



Gilt Edge Fund

(A Series)

ANNUAL REPORT
2022

“The SEC in granting approval does not extend to either endorsing or ratifying the accuracy of the specific details set out therein, and that the management company remains at all times responsible for the specific details set out in the Annual Report.”

CONTENTS

| | |
|---|----|
| Corporate Information | 1 |
| Report of the Manager | 2 |
| Report of the Auditors | 3 |
| Statement of Comprehensive Income | 4 |
| Statement of Financial Position | 5 |
| Statement of Changes in Unit holders Funds | 6 |
| Statement of Cash Flow | 7 |
| Notes to the Financial Statements | 8 |
| Declaration by Trustee and Managing Company | 9 |
| Management Team | 10 |

CEYBANK GILT EDGE FUND (A SERIES)
Annual Report & Accounts 2022
CORPORATE INFORMATION

TRUSTEE

National Savings Bank
Savings House, 255, Galle Road
Colombo 03

FUND MANAGERS & REGISTRAR

Ceybank Asset Management Ltd
Reg. No PV 3326
No 85, York Street, Colombo -1
Tel : 011- 760 2000-2, Fax : 011- 2327203
E.mail : info@ceybank.com
Web: www.ceybank.com

**DIRECTORS OF THE
MANAGEMENT COMPANY**

Mr. G. Wickramage
Chairman
(Appointed w.e.f. 13th January 2022)

Mr. I. Ferdinands
CEO/Executive Director

Mr. G.A. Jayashantha
(Nominee - Bank of Ceylon)

Mr. R. M. N. Jeewantha
(Nominee - Bank of Ceylon)

Ms.V. Govindan
(Nominee - Unit Trust of India)

Ms. S.Kulasinghe
(Nominee - Sri Lanka Insurance)

Mr. A.D. Perera
(Nominee - Sri Lanka Insurance)

**MEMBER OF
THE INVESTMENT ADVISORY PANEL**

Mr. S N P Palihena
Former General Manager
Bank of Ceylon

AUDITORS

BDO Partners
Chartered Accountants

TAX CONSULTANTS

Ernst & Young
Chartered Accountants

BANKERS & CUSTODIAN

Bank of Ceylon

LAWYERS

F. J. & G. De Saram
Attorneys –at-Law

Nithya Partners
Attorneys –at-Law

CEYBANK GILT EDGE FUND (A SERIES) - Annual Report 2022

REPORT OF THE MANAGER

We have great pleasure in presenting the Manager's Report and Audited Accounts of the Ceybank Gilt Edge Fund (A Series) for the period 1st January 2022 to 31st December 2022.

The Net Asset Value per unit of your Fund appreciated by 18.85% during the period.

Economy

The Sri Lankan Economy witnessed a contraction of 7.8%YoY during the year 2022 against the expansion of 3.5%YoY for the year 2021 (base year=2015). This setback was recorded in all three sectors owing to economic crisis in the country driven by hyper-inflation and the severe scarcity of essential items including food, fuel, electricity, and medicine, etc. coupled with the deterioration of foreign reserves and currency. Sector wise, Industry slumped 16%, Services by 2% and Agriculture by 4.6% within 2022.

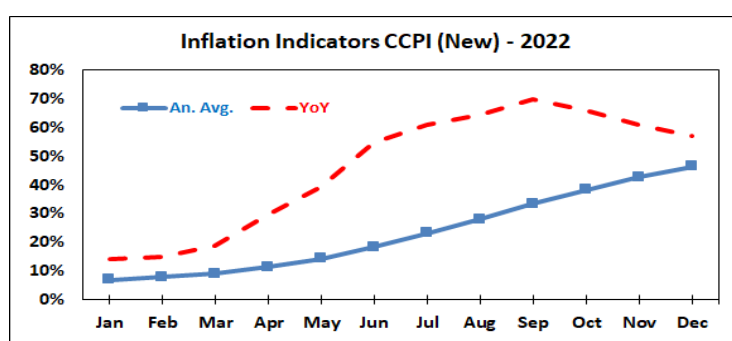


Figure: 1 - (Source: CBSL)

Annual Average Inflation (*Figure:1*) measured by the CCPI, which was at 6.9% at the beginning of the year accelerated to 46.4% at end December 2022 chiefly as a result of supply side interruptions, tax adjustments, currency depreciation and removal of price controls.

Market interest rates (*Figure:2*) surged up during the year. The benchmark 12-month Treasury bill rate which was at 8.39% p.a. at the beginning of the year was increased gradually in an effort to ease off the pressure on inflation and exchange rate. The rates elevated by 2088 basis points, to close at 29.27% p.a. at the end of the year. Long term Treasury bond yields also moved in tandem with the Treasury Bills during this period.

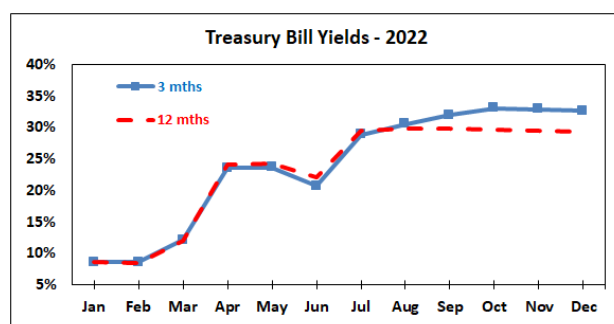


Figure: 2 - (Source: CBSL)

Overnight repo market rates recorded an upward trend and traded within a range of 5.9% and 15.5% p.a. The exchange rate which was at 200.43 (Rs/US\$) at the beginning of 2022, depreciated by 81.2% to 363.11 (Rs/US\$), as at end December 2022.

Changes in Central Bank key policy rates during the year, included an unexpected 700 bps rate hike in April. During the year both Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) were raised by a total of 950 bps. The SDFR and SLFR at the end of the year were 14.50% and 15.50% respectively, while the SRR was 4%.

Fund Performance

The Net Asset Value per unit of your Fund appreciated by 18.85% during the period under review. The Fund generated Rs 368.12 million as net operating profit before taxes during the period. The Fund was mainly invested in a mix of Treasury bills and Repurchase Agreements with maturities less than 12 months.

Future Outlook

Amidst the rise in systematic risk of downturns in world economies owing to tight financial controls adopted by Central Banks around the world due to inflationary pressures and geopolitical tensions in Eastern Europe, the Sri Lankan economy is expected to record a contraction of 3%-4%YoY in 2023E due to the instability in macro fundamentals in the domestic economy, including deteriorating foreign reserves due to consecutive sovereign downgrades, contraction in private sector credit disbursements owing to elevated market interest rates, anomalous rise in inflation stemmed from domestic and global supply side disruptions, and twin deficits in fiscal account and external current account, etc. However, the economy in the country is anticipated to witness a recovery and return to normalcy in 2024E with the implementation of structural reforms in the country in 2023 as per the agreement on an Extended Fund Facility (EFF) Arrangement of about USD2.9Bn with the International Monetary Fund (IMF).

In line with the enacting of reforms in IMF-EFF Agreement, the CBSL raised policy rates on 03rd March 2023 in order to lower the spread between policy interest rates and high market interest rates. We expect interest rates to decline further to narrow the spread with a view to ease the debt restructuring process. Despite the lagged effect, we expect the lending and deposit rates to slowly stabilize at a moderate level in the medium term in line with the declining market interest rates to retrieve the economic activities in the country. Accordingly, the decelerated trend in Private sector credit disbursement due to high cost of borrowing and low disposable income would reverse with the stabilizing of lending rates.

Due to the execution of some measures including price controls, favourable supply side developments due to uninterrupted fuel supply on quota system and removal of import ban on some items we would expect a gradual decline in inflation during the latter part of the year. With the Flexible Exchange Rate strategy adopted by CBSL as per the reforms of IMF-EFF, the successful completion of IMF-EFF in March 2023 and building up a healthy foreign reserve position against the looming external debt repayments, a moderate currency depreciation can be anticipated during the year.

By considering these factors into account, the Fund is currently invested in short term Treasury bills and Repurchase Agreements. The objective of the Fund is to provide liquidity and maximize returns for the investor. The Managers will continue to monitor the changing environment to address any change required in the asset allocation in order to meet the Fund objective.

Management

We take this opportunity to thank our valued unit holders for the confidence placed in us, which has been a great source of encouragement. We believe we will be able to provide a consistent return to the unit holders. We also place on record our appreciation for the unstinted support and cooperation extended by the Securities and Exchange Commission of Sri Lanka, the Trustee, National Savings Bank and Custodian Bank of Ceylon.

Our sincere appreciation is also due to the stakeholders and the Board of Directors for their support. Our achievements would not have been possible without the skills and commitment of the Management Team. We take great pleasure in thanking them for their contribution and dedication throughout the year and look forward to their support in the coming year too.

SGD

Kanchana Karannagoda

Fund Manager

March 2023

**CEYBANK GILT EDGED FUND (A SERIES)
COLOMBO 01**

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2022**



Tel : +94-11-2421878-79-70
+94-11-2387002-03
Fax : +94-11-2336064
E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CEYBANK GILT EDGED FUND (A SERIES)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ceybank Gilt Edged Fund (A Series) ("the Fund"), which comprise the statement of financial position as at 31st December 2022 and the statement of 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 a summary of significant accounting policies as set out on pages 05 to 18.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31st December 2022, 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 ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, 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.

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

Ceybank Asset Management Limited ("Management") and the Trustee of the Fund are 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 management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Partners : Sujeewa Rajapakse FCA, ACCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA. R. Vasanthakumar Bsc (Acc), ACA. F. Sarah Z. Afker ACA, ACMA (UK), CGMA, MCSI (UK). Dinusha C. Rajapakse ACA. Nirosha Vadivel Bsc (Acc), ACA, ACMA.



As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

As required by the Collective Investment Scheme (CIS) Code of 2022 issued by the Securities and Exchange Commission of Sri Lanka under the Act No.19 of 2021 and the Trust Deed, we have obtained all the information and explanations that were required for the audit and, as far as it appears from our examination, proper accounting records have been kept by the Fund.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo 02

30th March 2023

NV/kp

CEYBANK GILT EDGED FUND (A SERIES)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2022

Page 1

| | Note | 2022 Rs. | 2021 Rs. |
|---|------|--------------------|--------------------|
| Income on financial assets | 4 | 379,585,992 | 117,016,426 |
| Total investment income | | 379,585,992 | 117,016,426 |
| Expenses | | | |
| Management fee | | (7,686,783) | (11,384,745) |
| Trustee fee and custodian fee | | (2,768,971) | (3,864,869) |
| Audit fee | | (93,482) | (76,341) |
| Bank charges | | (359,880) | (33,750) |
| Other miscellaneous expenses | | (311,241) | (177,180) |
| Net operating profit | | 368,365,635 | 101,479,541 |
| Finance expenses | | (242,512) | - |
| Profit after deductions and before tax | | 368,123,123 | 101,479,541 |
| Income tax expense | | - | - |
| Increase in net assets attributable to unitholders | | 368,123,123 | 101,479,541 |

Figures in brackets indicate deductions.

The accounting policies and notes on page 05 to 18 form an integral part of these financial statements.

Colombo
30th March 2023



CEYBANK GILT EDGED FUND (A SERIES)
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2022

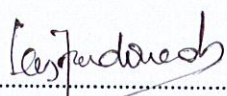
Page 2

| | Note | As at 31.12.2022 Rs. | As at 31.12.2021 Rs. |
|---|------|----------------------------|----------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 6,789,627 | 429,065 |
| Tax recoverable | 7 | - | - |
| Financial assets at amortized cost | 8 | 3,441,124,635 | 309,459,825 |
| Total current assets | | 3,447,914,262 | 309,888,890 |
| Total assets | | 3,447,914,262 | 309,888,890 |
| UNITHOLDERS' FUNDS AND LIABILITIES | | | |
| Current liabilities | | | |
| Other payables | 9 | 2,552,687 | 558,889 |
| Total current liabilities | | 2,552,687 | 558,889 |
| Unitholders' fund | | 3,445,361,575 | 309,330,001 |
| Total unitholders' fund | | 3,445,361,575 | 309,330,001 |
| Total unitholders' funds and liabilities | | 3,447,914,262 | 309,888,890 |

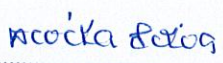
The accounting policies and notes on page 05 to 18 form an integral part of these financial statements.

The Board of Directors of the management company and the trustee are responsible for the preparation and presentation of these financial statements.

The financial statements were approved by the Management Company and the Trustee on 21st March 2023 and 27th March 2023 respectively.


.....
Director
Management Company


.....
Director
Management Company


.....
National Savings Bank
Trustee



Colombo
30th March 2023
NV/kp

CEYBANK GILT EDGED FUND (A SERIES)
STATEMENT OF CHANGES IN UNITHOLDERS FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 2022

Page 3

| | Unit capital Rs. | Retained earnings Rs. | Total Rs. |
|--|-----------------------------|-----------------------------|-----------------------------|
| Unitholders' funds as at 01st January 2021 | 1,354,416,573 | 561,795,870 | 1,916,212,443 |
| Increase in net assets attributable to unitholders | - | 101,479,541 | 101,479,541 |
| Received on unit creations | 3,453,895,948 | 1,354,032,051 | 4,807,927,999 |
| Paid on unit redemptions | (4,579,463,762) | (1,936,826,220) | (6,516,289,982) |
| Unitholders' funds as at 31st December 2021 | <u>228,848,759</u> | <u>80,481,242</u> | <u>309,330,001</u> |
| Increase in net assets attributable to unitholders | - | 368,123,123 | 368,123,123 |
| Received on unit creations | 2,564,111,879 | 1,137,604,328 | 3,701,716,207 |
| Paid on unit redemptions | (648,109,511) | (285,698,245) | (933,807,756) |
| Unitholders' funds as at 31st December 2022 | <u><u>2,144,851,127</u></u> | <u><u>1,300,510,448</u></u> | <u><u>3,445,361,575</u></u> |

Figures in brackets indicate deductions.

The accounting policies and notes on page 05 to 18 form an integral part of these financial statements.

Colombo
30th March 2023



CEYBANK GILT EDGED FUND (A SERIES)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2022

Page 4

| | 2022 Rs. | 2021 Rs. |
|--|------------------------|------------------------|
| Cash flows from operating activities | | |
| Interest received | 379,585,992 | 117,016,426 |
| Net investment in financial assets | (3,131,664,810) | 1,607,202,322 |
| Management fees and trustee fees paid | (8,912,930) | (15,962,109) |
| Bank charges | (359,880) | - |
| Other expenses paid | (385,741) | (287,271) |
| Finance expenses paid | (242,512) | - |
| Net cash (used in)/generated from operating activities | (2,761,979,881) | 1,707,969,368 |
| Cash flows from financing activities | | |
| Proceeds from applications of unitholders | 3,701,716,207 | 4,807,927,999 |
| Payments for redemptions to unitholders | (933,375,764) | (6,516,289,982) |
| Net cash generated from/(used in) financing activities | 2,768,340,443 | (1,708,361,983) |
| Net increase/ (decrease) in cash and cash equivalents | 6,360,562 | (392,615) |
| Cash and cash equivalents at the beginning of the year (Note A) | 429,065 | 821,680 |
| Cash and cash equivalents at the end of the year (Note B) | 6,789,627 | 429,065 |
| At the beginning | | Note A |
| Balance at bank | 429,065 | 821,680 |
| At the end | | Note B |
| Balance at bank | 6,789,627 | 429,065 |

Figures in brackets indicate deductions.

The accounting policies and notes on page 05 to 18 form an integral part of these financial statements.

Colombo
30th March 2023



1. CORPORATE INFORMATION

1.1 General

Under Section 31 of the Securities and Exchange Commission of Sri Lanka, Act No. 36 of 1987 (as amended by the Act No. 26 of 1991 and the Act No. 18 of 2003), the Securities and Exchange Commission of Sri Lanka granted a license to operate the Fund to Ceybank Asset Management Limited on 24th October, 2014. The Fund commenced its commercial operations on 26th January, 2016. The registered office of the Management Company is located at No.85, York Street, Colombo 01.

1.2 Principal activities and nature of operations

The Fund is an open-ended unit trust and invests in a portfolio consisting of treasury bills, treasury bonds with maturities equal to or less than one year and repurchase agreements in relation to such bills and bonds. The primary investment objective of the Fund is to maximize the short-term income whilst protecting capital and ensuring ease of liquidity by investing in a portfolio of government securities.

1.3 Date of Authorization for Issue

The Financial Statements of Ceybank Gilt Edged fund (A series) for the year ended 31st December, 2022 were authorized for issue by the Fund Management Company and the Trustee on 21st March 2023 and 27th March 2023 respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General accounting policies

2.1.1 Basis of preparation

The financial statements have been prepared in accordance with, and in compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka and adopted as directed by the Securities and Exchange Commission of Sri Lanka.

The financial statements have been prepared on the basis of fair value measurement of assets and liabilities except where otherwise it is stated.

The statement of financial position has been presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between the current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

2.1.2 Statement of compliance

These financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) and the requirements of the unit trust deed and CIS (Collective Investment Scheme) code of the Securities and Exchange commission of Srilanka.



2.1.3 Responsibility for financial statements

The Board of Directors of the management company and Trustee is responsible for the preparation and presentation of the financial statements of the Fund as per the provisions of the unit trust deed and CIS code and in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka.

These financial statements include the following components:

- a statement of comprehensive income providing information on the financial performance of the Fund for the year under review,
- a statement of financial position providing information on the financial position of the Fund as at the year-end,
- a statement of changes in unitholder funds depicting all the changes in unitholders' Funds during the year under review of the Fund
- a statement of cash flows providing information to the users, on the ability of the Fund to generate cash and cash equivalents and the needs of entities to utilize those cash flows and
- notes to the financial statements comprising accounting policies and other explanatory information.

2.1.4 Basis of measurement

The financial statements of the Fund have been prepared on the historical cost convention basis unless otherwise it is indicated.

2.1.5 Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the functional currency). The financial statements have been presented in Sri Lankan Rupees.

2.1.6 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard-LKAS 1 on "Presentation of Financial Statements".

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of comprehensive income unless it is required or permitted by any accounting standard or interpretation as specifically disclosed in the accounting policies.

2.1.7 Going concern

The Fund's management has made an assessment of its 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 and they do not intend either to liquidate or to cease operations of the Fund.

Management of the fund has continuously assessed the potential impact of economic crisis on the Fund's operations and is confident that it will not impact the going concern ability of the fund. Therefore, the financial statements continue to be prepared on the going concern basis.



2.1.8 Significant judgement and estimates

Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value. Following is the key source of estimation uncertainty at the statement of financial position date, that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

2.2 Statement of financial position

2.2.1 Financial instruments

The Fund's principal financial assets comprise investments in trading securities and cash at Bank. The main purpose of these financial instruments is to generate a return on the investment made by unitholders. The Fund's principal financial liabilities comprise the amounts attributable to unitholders, which are the amounts owing to unitholders of the Fund. The Fund also has various other financial instruments such as receivables and payables which arise directly from its operations.

2.2.1.1 Classification

SLFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Fund's business model for managing the assets and the instruments' contractual cash flow characteristics and categorized as;

- Debt instruments at Amortized Cost
- Debt instruments at Fair Value through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on de-recognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on de-recognition
- Financial Assets at Fair Value through Profit or Loss (FVTPL)

On initial recognition, financial assets are classified as measured at amortized cost, FVOCI or FVTPL. Financial assets are not re-classified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets in which case, all affected financial assets are re-classified on the first day of the first reporting period following the change in the business model.

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

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

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

2.2.1.1.1 Financial assets at amortized cost

In line with the requirements of the SLFRS-09, the Fund applies the amortized cost method to measure the financial assets for which an entity has a business model to hold the financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely the payments of the principal amount and interest (referred to as "SPPI").



- Principal is the fair value of the instrument at initial recognition.
- Interest is the return within a basic lending arrangement and typically consists of consideration for the time value of money, and credit risk. It may also include consideration for other basic lending risks such as liquidity risk as well as a profit margin.

The Fund determines its business model at the level that best reflects how it manages a group of financial assets to achieve its business objective.

2.2.1.2 Recognition/de-recognition

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual agreement (trade date) and recognizes changes in fair value of the financial assets or financial liabilities from this date.

Investments are de-recognized when the right to receive cash flows from the investments has expired or the Fund has transferred substantially all of risks and rewards of ownership.

Financial liabilities at fair value through profit or loss are de-recognized when the obligation specified in the contract is discharged or has expired.

Realized gains and realized losses on de-recognition are determined using the weighted average method and are included in the profit or loss in the period in which they arise. The realized gain is the difference between an instrument's weighted average cost and disposal amount.

2.2.2 Impairment of financial assets

At each reporting date, the Fund assesses to ascertain whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

2.2.3 Unitholders' Funds and net assets attributable to unitholders

Unitholders' Funds have been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unitholders, as at the reporting date.

Units can be issued and redeemed based on the Fund's net asset value per unit, calculated by dividing the net assets of the Fund calculated in accordance with the valuation guidelines issued by the Unit Trust Association of Sri Lanka and approved by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.



Dividends to unitholders are declared according to the explanatory memorandum. Distribution to unitholders is recognized in the statement of changes in unitholders' Fund. Income not distributed is included in net assets attributable to unitholders.

2.2.4 Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognized in the statement of changes in unit holders' Funds.

2.2.5 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at Bank and interest accrued on cash held in Bank.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

2.2.6 Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of each reporting period is recognized separately in the statement of financial position when unitholders are presently entitled to the distributable income under the trust deed.

2.2.7 Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded as gross of any exit fees payable after the cancellation of units redeemed.

2.3 Statement of comprehensive income

2.3.1 Revenue recognition

Interest income is recognized in profit or loss for all financial instruments measured at amortized cost using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset) interest reflects the income earned on cash held at Bank and on direct fixed interest investments.

2.3.2 Expenditure recognition

All expenses including the management fees and trustees' fees are recognized in profit or loss on accrual basis.



SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

2.3.3 Taxation

The charge for taxation is based on the results for the year as adjusted for disallowable items. With the enactment of the Inland Revenue Act No 24 of 2017 and the amendments thereto, an eligible unit trust would not be liable for income tax on any income which is a pass through to its unit holders. Accordingly, post 31st March 2018, the Fund has considered all income as being a pass through its unit holders.

2.3.4 Distribution

In accordance with the trust deed, the Fund distributes income adjusted for amounts determined by Ceybank Asset Management Limited, to unitholders by cash or re-investment. The distributions are recognized in the statement of changes in unitholder's Fund.

2.3.5 Increase/(decrease) in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders.

3. FINANCIAL RISK MANAGEMENT

The Fund's activities are exposed to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring the compliance with the Fund's product disclosure statement and seeks to maximize the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by the management company.

The Fund uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ratings analysis for credit risk.

3.1 Market risk

3.1.1 Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk. The Fund's interest bearing financial assets are exposed to risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using the sensitivity analysis.

The Fund's policy is to hold all its net assets attributable to unitholders invested in debt securities. The table below summarizes the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair values, categorized by the earlier contractual re-pricing on maturity dates.

| As at 31 st December, 2022 | Floating interest Rs. | Fixed interest Rs. | Non-interest Rs. | Total Rs. |
|---------------------------------------|-----------------------------|--------------------------|---------------------|---------------|
| Financial assets | | | | |
| Cash and cash equivalents | Nil | Nil | 6,789,627 | 6,789,627 |
| Financial assets at amortized cost | Nil | 3,441,124,635 | Nil | 3,441,124,635 |
| Total exposure | Nil | 3,441,124,635 | 6,789,627 | 3,447,914,262 |



| As at 31 st December, 2021 | Floating interest Rs. | Fixed interest Rs. | Non-interest Rs. | Total Rs. |
|---------------------------------------|-----------------------------|--------------------------|---------------------|--------------|
| Financial assets | | | | |
| Cash and cash equivalents | Nil | Nil | 429,065 | 429,065 |
| Financial assets at amortized cost | Nil | 309,459,825 | Nil | 309,459,825 |
| Total exposure | Nil | 309,459,825 | 429,065 | 309,888,890 |

3.2 Summarized sensitivity analysis

The following, table summarizes the sensitivity of the Fund's operating profit and net assets attributable to unitholders' interest rate risk and other price risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical level of changes in interest rates, historical correlation of the Fund's investment with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than it is anticipated due to a number of factors, including unusually large market shocks resulting from changes in performances and correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

| | Impact on operating profit/net assets attributable to unitholders' interest rate risk 31 st December 2022 | Impact on operating profit/net assets attributable to unitholders' interest rate risk 31 st December 2021 |
|---|---|---|
| Change in interest rate of the trust's investment in trading securities: | | |
| +1.5% | 5,693,790 | 1,755,246 |
| -1.5% | (5,693,790) | (1,755,246) |

3.3 Credit risk

The Fund is exposed to credit risk, which is the risk that the counterparty will be unable to pay amounts in full when they fall due.

The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in debt securities. Cash and cash equivalents, amounts due from brokers and other receivables.

3.3.1 Debt securities

The Fund invests in debt securities which are risk free investments. An analysis of debt by rating is set out in the table below.

| | 31 st December 2022 Rs. | 31 st December 2021 Rs. |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Re-purchase agreements rating | | |
| Risk free | 213,475,559 | 31,011,041 |
| Total | 213,475,559 | 31,011,041 |



3.3.2 Cash and cash equivalents

All counterparties have a rating of CCC- as determined by the Fitch rating agency. However, in accordance with the Fund's policy, the investment manager monitors the Fund's credit position on a daily basis, to maintain credit risk at a minimum level.

3.4 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of units. It, therefore, primarily holds investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets is held in investments not actively traded on a stock exchange.

Units are redeemed on demand at the unitholders' option. However, the Board of Directors does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long-term.

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

| | Less than one month Rs. | 01 to 06 months Rs. | 06 to 12 months Rs. | Total Rs. |
|---|-------------------------------|---------------------------|---------------------------|------------------|
| As at 31st December 2022 | | | | |
| Accrued expenses | | | | |
| - Management fee payable | 1,801,270 | Nil | Nil | 1,801,270 |
| - Money payable on unit redemption | 431,992 | Nil | Nil | 431,992 |
| - Custodian fee payable | Nil | 144,102 | Nil | 144,102 |
| - Other payables to UTMCL | Nil | 93,482 | 81,840 | 175,322 |
| Contractual cash flows (Excluding gross settled derivatives) | 2,233,262 | 237,584 | 81,840 | 2,552,686 |

| | Less than one month Rs. | 01 to 06 months Rs. | 06 to 12 months Rs. | Total Rs. |
|---|-------------------------------|---------------------------|---------------------------|----------------|
| As at 31st December 2021 | | | | |
| Accrued expenses | | | | |
| - Management fee payable | 371,671 | Nil | Nil | 371,671 |
| - Custodian fee payable | Nil | 30,877 | Nil | 30,877 |
| - Other payables to UTMCL | Nil | 76,341 | 80,000 | 156,341 |
| Contractual cash flows (Excluding gross settled derivatives) | 371,671 | 107,218 | 80,000 | 558,889 |



| | | 2022 Rs. | 2021 Rs. |
|--|----------|--------------------|--------------------|
| 4. INCOME | | | |
| Interest income on financial investments | Note 4.1 | 380,363,438 | 116,529,608 |
| Net realized (loss)/gain on financial assets | | (777,446) | 486,818 |
| | | <u>379,585,992</u> | <u>117,016,426</u> |

4.1 Interest income on financial investments

| | | | |
|-------------------------|--|--------------------|--------------------|
| Interest from | | | |
| - Treasury bills | | 351,430,086 | 6,108,974 |
| - Repurchase agreements | | 28,933,352 | 110,420,634 |
| | | <u>380,363,438</u> | <u>116,529,608</u> |

5. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Movements in a number of units and net assets attributable to unitholders during the period were as follows:

| | From 01st January, 2022 to 31st December, 2022 | | From 01st January, 2021 to 31st December, 2021 | |
|---|---|----------------------|---|--------------------|
| | Number | Rs. | Number | Rs. |
| Opening balance | 22,629,904 | 309,330,001 | 132,862,573 | 1,916,212,443 |
| Applications | 253,531,074 | 3,701,716,207 | 339,874,780 | 4,807,927,999 |
| Redemptions | (64,085,049) | (933,807,756) | (450,107,449) | (6,516,289,982) |
| Increase in net assets attributable to unitholders | - | 368,123,123 | - | 101,479,541 |
| Closing balance | <u>212,075,929</u> | <u>3,445,361,575</u> | <u>22,629,904</u> | <u>309,330,001</u> |

As stipulated within the trust deed, each unit represents a right to an individual share in the fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attached to it as all other units of the Fund.

5.1 Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the responsible entity. In terms of the Fund's constitution, the responsible entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of the unitholders.



| | | | | As at 31.12.2022 Rs. | As at 31.12.2021 Rs. |
|--|----------|-----------|-----------|----------------------------|----------------------------|
| 6. CASH AND CASH EQUIVALENT | | | | | |
| Cash at bank | | | | | |
| - Bank A/C 78527164 - Operation | | | | 6,755,169 | 385,227 |
| - Bank A/C 78527136- Redemption | | | | 19,458 | 28,838 |
| - Bank A/C 78527078 - Income distribution | | | | 15,000 | 15,000 |
| | | | | <u>6,789,627</u> | <u>429,065</u> |
| 7. TAX RECOVERABLE | | | | | |
| Balance at the beginning of the year | | | | 2,152,801 | 2,152,801 |
| Add: Income tax expense for the year | | | | - | - |
| | | | | <u>2,152,801</u> | <u>2,152,801</u> |
| Less : Provision for tax recoverable | | | | (2,152,801) | (2,152,801) |
| Balance as at the end of the year | | | | <u>-</u> | <u>-</u> |
| 8. FINANCIAL ASSETS AT AMORTIZED COST | | | | | |
| Investment in repurchase agreements | Note 8.1 | | | 213,475,559 | 31,011,041 |
| Investment in treasury bills | Note 8.2 | | | <u>3,227,649,076</u> | <u>278,448,784</u> |
| | | | | <u>3,441,124,635</u> | <u>309,459,825</u> |
| 8.1 Investment in repurchase agreements | | | | | |
| As at 31st December 2022 | | | | | |
| Dealer | (in%) | date | date | Rs. | amount |
| Bank Of Ceylon | 13.25% | 30-Dec-22 | 2-Jan-23 | 8,200,000 | 8,205,970 |
| Acuity Securities Limited | 24.00% | 30-Dec-22 | 9-Jan-23 | <u>205,000,000</u> | <u>205,269,589</u> |
| | | | | <u>213,200,000</u> | <u>213,475,559</u> |
| As at 31st December 2021 | | | | | |
| Dealer | (in%) | date | date | Rs. | amount |
| Union Bank of Colombo | 6.50% | 30-Dec-21 | 13-Jan-22 | 31,000,000 | 31,011,041 |
| | | | | <u>31,000,000</u> | <u>31,011,041</u> |



8. FINANCIAL ASSETS AT AMORTIZED COST (CONTD...)

8.2 Investment in treasury bills

As at 31st December 2022

| ISIN No | Yield | Investment date | Maturity date | Cost Rs. | Recoverable amount |
|--------------|--------|-----------------|---------------|---------------|--------------------|
| LKA36423F090 | 22.54% | 10/6/2022 | 9/6/2023 | 40,803,000 | 45,982,627 |
| LKA36423F090 | 22.74% | 10/6/2022 | 9/6/2023 | 40,736,500 | 45,953,570 |
| LKA36423F090 | 22.94% | 10/6/2022 | 9/6/2023 | 40,670,250 | 45,924,645 |
| LKA36423F231 | 22.44% | 24/6/2022 | 23/6/2023 | 40,836,350 | 45,644,763 |
| LKA36423F306 | 22.74% | 1/7/2022 | 30/6/2023 | 40,736,500 | 45,419,138 |
| LKA36423F306 | 22.84% | 1/7/2022 | 30/6/2023 | 40,703,350 | 45,402,753 |
| LKA36423F306 | 22.99% | 1/7/2022 | 30/6/2023 | 40,653,700 | 45,378,196 |
| LKA36423F306 | 23.09% | 1/7/2022 | 30/6/2023 | 36,558,630 | 40,825,705 |
| LKA18223A279 | 29.45% | 29/7/2022 | 27/1/2023 | 43,582,500 | 49,083,234 |
| LKA18223A279 | 28.95% | 29/7/2022 | 27/1/2023 | 43,677,650 | 49,096,798 |
| LKA36423G288 | 29.74% | 29/7/2022 | 28/7/2023 | 38,538,600 | 43,450,620 |
| LKA18223A279 | 29.95% | 29/7/2022 | 27/1/2023 | 43,487,700 | 49,069,657 |
| LKA18223B038 | 29.74% | 5/8/2022 | 3/2/2023 | 43,527,450 | 48,826,391 |
| LKA18223B103 | 28.97% | 12/8/2022 | 10/2/2023 | 43,673,850 | 48,609,643 |
| LKA18223B103 | 29.11% | 12/8/2022 | 10/2/2023 | 43,647,150 | 48,603,764 |
| LKA18223B103 | 29.48% | 12/8/2022 | 10/2/2023 | 43,576,800 | 48,588,324 |
| LKA09123A066 | 29.53% | 12/8/2022 | 10/2/2023 | 43,567,300 | 48,586,229 |
| LKA09123A066 | 32.98% | 7/10/2022 | 6/1/2023 | 46,191,500 | 49,790,732 |
| LKA09123A066 | 32.18% | 7/10/2022 | 6/1/2023 | 46,277,000 | 49,795,425 |
| LKA09123A066 | 32.28% | 7/10/2022 | 6/1/2023 | 46,266,300 | 49,794,843 |
| LKA09123A066 | 32.58% | 7/10/2022 | 6/1/2023 | 46,234,200 | 49,793,065 |
| LKA09123A066 | 32.68% | 7/10/2022 | 6/1/2023 | 46,223,550 | 49,792,516 |
| LKA09123A207 | 33.18% | 21/10/2022 | 20/1/2023 | 46,170,200 | 49,200,386 |
| LKA09123A207 | 33.24% | 21/10/2022 | 20/1/2023 | 46,163,800 | 49,199,044 |
| LKA09123A272 | 33.24% | 28/10/2022 | 27/1/2023 | 23,081,900 | 24,451,976 |
| LKA09123A272 | 33.48% | 28/10/2022 | 27/1/2023 | 23,069,125 | 24,448,329 |
| LKA09123B031 | 32.98% | 4/11/2022 | 3/2/2023 | 46,191,500 | 48,618,889 |
| LKA09123B031 | 33.04% | 4/11/2022 | 3/2/2023 | 46,185,100 | 48,616,568 |
| LKA09123B031 | 33.08% | 4/11/2022 | 3/2/2023 | 46,180,850 | 48,615,038 |
| LKA09123B031 | 33.18% | 4/11/2022 | 3/2/2023 | 46,170,200 | 48,611,183 |
| LKA09123B106 | 33.24% | 4/11/2022 | 3/2/2023 | 46,163,800 | 48,608,858 |
| LKA09123B106 | 33.24% | 11/11/2022 | 10/2/2023 | 92,327,600 | 96,627,530 |
| LKA09123B106 | 33.29% | 11/11/2022 | 10/2/2023 | 46,158,450 | 48,311,399 |
| LKA09123B106 | 33.04% | 11/11/2022 | 10/2/2023 | 92,370,200 | 96,646,230 |
| LKA09123B106 | 33.08% | 11/11/2022 | 10/2/2023 | 92,361,700 | 96,642,513 |
| LKA09123B171 | 33.18% | 11/11/2022 | 10/2/2023 | 92,340,400 | 96,633,163 |
| LKA09123B171 | 33.05% | 18/11/2022 | 17/2/2023 | 46,184,050 | 48,029,128 |
| LKA09123B171 | 33.09% | 18/11/2022 | 17/2/2023 | 46,179,800 | 48,026,941 |
| LKA09123B171 | 33.13% | 18/11/2022 | 17/2/2023 | 46,175,500 | 48,024,702 |
| LKA09123B171 | 33.19% | 18/11/2022 | 17/2/2023 | 23,084,550 | 24,010,697 |
| LKA09123B247 | 33.29% | 18/11/2022 | 17/2/2023 | 23,079,225 | 24,007,948 |
| LKA09123B247 | 32.94% | 25/11/2022 | 24/2/2023 | 23,097,900 | 23,871,286 |
| LKA09123B247 | 32.98% | 25/11/2022 | 24/2/2023 | 23,095,750 | 23,870,003 |
| LKA09123B247 | 33.04% | 25/11/2022 | 24/2/2023 | 46,185,100 | 47,736,209 |
| LKA09123B247 | 33.08% | 25/11/2022 | 24/2/2023 | 46,180,850 | 47,733,694 |
| LKA09123B247 | 33.12% | 25/11/2022 | 24/2/2023 | 46,176,600 | 47,731,178 |
| LKA09123B247 | 33.19% | 25/11/2022 | 24/2/2023 | 46,169,100 | 47,726,711 |
| LKA09123C039 | 33.24% | 25/11/2022 | 24/2/2023 | 46,163,800 | 47,723,578 |
| LKA09123C039 | 33.14% | 2/12/2022 | 3/3/2023 | 46,174,450 | 47,435,621 |
| LKA09123C039 | 33.19% | 2/12/2022 | 3/3/2023 | 46,169,100 | 47,432,028 |
| LKA09123C039 | 33.24% | 2/12/2022 | 3/3/2023 | 46,163,800 | 47,428,485 |
| LKA09123C039 | 32.96% | 2/12/2022 | 3/3/2023 | 46,193,650 | 47,448,493 |
| LKA09123C039 | 33.04% | 2/12/2022 | 3/3/2023 | 46,185,100 | 47,442,756 |
| LKA09123C039 | 33.08% | 2/12/2022 | 3/3/2023 | 46,180,850 | 47,439,913 |
| LKA09123C179 | 32.89% | 16/12/2022 | 17/3/2023 | 46,201,100 | 46,869,036 |
| LKA09123C245 | 32.74% | 23/12/2022 | 24/3/2023 | 46,217,150 | 46,591,280 |
| LKA09123C245 | 32.78% | 23/12/2022 | 24/3/2023 | 46,212,850 | 46,587,403 |
| LKA09123C245 | 32.81% | 23/12/2022 | 24/3/2023 | 46,209,650 | 46,584,519 |
| LKA09123C245 | 32.58% | 23/12/2022 | 24/3/2023 | 46,234,200 | 46,606,639 |
| LKA09123C245 | 32.68% | 23/12/2022 | 24/3/2023 | 46,223,550 | 46,597,046 |
| LKA09123C310 | 32.68% | 30/12/2022 | 31/3/2023 | 23,111,775 | 23,153,275 |
| LKA09123C310 | 32.74% | 30/12/2022 | 31/3/2023 | 23,108,575 | 23,150,145 |
| LKA09123C310 | 32.84% | 30/12/2022 | 31/3/2023 | 23,103,225 | 23,144,912 |
| LKA18223F302 | 32.23% | 30/12/2022 | 30/6/2023 | 21,530,375 | 21,568,503 |
| LKA18223F302 | 32.29% | 30/12/2022 | 30/6/2023 | 21,524,825 | 21,563,014 |
| LKA36423F165 | 21.40% | 17/6/2022 | 16/6/2023 | 123,558,450 | 137,941,468 |
| LKA18223F161 | 32.00% | 21/12/2022 | 16/6/2023 | 64,901,100 | 65,528,715 |
| | | | | 3,042,080,655 | 3,227,649,070 |



8. FINANCIAL ASSETS AT AMORTIZED COST (CONTD...)

8.2 Investment in treasury bills (Contd...)

As at 31st December 2021

| ISIN No | Yield | Investment date | Maturity date | Cost Rs. | Recoverable amount Rs. |
|--------------|-------|-----------------|---------------|----------------------------|----------------------------|
| LKA09122B041 | 8.25% | 5-Nov-21 | 4-Feb-22 | 6,858,544 | 6,947,149 |
| LKA18222E273 | 8.10% | 26-Nov-21 | 27-May-22 | 38,443,040 | 38,751,007 |
| LKA18222F031 | 8.00% | 3-Dec-21 | 3-Jun-22 | 96,153,800 | 96,766,648 |
| LKA18222F031 | 7.95% | 3-Dec-21 | 3-Jun-22 | 96,177,000 | 96,786,165 |
| LKA18222F106 | 8.00% | 10-Dec-21 | 10-Jun-22 | 38,461,520 | 38,647,488 |
| LKA18222E208 | 7.85% | 16-Dec-21 | 18-Feb-22 | 548,431 | 550,327 |
| | | | | <u>276,642,335</u> | <u>278,448,784</u> |
| | | | | As at 31.12.2022 Rs. | As at 31.12.2021 Rs. |

9. OTHER PAYABLES

| | | |
|----------------------------------|------------------|----------------|
| Management & Trustee fee payable | 1,801,270 | 371,671 |
| Money payable on unit redemption | 431,992 | - |
| Custodian fees payable | 144,102 | 30,877 |
| Other payables to UTMCL | 175,323 | 156,341 |
| | <u>2,552,687</u> | <u>558,889</u> |



10. UNRECOGNISED CONTRACTUAL COMMITMENTS

There were no unrecognized contractual commitments as at the reporting date to be disclosed.

11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

11.1 Contingent liabilities

There were no contingent liabilities as at the reporting date.

11.2 Contingent assets

There were no contingent assets as at the reporting date.

12. EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which would require adjustments to, or disclosures in, the financial statements.

13. RELATED PARTY TRANSACTIONS

13.1 Responsible entity

The responsible entity of Ceybank Gilt Edged Fund (A Series) is Ceybank Asset Management Limited.

13.2 Key management personnel

a) Directors

Key management personnel include persons who were directors of Ceybank Asset Management Limited at any time during the financial year.

- | | |
|--|------------------------|
| - Mr. G.Wickramage (Chairman) | - Mr. R.M.N. Jeewantha |
| - Mr. I.C.C. Ferdinands-CEO/Executive Director | - Mr. A.D. Perera |
| - Ms. Vasantha Govindan | - Mr. G.A. Jayashantha |
| - Ms. S.Kulasinghe | |

b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

13.3 Key management personnel unitholding

The key management personnel of Ceybank Asset Management Limited have not held any units in the Fund.

13.4 Other transactions within the fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial period and there were no material contracts involving key management personnel's interest existing at year end.



13. RELATED PARTY TRANSACTIONS (CONTD..)

13.5 Related party unitholding

The management company of Ceybank Gilt Edged Fund (A Series) did not hold any units in the Fund.

13.6 Key management personnel compensation

Key management personnel are paid by Ceybank Asset Management Limited. Payments made from the Fund to Ceybank Asset Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

| Name of related company | Relationship | Transaction | Amount (Rs.) | |
|----------------------------------|------------------|----------------|--------------|------------|
| | | | 2022 | 2021 |
| Ceybank Asset Management Limited | Managing company | Management fee | 7,686,783 | 11,384,745 |
| Bank of Ceylon | Custodian | Custodian fee | 802,999 | 1,219,636 |
| National Savings Bank | Trustee | Trustee fee | 1,965,972 | 2,645,233 |

14. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (KMP) OF THE COMPANY

Key management personnel are paid by Ceybank Asset Management Limited. Payments from the Fund to Ceybank Asset Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

15. RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE

| | As at 31.12.2022 Rs. | As at 31.12.2021 Rs. |
|---|----------------------------|----------------------------|
| Net asset value as per financial statements | 3,445,361,575 | 309,330,001 |
| Audit fee adjustment | 8,484 | (3,659) |
| Published net asset value | <u>3,445,370,059</u> | <u>309,326,342</u> |
| No of units outstanding | 212,075,929 | 22,629,904 |
| Published net asset value per unit | <u>16.25</u> | <u>13.67</u> |

16. IMPACT OF CURRENT ECONOMIC OBSERVATIONS

As at 31st December 2022, the inflation rate was 57.20%. Exchange rates also experienced a notable fluctuation at the beginning of the current period.

The Monetary Board of the Central Bank of Sri Lanka (CBSL) has decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR).

The managing company of the Fund continues to monitor the potential impact on the continuity of the business. There are no major impacts on the continuity of the fund's operations as a going concern.



CEYBANK GILT EDGE FUND (A SERIES)

Annual Report & Accounts 2022

DECLARATION BY TRUSTEES AND MANAGING COMPANY

Declaration by Trustees and Management Company as per SEC circular No 02/2009 on Guidelines for Trustees and Management Companies of Unit Trust Funds.

National Savings Bank the Trustee and Ceybank Asset Management Ltd the Managers of Ceybank Unit Trust Funds hereby declare that;

1. The requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been complied with during the year.
2. The transactions were and will be carried out at arm's length basis and on terms which are best available for the Fund, as well as act, at all times, in the best interest of the fund's unit holders.



Ceybank Unit Trust Funds

A handwritten signature in black ink, appearing to read "Ritharath".

General Manager/Compliance Officer
Ceybank Asset Management Ltd



CEYBANK GILT EDGE FUND (A SERIES)
Annual Report & Accounts 2022
MANAGEMENT TEAM

CEYBANK ASSET MANAGEMENT LTD

MANAGEMENT TEAM

CEO / EXECUTIVE DIRECTOR

Ian Ferdinands
Chartered Marketer
Certified e Marketer
MBA (Finance)

General Manager

Ravindra Hettiarachchi
Chartered Finalist (ICASL)
B.Sc (Mgt) Sp. Hons
MBA

Accountant

Sanjaya Bandara
Chartered Accountancy (Strategic Level)
B.Sc. Mgt. Accounting (Sp.)

Fund Manager

Kanchana Karannagoda
B.Sc. B. Admin. Sp. (Finance) Hons
CIMA, CGMA

Marketing Manager

Kumudu Kekirideniya
Dip.in Marketing (UK),
MICM (UK)

Registrar

Pamudi Kariyawasam

IT Manager

Sameera Fernanndo