763	8,388,763
	<b>42,551,321</b>	<b>42,551,321</b>	73,117,863	73,117,863
<b>Total financial assets</b>	<b>1,198,518,279</b>	<b>1,198,518,279</b>	978,837,513	978,837,513
<b>Financial liabilities measured at fair value</b>	-	-	-	-
<b>Financial liabilities not measured at fair value</b>				
Accrued expenses and other liabilities	3,027,937	3,027,937	1,970,831	1,970,831
Repo borrowing	101,501,071	101,501,071	-	-
<b>Total financial liabilities</b>	<b>104,529,008</b>	<b>104,529,008</b>	1,970,831	1,970,831

**FIRST CAPITAL FIXED INCOME FUND**  
**NOTES TO THE PROVISIONAL 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 2023

	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial assets measured at fair value</b>					
<b>Financial assets recognised through profit or loss - measured at fair value</b>					
Investment in debentures	275,901,140	-	275,901,140	-	275,901,140
Investment in securitised papers	132,109,618	-	132,109,618	-	132,109,618
Investment in government Securities - Treasury Bonds	747,956,200	747,956,200	-	-	747,956,200
	<b>1,155,966,958</b>	<b>747,956,200</b>	<b>408,010,758</b>	<b>-</b>	<b>1,155,966,958</b>
<b>Financial assets not measured at fair value</b>					
Cash at bank	215,296	-	-	215,296	215,296
Financial assets - at amortised cost	34,351,685	-	-	34,351,685	34,351,685
Other receivable	7,984,340	-	-	7,984,340	7,984,340
	<b>42,551,321</b>	<b>-</b>	<b>-</b>	<b>42,551,321</b>	<b>42,551,321</b>
<b>Total financial assets</b>	<b>1,198,518,279</b>	<b>747,956,200</b>	<b>408,010,758</b>	<b>42,551,321</b>	<b>1,198,518,279</b>
<b>Financial liabilities measured at fair value</b>					
	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>					
Accrued expenses and other liabilities	3,027,937	-	-	3,027,937	3,027,937
Repo borrowing	101,501,071	-	-	101,501,071	101,501,071
<b>Total financial liabilities</b>	<b>104,529,008</b>	<b>-</b>	<b>-</b>	<b>104,529,008</b>	<b>104,529,008</b>

As at 31<sup>st</sup> March 2023

	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial assets measured at fair value</b>					
<b>Financial assets recognised through profit or loss - measured at fair value</b>					
Investment in debentures	238,280,700	-	238,280,700	-	238,280,700
Investment in securitised papers	115,142,077	-	115,142,077	-	115,142,077
Investment in government Securities - Treasury Bonds	552,296,873	552,296,873	-	-	552,296,873
	<b>905,719,650</b>	<b>552,296,873</b>	<b>353,422,777</b>	<b>-</b>	<b>905,719,650</b>
<b>Financial assets not measured at fair value</b>					
Cash at bank	223,237	-	-	223,237	223,237
Financial assets - at amortised cost	64,505,863	-	-	64,505,863	64,505,863
Other receivable	8,388,763	-	-	8,388,763	8,388,763
	<b>73,117,863</b>	<b>-</b>	<b>-</b>	<b>73,117,863</b>	<b>73,117,863</b>
<b>Total financial assets</b>	<b>978,837,513</b>	<b>552,296,873</b>	<b>353,422,777</b>	<b>73,117,863</b>	<b>978,837,513</b>
<b>Financial liabilities measured at fair value</b>					
	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>					
Accrued expenses and other liabilities	1,970,831	-	-	1,970,831	1,970,831
<b>Total financial liabilities</b>	<b>1,970,831</b>	<b>-</b>	<b>-</b>	<b>1,970,831</b>	<b>1,970,831</b>

**FIRST CAPITAL FIXED INCOME FUND**  
**NOTES TO THE PROVISIONAL 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**

Type	Valuation Technique	Significant Unobservable Inputs
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 debentures 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% - 6.09%)
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 (2.58% - 2.70%)

**FIRST CAPITAL FIXED INCOME FUND**  
**NOTES TO THE PROVISIONAL FINANCIAL STATEMENTS**

**5.4 Financial instruments - Accounting classifications**

As at 30<sup>th</sup> September 2023

	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	1,155,966,958	-	1,155,966,958	1,155,966,958
	<b>1,155,966,958</b>	<b>-</b>	<b>1,155,966,958</b>	<b>1,155,966,958</b>
<b>Financial assets not measured at fair value</b>				
Cash at bank	-	215,296	215,296	215,296
Financial assets at amortised cost	-	34,351,685	34,351,685	34,351,685
Other receivable	-	7,984,340	7,984,340	7,984,340
	<b>-</b>	<b>42,551,321</b>	<b>42,551,321</b>	<b>42,551,321</b>
<b>Total financial assets</b>	<b>1,155,966,958</b>	<b>42,551,321</b>	<b>1,198,518,279</b>	<b>1,198,518,279</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	-	3,027,937	3,027,937	3,027,937
Repo borrowing	-	101,501,071	101,501,071	101,501,071
<b>Total financial liabilities</b>	<b>-</b>	<b>104,529,008</b>	<b>104,529,008</b>	<b>104,529,008</b>

As at 31<sup>st</sup> March 2023

	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	905,719,650	-	905,719,650	905,719,650
	<b>905,719,650</b>	<b>-</b>	<b>905,719,650</b>	<b>905,719,650</b>
<b>Financial assets not measured at fair value</b>				
Cash at bank	-	223,237	223,237	223,237
Financial assets at amortised cost	-	64,505,863	64,505,863	64,505,863
Other receivable	-	8,388,763	8,388,763	8,388,763
	<b>-</b>	<b>73,117,863</b>	<b>73,117,863</b>	<b>73,117,863</b>
<b>Total financial assets</b>	<b>905,719,650</b>	<b>73,117,863</b>	<b>978,837,513</b>	<b>978,837,513</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	-	1,970,831	1,970,831	1,970,831
<b>Total financial liabilities</b>	<b>-</b>	<b>1,970,831</b>	<b>1,970,831</b>	<b>1,970,831</b>