FLEXIBLE
WEALTH CREATION

MUTUAL FUNDS
ANNUAL REPORT 2025-2026

ASSETLINE

Assetline Capital (Pvt) Limited

ASSETLINE MUTUAL FUNDS
ANNUAL REPORT 2025-2026

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01. Corporate Information

Assetline Mutual Funds: *Assetline Income Fund*
Assetline Income Plus Growth Fund

MANAGEMENT COMPANY & REGISTRAR
Assetline Capital (Private) Limited

Registered Office & Principal Place of Business:
No. 120, 120A
Pannipitiya Road
Battaramulla
Sri Lanka

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY
Mr. A.Y.D. De Silva (Chairman)
Mr. N. D. P. S. R. Kalyanaratne - Served on the Board until 31 March 2026
Mr. A. G. De Alwis
Mr. A. N. S. Aluthgamage
Mr. W. L. Mapatuna - Served as Director of ACPL since 1 May 2026

TRUSTEE & CUSTODIAN

Deutsche Bank AG
Colombo branch
Level 21
One Galle Face Tower
1A, Centre Road, Galle Face
Colombo 2
Sri Lanka

AUDITOR & TAX CONSULTANTS

Ernst & Young
Rotunda Towers
No. 109, Galle Road,
Colombo 03.
Ernst & Young
Sri Lanka

BANKERS

Deutsche Bank AG
Colombo branch
Level 21
One Galle Face Tower
1A, Centre Road, Galle Face
Colombo 2
Sri Lanka

Commercial Bank of Ceylon PLC
Commercial House
No. 21
Sir Razik Fareed Mawatha
Colombo 01
Sri Lanka

Sampath Bank PLC
No. 110
Sir James Peiris Mawatha
Colombo 02
Sri Lanka

02. Assetline Capital (Private) Limited

The Vision

To become the preferred unit trust and investment manager providing optimal returns for its clients based on their individual risk profiles.

The Mission

- Increase client wealth through prudent decision making and capitalising on market opportunities, inspired by a dedicated team that is committed to excellence.
- Manage portfolios by identifying different risk profiles of clients in a well-controlled and monitored environment.
- Build a professional and motivated team to cater to different client requirements.

The Corporate Profile

Assetline Capital (Private) Limited (ACPL) is a licensed Managing Company and Investment Manager, duly licensed by the Securities and Exchange Commission of Sri Lanka (SEC). The Company operates under the umbrella of its ultimate parent, David Pieris Holdings (Private) Limited, a diversified holding company with a strong presence across multiple sectors.

The David Pieris Group has a strong and diversified presence across several industries. Its financial services arm includes leasing, loans, margin trading, insurance broking, and corporate services. Beyond financial services, the Group has also expanded into automotive, logistics, renewable energy, information technology, leisure & motorsports, shipping & marine services, investment property and real estate.

Established in 2001, ACPL commenced operations in the capital market as a margin provider. In 2013, the Company strategically expanded its scope to offer investment management services to corporate clients and high-net-worth individuals, with its initial business subsequently transferred to another Group entity. In July 2014, ACPL marked a key milestone by launching Assetline Mutual Funds (AMF), thereby entering the unit trust industry.

Today, Assetline Mutual Funds offers investment solutions designed to suit diverse investor needs. The Assetline Income Fund (AINF) is intended for investors seeking shorter-term, income-focused investments, while the Assetline Income Plus Growth Fund (AIGF) offers a balanced approach by investing in both fixed-income securities and listed equities, with the objective of achieving steady growth over time.

03. Profile of Assetline Mutual Funds

The Assetline Income Fund is an open-ended money market fund that invests in government securities, bank deposits, and corporate debt instruments with maturities of 397 days or less. It is suited for investors with short-term investment horizons and a low to moderate risk appetite.

The Assetline Income Plus Growth Fund is an open-ended balanced fund that invests in a combination of equity and fixed-income instruments. It is designed for investors with medium to long-term investment horizons who are comfortable with a higher level of risk in pursuit of capital growth.

	Assetline Income Fund	Assetline Income Plus Growth Fund
Inception Date	11/07/2014	11/07/2014
Dividend Pattern	Irregular	Irregular
Front-end Fee	NIL	NIL
Trustee Fee	0.225% p.a.	0.22% p.a.
Management Fee	0.5% p.a.	1% p.a.
Custodian Fee for the Total Fund	Rs. 25,000/- per month Plus applicable government taxes	Rs. 25,000/- per month Plus applicable government taxes
Exit Fee	NIL	• For withdrawals within 1 Year: 1% • For withdrawals after 1 Year: NIL

04. Board of Directors of Assetline Capital (Private) Limited

Mr. Dhanika De Silva – Non-Independent, Executive Chairman

Mr. Dhanika De Silva has been the Chairman of the Board of Assetline Capital (Private) Limited, since September 25th, 2024, and also, he has been a Director of Assetline Capital (Private) Limited, since May 01, 2016. Mr. De Silva presently holds directorship positions in eleven other group companies within the David Pieris Group including the David Pieris Motor Company (Pvt)Ltd. He is also the Chief Officer Treasury Operations of David Pieris Holdings (Pvt) Ltd and heads the Group Treasury Operations.

Mr. De Silva joined David Pieris Motor Company Limited in 2006 as Manager - Treasury and Investment and subsequently was promoted to Divisional Manager - Planning and Development, Deputy General Manager - Planning and Development and General Manager Treasury Operations. Before joining David Pieris Motor Company (Private) Limited he worked as an Executive Officer, Treasury Dealing Room at Commercial Bank of Ceylon PLC.

Mr. De Silva has a Master of Arts in Financial Economics and an LL.B. (Honors) Degree from the University of Colombo. He is an Associate Member of Chartered Institute of Management Accountants UK and a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka.

Mr. Sidath Kalyanaratne – Non-Executive Director

Mr. Sidath Kalyanaratne was appointed as a Director of Assetline Capital (Private) Limited on 16 June 2020 and served on the Board until 31 March 2026.

Mr. Kalyanaratne was the Group Head of New Initiatives and Research of David Pieris Group of Companies and holds directorships in several companies within the Group. During his tenure, he chaired the Assetline Capital Risk Management Committee and also served on the Group Internal Audit Committee, Group Risk Management Committee, Group Strategic Committee, and the Group Investment Committee of David Pieris Holdings (Private) Limited.

Prior to joining the David Pieris Group, Mr. Kalyanaratne served as Vice President at NDB Securities (Private) Limited. He has also worked as an Investment Manager focusing on emerging markets at a boutique investment advisory firm based in Dubai.

Mr. Kalyanaratne is a Chartered Financial Analyst (CFA) charterholder (USA), an Associate Member of the Chartered Institute of Management Accountants (CIMA), UK, and the Certified Practising Accountants (CPA), Australia. He holds a degree in Electrical Engineering from the University of Moratuwa.

Mr. Gokula De Alwis, Independent Non-Executive Director

Mr. Gokula De Alwis has been Independent Non-Executive Director of the Board of Assetline Capital (Private) Limited since January 16, 2024.

Mr. De Alwis is a dynamic leader with a proven record of over 35 working in diverse sectors, including Manufacturing, Import and Trading, Logistics, Information Technology, and E-commerce.

Currently, he is a Tax Consultant providing advisory and consultancy services to both corporate and high-net-worth individuals.

He holds a Certificate in Strategic Finance from Harvard University Business School, a Certificate in General Management from the National University of Singapore (NUS) Business School and in Advance Taxation from the Department of Inland Revenue, Sri Lanka

Mr. Nalinda Aluthgamage - Non-Executive Director

Mr. Nalinda Aluthgamage has been a Non-Executive Director on the Board of Assetline Capital (Private) Limited since October 2024.

A qualified accountant with over 14 years of experience in finance, accounting, risk management, and internal controls. Mr. Aluthgamage is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA), a Member of Association of Chartered Certified Accountants ACCA, and holds a Diploma in Information Systems Security Control & Audit (DISSCA) from ICA India. He also earned a B.Sc. in Accounting (Special) from the University of Sri Jayewardenepura.

Currently, Mr. Aluthgamage serves as Group Financial Controller at the David Pieris Group, where he oversees financial planning, reporting and compliance. He also holds key directorships, including Executive Director at David Pieris Racing & Leisure (Private) Limited and David Pieris City Developments (Private) Limited, as well as Non-Executive Director at Pulsar Shipping Agencies (Private) Limited and Pulsar Marine Services (Private) Limited.

Previously, he led the Group Compliance, Risk & Control division where he was instrumental in establishing risk-based audit programmes and ensuring robust risk management practices. Before joining David Pieris Group, he honed his expertise at KPMG Sri Lanka, managing assurance engagements for a diverse client base.

His dedication to professional excellence is complemented by his active participation in CA Sri Lanka committees, and he is widely recognized for his contributions to the accounting profession, serving as a driving force in advancing financial excellence.

Mr. Wasantha Mapatuna - Non-Executive Director

Mr. Wasantha Mapatuna has served as Director of Assetline Capital (Private) Limited since May 2026. He also serves as the Head of Group New Initiatives and Research at David Pieris Holdings (Private) Limited and holds directorships in several subsidiaries of the David Pieris Group.

Mr. Mapatuna began his career as a Financial Analyst at a leading stockbroking firm in Sri Lanka. He brings over 14 years of experience in investment appraisal, corporate finance, industry research, mergers and acquisitions, divestitures and strategic planning.

He holds a Bachelor of Science (BSc) degree in Industrial Statistics and Mathematical Finance from the University of Colombo and a Master of Business Administration (MBA) from the Postgraduate Institute of Management, University of Sri Jayewardenepura. He is also a Chartered Financial Analyst (CFA) charterholder.

05. Key Management Personnel of Assetline Capital (Private) Limited

Mr. Chinthaka Jayanath, Chief Executive Officer

Mr. K.M. Chinthaka Jayanath joined Assetline Capital (Private) Limited on 03 November 2025. He is an experienced banking professional with over 29 years of experience in the banking sector, covering branch banking, credit, operations, and treasury functions. He brings extensive expertise in treasury management, with significant exposure to both front office and back-office operations.

Prior to joining the Company, Mr. Jayanath served as Head of Treasury at Cargills Bank PLC, where he was responsible for managing the Bank's assets and liabilities, formulating risk management strategies, and overseeing treasury operations in line with regulatory and internal requirements. He also represented the Bank at key industry forums and contributed to strategic decision-making at the corporate level. Earlier in his career, he held various positions at Seylan Bank PLC, where he gained comprehensive experience across treasury front office, treasury back office, and branch banking operations.

Mr. Jayanath holds a Master of Business Administration (MBA) from the University of Wales. He is an Associate Member of the Institute of Bankers of Sri Lanka (IBSL) and has obtained several professional qualifications, including the ACI Dealing Certificate and Diplomas in Treasury and Risk Management and Credit Management.

Mr. Niwanka Seneviratne, Divisional Manager Treasury and Business Head - Portfolio Management

Mr. Niwanka Seneviratne joined the Company as Manager – Treasury of Assetline Capital (Private) Limited in May 2022. He brings extensive expertise in government securities trading and treasury management to the Company. He has over 15 years of experience in the finance industry, covering treasury management, portfolio management, government securities and corporate debt.

Prior joining Assetline Capital, Mr. Seneviratne worked as the Assistant Vice President – Treasury at Capital Alliance PLC and specialised in Fixed Income trading and customer portfolio management.

Mr. Seneviratne holds a Master of Business Administration from the University of West London and bachelor's degree from Cardiff Metropolitan University (UK).

Mr. Janitha Jayawardana, Head of Compliance, Risk & Control

Mr. Janitha Jayawardana joined the Company as Manager – Risk and Control in August 2023. He is a banking professional with nearly 14 years of experience in banking and finance, including 10 years specialising in treasury operations, treasury risk and market risk management.

Prior to joining Assetline Capital, he held the position of Executive Officer – Treasury and Market Risk Management at Seylan Bank PLC. He has also worked at Union Bank of Colombo PLC, National Development Bank PLC and Pan Asia Banking Corporation PLC.

Mr. Jayawardana earned a Bachelor of Science in Management (External) from the University of Sri Jayewardenepura and holds a Certificate in Treasury and Foreign Exchange Operations from the Central Bank of Sri Lanka. He has also completed the Certificate in Banking and Finance from the Institute of Bankers of Sri Lanka (IBSL) and is currently pursuing a Diploma in Bank Integrated Risk Management at IBSL.

Ms. Erandika Dissanayake – Assistant Manager, Treasury Front Office and Business Head – unit Trust

Ms. Erandika Dissanayake joined Assetline Capital (Private) Limited in 2024. Prior to this, she worked at ACS Capital (Private) Limited, where she gained three years of experience in capital markets as an Investment Advisor. She also spent three years at Allianz Insurance Lanka Limited as Fund Manager for both life and general insurance portfolios. She further developed her expertise in government securities trading and treasury operations while working at NatWealth Securities (Private) Limited as a Fixed Income Dealer.

Ms. Dissanayake holds a Master of Business Administration (MBA) from Cardiff Metropolitan University and a bachelor's degree in Banking and Finance from Northumbria University. Additionally, she holds a Diploma in Treasury and Risk Management from the Institute of Bankers of Sri Lanka (IBSL) and a Certificate in Capital Markets from the Securities and Exchange Commission of Sri Lanka.

Ms. Kaushalya Therese Rodrigopulle – Assistant Manager – Treasury

Ms. Kaushalya Therese Rodrigopulle joined Assetline Capital (Private) Limited on March 23, 2026, as Assistant Manager – Treasury.

She has gained experience in investment management, portfolio administration and fund accounting through her roles at several financial institutions. Prior to joining the Company, she served as an Investment Analyst/Fund Manager at Innovest Investments (Private) Limited. She has also held positions at Premier Wealth Management Limited, J B Financial (Private) Limited, Lynear Wealth Management, Allianz Insurance Lanka Limited and First Wealth Limited.

Ms. Rodrigopulle holds a Master of Business Administration from Cardiff Metropolitan University and a Bachelor of Science in Business Management from the National University of Ireland. She has also completed a Certificate in Treasury and Foreign Exchange Operations from the Central Bank of Sri Lanka.

Ms. Sathsarani Wijethunga, Compliance Officer

Ms. Sathsarani Wijethunga has served as the Compliance Officer of Assetline Capital (Private) Limited since August 2022. She joined the Company in October 2016 as Associate – Operations and was subsequently promoted to Associate – Compliance in April 2018, reflecting her growing expertise in regulatory and compliance functions.

She holds a Master of Commerce (MCom) Degree and a Bachelor of Commerce (General) Degree from the University of Sri Jayewardenepura. She has also completed the Diploma in Treasury and Risk Management offered by the Institute of Bankers of Sri Lanka (IBSL) and the Certificate in Unit Trust awarded by the Securities and Exchange Commission of Sri Lanka (SEC).

06. Chief Executive Officer's Report

"Resilience through uncertainty, sustainability through discipline."

Dear Investors,

It is with great pride and gratitude that I present to you the Annual Report for the financial year ended 31st March 2026.

Global Economic Landscape

The year under review was shaped by a highly challenging and uncertain global economic environment characterised by geopolitical instability, elevated inflationary pressures, volatile commodity prices and slower global economic growth. Ongoing conflicts in Eastern Europe and the Middle East, disruptions to global trade routes and tightening financial conditions across major economies continued to impact investor sentiment, international supply chains and energy markets.

Impact of Global Energy Prices and Inflationary Pressures

One of the most significant external pressures during the year was the increase in global oil prices, largely driven by geopolitical tensions and supply-side uncertainties within global energy markets. For an import-dependent economy such as Sri Lanka, rising fuel prices had a direct impact on transportation, logistics, electricity generation, manufacturing costs and overall inflation. Higher fuel import expenditure also exerted pressure on foreign exchange reserves and the Balance of Payments (BOP), increasing operational costs for businesses and the overall cost of living.

Sri Lanka's Economic Recovery and IMF Programme

Amid these global developments, Sri Lanka continued its economic recovery process under the guidance and support of the International Monetary Fund (IMF) Extended Fund Facility (EFF) programme. The IMF programme remained a critical pillar in restoring macroeconomic stability, rebuilding investor confidence, strengthening fiscal discipline and supporting debt restructuring efforts.

Encouraging progress was achieved during the financial year through improvements in government revenue collection, stronger tourism earnings, growth in worker remittances, gradual recovery in private sector activity and the rebuilding of foreign reserves. These developments supported overall economic stabilisation and reinforced confidence in Sri Lanka's medium-term recovery prospects.

Exchange Rate Pressures and External Sector Challenges

Despite these positive developments, the economy remained vulnerable to external shocks and structural imbalances. During the year, Sri Lanka experienced renewed pressure on the exchange rate, with the Sri Lankan Rupee depreciating against the US Dollar after two consecutive years of appreciation. The depreciation was influenced by increased import demand, particularly following the relaxation of vehicle import restrictions, coupled with higher foreign currency outflows for fuel imports and debt servicing obligations.

Relaxation of Vehicle Import Restrictions and Economic Impact

A major economic development during the year was the phased relaxation of vehicle import restrictions, with all remaining restrictions on personal vehicle imports removed by early 2025. This policy decision stimulated strong pent-up consumer demand and resulted in a substantial increase in vehicle imports. Vehicle import expenditure rose significantly during the year, contributing positively to government tax revenue and broader economic activity. However, it also widened the trade deficit and increased pressure on foreign exchange reserves and the exchange rate.

While the relaxation of import restrictions supported fiscal revenue collection and several sectors of the economy, it also highlighted the continuing challenge of balancing economic recovery with external sector sustainability. Increased imports, rising fuel costs and currency depreciation collectively contributed to inflationary pressures and higher operational costs for businesses and consumers alike.

Performance and Strategy of Our Funds

Assetline Income Fund (Money Market Fund)

Our money market strategy prioritised capital preservation and optimal liquidity while enhancing returns through selective deployment in high-quality government securities and money market instruments. During FY 2025/26, the fund continued to focus on maintaining stability amidst changing market dynamics, rising operational costs, exchange rate pressures and fluctuations in interest rate expectations. We actively managed interest rate risk and reinvestment exposure while preserving strong liquidity positions to safeguard investor confidence and ensure consistent returns. The fund maintained a disciplined investment approach, reflecting our continued commitment to safety-first returns and prudent portfolio management.

Assetline Income Plus Growth Fund (Balanced Fund)

The Assetline Income Plus Growth Fund continued to benefit from our balanced investment strategy, combining fixed income investments with selective equity exposure to optimise long-term returns. During the financial year, we strategically adjusted our asset allocation in response to evolving market conditions, macroeconomic developments and increased market volatility.

Amid changing economic conditions, exchange rate pressures and evolving investor sentiment, the fund focused on fundamentally strong investment opportunities while maintaining a cautious and disciplined approach toward risk management. Our investment strategy emphasised portfolio diversification, tactical positioning and timely market adjustments to preserve capital while capturing growth opportunities.

Despite the challenging operating environment, improving economic stability, IMF-supported reforms, recovering corporate earnings and the gradual restoration of investor confidence contributed positively to market performance during the year. By carefully managing portfolio allocations and maintaining investment discipline, the fund continued to deliver competitive performance while reinforcing our active management capabilities.

Achievements in a Complex Year

In a year marked by both progress and uncertainty, our funds demonstrated resilience and stability amidst challenging market conditions. The Assetline Income Fund continued to maintain strong liquidity and stable returns despite pressure from declining interest rates, rising operational costs and external economic volatility. Meanwhile, the Assetline Income Plus Growth Fund remained focused on balanced growth through disciplined investment strategies, prudent risk management and selective market participation.

These outcomes reflect our continued commitment to disciplined investment management, operational resilience and our ability to adapt effectively to evolving market conditions while safeguarding investor interests.

Organisational Resilience and Strategic Focus

Against this backdrop, our organisation remained focused on operational resilience, disciplined financial management, cost optimisation and long-term sustainability. Throughout the year, we continued to strengthen internal efficiencies, accelerate digital transformation initiatives and enhance customer engagement while carefully managing exposure to economic volatility and changing market conditions.

Our strategic focus during the year was centered on maintaining financial stability, enhancing operational efficiency and ensuring sustainable long-term growth amidst an evolving business environment. We remained committed to prudent risk management practices while continuing to identify opportunities for improvement, innovation and operational excellence.

Looking Ahead: Challenges and Opportunities

Looking ahead, the operating environment is expected to remain both challenging and dynamic. Global economic uncertainty, commodity price volatility, geopolitical risks, currency fluctuations and fiscal consolidation measures are likely to continue influencing business confidence and consumer demand. Nevertheless, Sri Lanka's gradual economic stabilisation, IMF-supported reforms, improving tourism sector performance, infrastructure investments and expanding export opportunities present encouraging prospects for sustainable long-term growth.

The years ahead will require businesses to remain agile, innovative and financially disciplined. Organisations that continue investing in productivity enhancement, technology adoption, sustainability initiatives and human capital development will be better positioned to capitalise on emerging opportunities within a recovering economy.

As an organisation, we remain committed to navigating these challenges responsibly while pursuing sustainable growth and long-term value creation for all stakeholders. We are confident that our strategic focus, resilience and adaptability will continue to strengthen our position within an evolving economic landscape.

Appreciation

I take this opportunity to extend my sincere appreciation to our employees for their dedication, commitment and professionalism throughout the year. Their continued efforts and resilience have been instrumental in navigating the challenges faced during the period under review.

I also wish to thank our Board of Directors, auditors, regulators, business partners and all stakeholders for their continued guidance, trust and support.

Most importantly, I would like to express our heartfelt gratitude to our valued customers and shareholders for their continued confidence in our organisation. We remain committed to delivering sustainable value and pursuing excellence in the years to come.

Warm regards,

K M Chinthaka Jayanath

Chief Executive Officer
Assetline Capital Private Limited

07. Fund Manager's Report

We are pleased to present the Annual Report of the Assetline Mutual Fund (AMF) for the period from April 1, 2025, to March 31, 2026.

The year began with strong investor confidence and favorable macroeconomic conditions, supporting active investment opportunities. However, the latter half of the year was impacted by natural disasters and geopolitical tensions in the Middle East, creating economic and social challenges.

Monetary policy remained neutral, with policy rates stabilising around 7.75% to balance growth and inflation risks. Global inflationary pressures limited further rate cuts. The Sri Lankan Rupee, which was initially stable, depreciated due to rising imports and the strengthening of the US Dollar, contributing to higher inflation. Government securities yields were moderate at the beginning of the year but trended upward during the latter half. Fund managers actively adjusted strategies to manage interest rate movements and optimise returns.

Equity markets performed strongly during the early part of the year, with the ASPI and S&P SL20 reaching record highs. The portfolio maintained significant exposure to Banking and Finance sector stocks, supported by improved lending conditions. However, geopolitical tensions, adverse weather events, rising commodity prices, and interest rate pressures led to a market correction later in the year. Fund managers responded proactively to market volatility to capture opportunities and enhance returns.

Following new SEC regulations introduced in October 2025, the Assetline Income Plus Growth Fund (AIGF) was rebalanced to maintain a 40:60 fixed income-to-equity allocation, resulting in lower yields during the second half of the year. The Assetline Income Fund (AINF) also recorded a slight decline in yield due to interest rate sensitivity and liquidity requirements.

Looking ahead, fund managers will continue to adopt a research-driven and proactive approach, focusing on disciplined portfolio management and timely decision-making to optimise risk-adjusted returns. Strong governance, regulatory compliance, and investor protection will remain central to strategy execution.

Assetline Capital (Pvt) Ltd manages two funds: the Assetline Income Fund (AINF) and the Assetline Income Plus Growth Fund (AIGF), each designed to meet varying risk profiles and investment objectives.

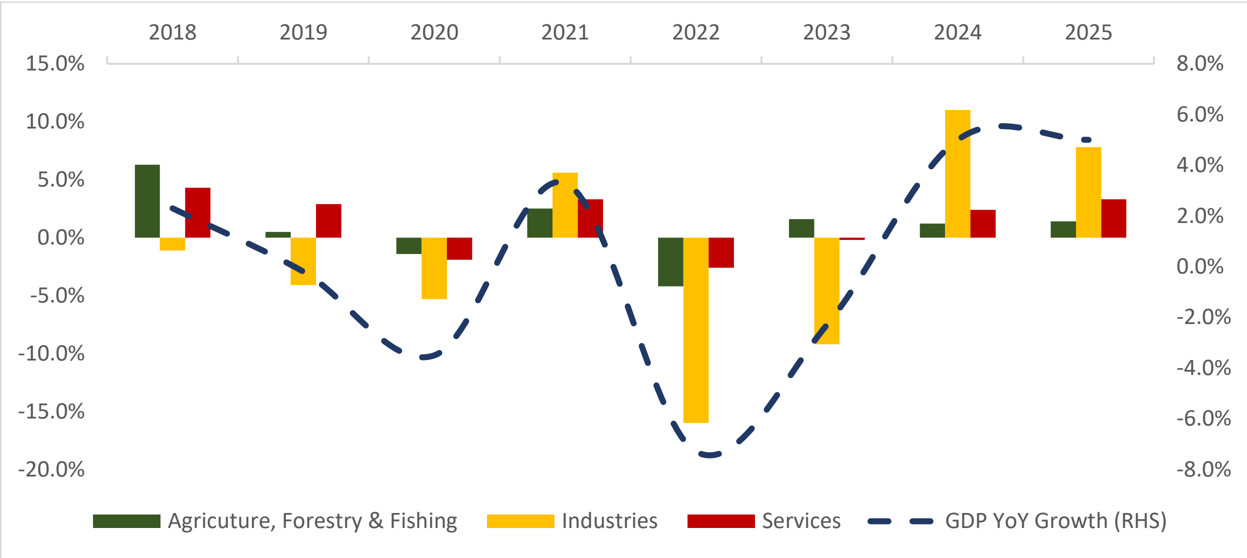
AINF targets investors seeking capital preservation and stable income through short-term investments in government securities, high-quality corporate debt instruments, and bank deposits, ensuring liquidity and low volatility. In contrast, AIGF is structured for long-term investors with a higher risk tolerance, investing across fixed income and equities to achieve capital growth through diversification.

As of March 31, 2026, AINF and AIGF recorded financial year yields of 7.39% and 6.16%, respectively, with NAVs of Rs. 13.82 billion and Rs. 3.45 billion. The funds had 959 and 111 unitholders, respectively.

AINF maintained a balanced maturity profile while ensuring liquidity to enhance reinvestment returns, although regulatory constraints limited performance. AIGF focused on medium-term investments at the lower end of the yield curve, anticipating interest rate increases in late 2026, while progressively realising capital gains. Its equity strategy focused on fundamentally strong growth and income stocks expected to benefit from easing global uncertainty and economic recovery, thereby ensuring stable returns.

ECONOMIC OUTLOOK FOR 2025

GDP and Sectorial Growth from 2018-2025



Source: Department of Census and Statistics, Sri Lanka

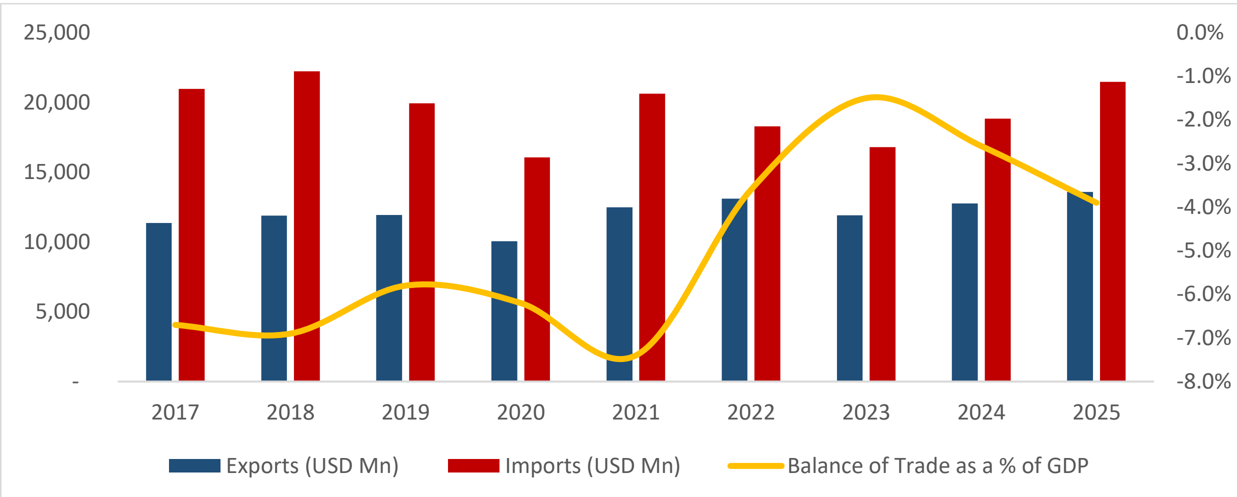
GDP Growth of 5.0% Reflects Sri Lanka's Economic Resilience in the Wake of Cyclone Ditwah

Sri Lanka's economy recorded a strong performance in 2025, with Gross Domestic Product (GDP) at constant prices registering a growth rate of 5.0%. This was particularly noteworthy given the adverse impact of Cyclone Ditwah during the period. Encouragingly, economic activity maintained a positive trajectory throughout all four quarters of the year.

Sri Lanka's economy demonstrated broad-based growth across all three major sectors in 2025. The agriculture sector expanded by 1.4% (up from 0.6% in 2024), driven by animal production, coconut, and rice cultivation, despite contractions in fishing, vegetables, and rubber. The industry sector sustained strong momentum with growth of 7.8%, supported by manufacturing particularly food, beverages, textiles, and apparel as well as robust construction activity fueled by resumed projects and rising investment. Meanwhile, the services sector grew by 3.3% (up from 2.4% in 2024), led by financial services, transportation, accommodation, and IT-related activities, all of which benefited from improving economic conditions.

Source: Department of Census and Statistics, National Accounts Estimates -2025

Balance of Trade



Source: Central Bank of Sri Lanka

Growth, Records, and a Widening Gap: Sri Lanka's Trade Story in 2025.

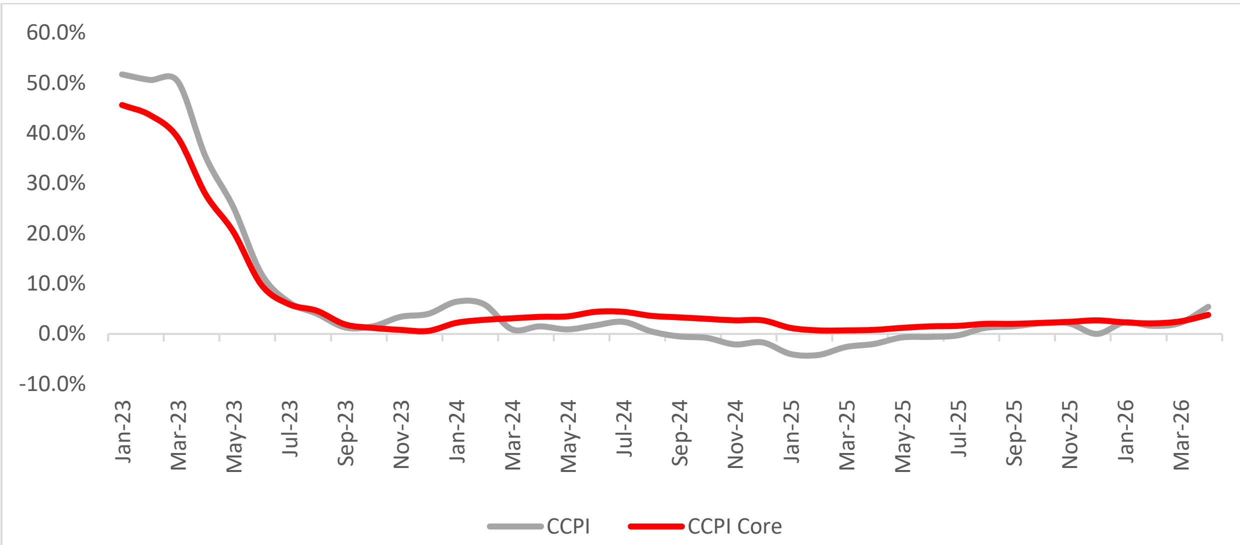
Sri Lanka's total trade grew by 10.9% year-on-year in 2025, driven primarily by higher trade volumes rather than price effects, reflecting a broad-based economic recovery. However, the country's terms of trade deteriorated slightly as import prices rose while export prices declined.

On the export side, merchandise exports reached a record USD 13.6 billion, surpassing the previous peak of USD 13.1 billion recorded in 2022. Textiles and garments remained the leading export category at USD 5.3 billion, while agricultural exports exceeded USD 3 billion for the first time, boosted by strong performances in tea and coconut products. Despite uncertainty surrounding US tariffs, with duties on Sri Lankan goods revised multiple times, exports to the United States still grew by 3.1% to USD 3.0 billion.

Import expenditure rose by 14.0% to USD 21.5 billion, the second-highest level on record, driven largely by the relaxation of vehicle import restrictions in January 2025, which triggered a surge in personal and commercial vehicle imports totaling USD 2.0 billion. Imports of consumer and investment goods also increased, while imports of intermediate goods particularly fuel declined due to lower global energy prices. Together, these trends significantly widened Sri Lanka's trade deficit during the year.

Source: Central Bank of Sri Lanka, Annual Economy Review 2025

CCPI Inflation of Headline and Core, YoY Basis



Source: Department of Census and Statistics

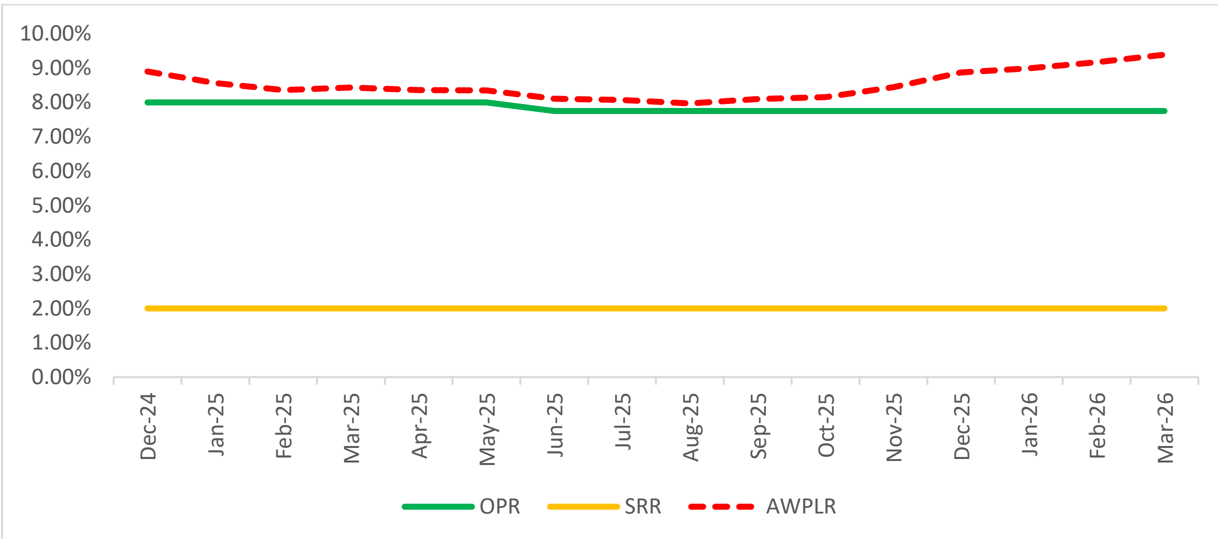
From Deflation to Recovery: Sri Lanka's Inflation Landscape in 2025 and Early 2026

After falling into negative territory for eleven consecutive months, headline inflation in Sri Lanka returned to positive levels in August 2025. The deflation was mainly driven by lower electricity tariffs, weak consumer demand, and the effect of high prices in early 2024, which made year-on-year comparisons appear negative. Prices began recovering from mid-2025, supported by rising food prices—especially vegetables and fish—and an electricity tariff increase in June. A brief price spike in December, driven by cyclone-related disruptions and festive season demand, was short-lived. By the end of 2025, headline inflation reached 2.1%, up from -1.7% at the end of 2024, although the full-year average remained slightly negative at -0.5%. This positive momentum carried into early 2026, with headline inflation edging up to 2.3% in January, easing slightly to 1.6% in February, and recovering to 2.2% in March. However, April 2026 saw a sharp acceleration to 5.4%, suggesting renewed upward price pressures that warranted close monitoring.

Core inflation, which reflects the general direction of prices by excluding volatile items, remained low throughout 2025. Despite strong growth in bank lending and imports, businesses largely kept prices steady rather than increasing them further, as consumer purchasing power remained relatively weak. This indicates that the broader economic recovery was slower than some other indicators suggested. Core inflation ended 2025 at 2.7% on a year-on-year basis, unchanged from the end of 2024, while the annual average declined to 1.6% from 3.3% in 2024. In early 2026, core inflation remained broadly contained, hovering between 2.1% and 2.3% in January and February, before gradually rising to 2.5% in March. However, the April 2026 reading of 3.8% marked a more notable increase, indicating that underlying price pressures may be building as domestic demand continues to recover.

Source: Central Bank of Sri Lanka, Annual Economy Review 2025

Policy Rates Movements Vs AWPLR



Source: Central Bank of Sri Lanka

Easing Monetary Conditions Shape Sri Lanka's Interest Rate Movements in 2025.

Sri Lanka's market interest rates declined overall in 2025, driven by continued monetary policy easing, low inflation, and improved credit conditions. The Central Bank reduced the OPR by 0.25%, although liquidity asymmetries among financial institutions caused the call money rate to drift slightly above the policy rate by year-end before normalising in early 2026.

The Weekly AWPR (Average Weighted Prime Lending Rate) remained broadly stable at lower levels during the first half of 2025, then faced upward pressure in the latter part of the year. By mid-July 2025, it had declined by slightly over 1 percentage point year-to-date but reversed course and ultimately ended 2025 with a net annual increase of 0.17%.

Throughout this period, the Statutory Reserve Ratio (SRR) remained unchanged at 2.00%.

Source: Central Bank of Sri Lanka, Annual Economy Review 2025

08. Fund Performance – Assetline Income Fund (AINF)

The Net Asset Value (NAV) of the Assetline Income Fund (AINF) as of 31st March 2026 was LKR 13.82Billion. The fund generated a financial year-to-date (YTD) yield of 7.39% for the period ended 31st March 2026, with 959 Unit holders.

Funds under management stood at Rs. 5.98 billion as of 01st April 2025 and fluctuated within a range of LKR 5.97Billion to LKR 14.14Billion during the review period.

The fund's yield ranged between 7.39% and (4.32%) during the first two months of the financial year and gradually declined to 7.10% by 31st March 2026. This is mainly caused by the excess liquidity reflected in the market which contributed to decreasing the weekly T-bill auction interest rates. This effectively reflected a downward trend in market interest rates in the second half of 2025/26.

In order to manage the maturity gap and optimize returns on the interest rate fluctuations, investments were made ranging from 3months to 1year reserving sufficient funds for short-term liquidity purposes. To be aligned with SEC regulated exposure limit and gaining maximum revenue, majority of the portfolio was invested in high yielding asset classes such as fixed deposits and government securities.

At the beginning of the financial year the number of unit holders stood at 958 which gradually decreased to 898 during end of 2025/26. However, a similar number of accounts recovered during the beginning of 2026 and the final number of account holders stand at 959 on 31st March 2026.

To ensure liquidity for unit holders, fund managers allocated 42.36% of the portfolio to the 1–4week maturity basket, while the remaining portion was invested across mixed tenors up to one year.

As of 31st March 2026, AINF's investment mix was as follows:

* Money Market Savings Accounts: 2.59%

* Fixed Deposits: 19.59%

* Treasury Bond Repos: 40.84%

* Government Securities: 36.99%

From the total funds under management, 77.83% was invested in government securities and institutions with a Fitch and LRA credit rating of A or higher — of which 36.99% was in direct government securities. The remaining 22.24% was distributed among counterparties rated:

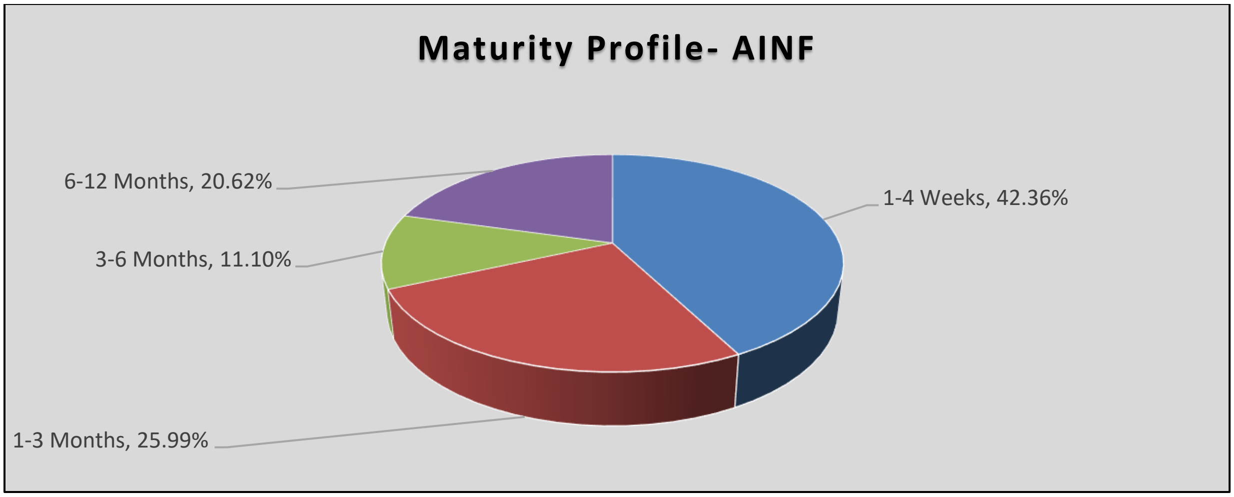
* AA- (Fitch) : 2.56%

* A+ (Fitch) : 0.02%

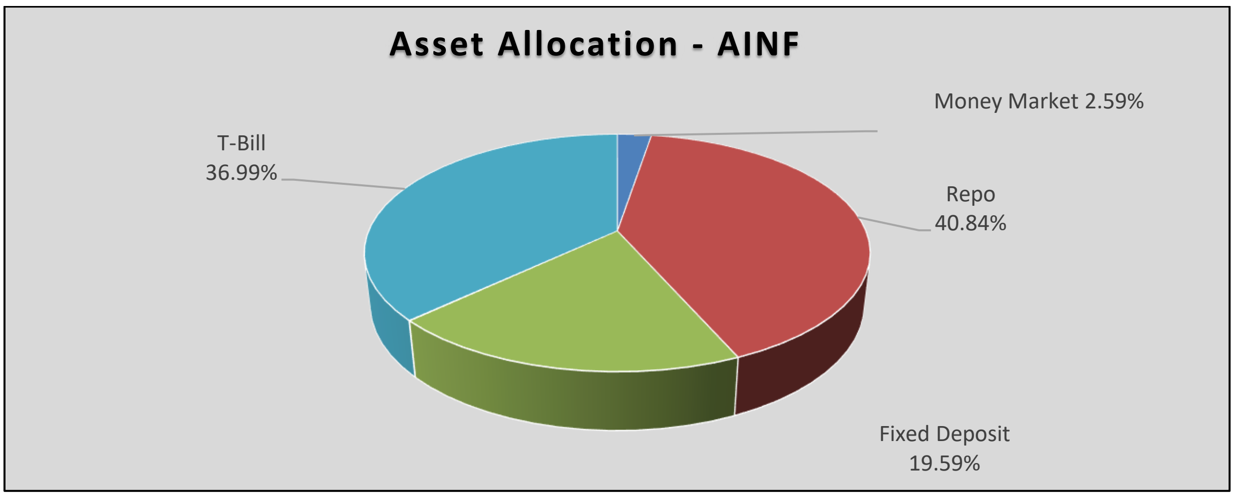
* A (Fitch) : 1.91%

* A (LRA) : 17.76%

(Figure 1: NAV and financial-year yield of AINF)



(Figure 2: Maturity profile of AINF as of 31st March 2026)



(Figure 3: Asset allocation of AINF as of 31st March 2026)

Rating	Fitch		LRA		Total	
	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV	Amount (LKR)	As % of NAV
Government Securities	-	-	-	-	5,114,056,101.35	36.99%
AA-	353,578,839.09	2.56%	-	-	353,578,839.09	2.56%
A+	2,365,167.61	0.02%	-	-	2,365,167.61	0.02%
A	5,911,023,372.15	42.75%	2,455,199,404.11	17.76%	8,366,222,776.26	60.51%
Total	**6,266,967,378.85**	**45.33%**	**2,455,199,404.11**	**17.76%**	**13,836,222,884.31**	**100.08%**

(Figure 4: Credit profile of AINF as of 31st March 2026)

Assetline Income Fund

Financial Statements

31st March 2026

Ernst & Young
Chartered Accountants
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CAY/SA/NN/TR/SAS

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ASSETLINE INCOME FUND MANAGED BY ASSETLINE CAPITAL (PVT) LTD TO THE UNIT HOLDERS OF THE ASSETLINE INCOME FUND

Report on the audit of the financial statements

We have audited the financial statements of Assetline Income Fund ('the Fund') managed by Assetline Capital (Pvt) Ltd, which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in unitholders' fund and, statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

Opinion

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

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as 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.

(Contd...2/)

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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

The financial statements of Assetline Income Fund is complied with the requirements of the Collective Investment Scheme Code issued by Securities and Exchange Commission of Sri Lanka and the Trust Deed.

Ernst & Young

02 July 2026
Colombo

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2026

	Notes	2026 Rs.	2025 Rs.
Investment Income			
Income from financial assets at amortised cost	5	752,370,399	536,203,106
Total investment income		752,370,399	536,203,106
Expenses			
Management fee		(55,434,087)	(32,182,336)
Trustee and custodian fee		(25,948,040)	(15,216,462)
Audit fee		(584,222)	(602,669)
Professional fee		(38,071)	(121,949)
Provision for tax receivable	6	(42,338,456)	-
Total operating expenses		(124,342,877)	(48,123,416)
Net operating profit		628,027,522	488,079,690
Finance cost	7	(381,464)	(329,924)
Profit after deductions and before tax		627,646,059	487,749,766
Income tax expense	8	-	-
Increase in net assets attributable to unitholders		627,646,059	487,749,766

The accounting policies and notes on pages 07 through 19 form an integral part of these financial statements.

Chartered Accountants
COLOMBO

STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	Notes	2026 Rs.	2025 Rs.
ASSETS			
Cash and cash equivalents		8,436,361	5,579,445
Financial assets at amortised cost	9	13,828,167,383	5,898,172,052
Income tax receivables		-	42,338,456
Total assets		13,836,603,744	5,946,089,953
LIABILITIES			
Current liabilities			
Accrued expenses and other payables		9,529,823	5,043,824
Liabilities (Excluding net assets attributable to unitholders)		9,529,823	5,043,824
UNITHOLDERS' FUNDS			
Net assets attributable to unitholders		13,827,073,921	5,941,046,129
Total unitholders' funds and liabilities		13,836,603,744	5,946,089,953
Net assets per unit (Rs.)		29.9472	27.8859

I certify that the Financial Statements have been prepared in accordance with the requirements of the Companies Act No. 7 of 2007.

....
Director
Management Company

....
Director
Management Company

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;

DEUTSCHE BANK AG
Colombo Branch

....
Trustee

Authorised Signatories
Trustee

Date of Approval

The accounting policies and notes on pages 07 through 19 form an integral part of these financial statements.

ERNST & YOUNG
Chartered Accountants
COLOMBO

02 July 2026
Colombo

Assetline Income Fund managed by Assetline Capital (Pvt) Ltd

STATEMENT OF CHANGES IN UNITHOLDERS' FUND

Year ended 31 March 2026

	Notes	2026 Rs.	2025 Rs.
Unitholders' funds at beginning of the period		5,941,046,129	5,511,658,717
Increase in net assets attributable to unitholders		627,646,059	487,749,766
Received on unit creations		59,302,758,272	26,973,469,652
Paid on unit redemptions		(52,044,376,537)	(27,031,832,006)
Unitholders' funds at end of the period	10	13,827,073,921	5,941,046,129

The accounting policies and notes on pages 07 through 19 form an integral part of these financial statements.

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STATEMENT OF CASH FLOWS

Year ended 31 March 2026

	2026 Rs.	2025 Rs.
Cash flows from operating activities		
Proceeds from sale of Financial assets at amortised cost	337,519,416,521	147,669,113,242
Purchase of Financial assets at amortised cost	(345,287,208,937)	(148,220,251,345)
Interest received	590,167,484	656,638,253
Management fees paid	(52,421,574)	(31,595,567)
Other expenses paid	(25,478,314)	(15,632,331)
Net cash flows from operating activities	(7,255,524,819)	58,272,252
Cash flows from financing activities		
Proceeds from subscription by unitholders	59,302,758,272	26,973,469,652
Payment for redemption by unitholders	(52,044,376,537)	(27,031,832,006)
Net cash flows from financing activities	7,258,381,734	(58,362,354)
Net increase / (decrease) in cash and cash equivalents	2,856,916	(90,102)
Cash and cash equivalents at beginning of the period	5,579,445	5,669,547
Net increase / (decrease) in cash and cash equivalents	2,856,916	(90,102)
Cash and cash equivalents at end of the period	8,436,361	5,579,445

The accounting policies and notes on pages 07 through 19 form an integral part of these financial statements.

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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 Assetline Income Fund ('the Fund') to Assetline Capital (Private) Limited (the 'Management Company') on 17 June 2014. The Fund commenced its commercial operations on 11 July 2014. The registered office of the Management Company is located at No 120, 120A Pannipitiya Road, Battaramulla.

The Fund's investment activities are managed by Assetline Capital (Private) Limited. The Trustee of the Assetline Income Fund is Deutsche Bank AG.

These financial statements were authorized for issue by the Board of directors of the Management Company for and on behalf of the Fund on 02 July 2026.

1.2 Principal Activities and Nature of Business

The primary investment objective of the Fund would be to maximize the total return of the Fund and provide an investment vehicle for investors with short term investment horizon by carefully investing in fixed income securities which include fixed deposits and other money market securities with tenures less than 1 year.

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2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Collective Investment Scheme of the Securities and Exchange Commission of Sri Lanka.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. As per the CIS Code, all assets invest only in short term liquid fixed income securities with a maturity period less than 397 calendar days shall continue to be valued on a cost plus accrued interest method.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between 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.

2.2 Responsibility for Financial Statement

The Board of Directors of the Management Company is responsible for the preparation and presentation of Financial Statements of the fund as per Sri Lanka Accounting Standards (SLFRSs and LKASs).

2.3 Functional & Presentation Currency

The Financial Statements of the funds are presented in Sri Lankan Rupees (Rs.), which is the currency of the primary economic environment, in which the Fund operates.

2.4 Events after the Reporting Date

All material and important events that occurred after the Reporting period have been considered and appropriate disclosures are made in the Financial Statements.

2.5 Cash Flow Statement

The Statement of Cash Flows has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of Cash Flows' whereby operating activities, investing activities and financing activities are separately recognized.

2.6 Comparative Information

The accounting policies have been consistently applied by the Fund with those of the previous financial year. Further comparative information is reclassified wherever necessary to comply with the current presentation in the Financial Statements.

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2.7 Significant Accounting Judgment, Estimates and Assumptions

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

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

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect on the amounts recognized in the Financial Statements of the fund are as follows:

2.7.1 Going Concern

The Directors have made an assessment of the fund's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial Instruments

A financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

3.1.1 Financial Assets

a) Initial Recognition and Subsequent Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them.

b) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial Assets at Amortised Cost (Debt Instruments)

The Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;

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- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in net assets attributable to unitholders when the asset is derecognised, modified or impaired.

The Fund's financial assets at amortised cost include fixed deposits, money market savings, treasury bills and repurchase agreements.

c) Derecognition

A financial asset is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired;

  Or

- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

3.1.2 Financial Liabilities

a) Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Fund's financial liabilities include Management fee, Trustee fees, Custodian fee and professional fee payables.

b) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:
Loans and Borrowings (Financial liabilities at amortised cost)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

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c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.2 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.3 Impairment of Financial Assets

The Fund assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.4 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, as at the statement of financial position 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 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.

Distribution to unit holders is recognised in the statement of changes in unitholders' funds. Income not distributed is included in net assets attributable to unitholders.

3.5 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, at bank and bank overdrafts. The Bank overdrafts are shown within borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities.

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3.6 Investment Income

Interest income is recognized in profit or loss for all financial assets that are measured at amortised cost or loss using the effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

3.7 Expenses

All expenses, including management fees and trustee fees, are recognised in profit or loss on accruals basis.

The management participation fees of the fund are as follows:

Management Fee	- 0.50% of Net Asset Value of the Fund + Applicable Government Taxes
Trustee Fee	- 0.225% of Net Asset Value of the Fund + Applicable Government Taxes
Custodian Fee	- Flat Fee of Rs. 25,000 per month + Applicable Government Taxes

3.8 Income tax

The Unit Trust act as pass through agent and a beneficiary of Trust (instead of the Trust) is liable to tax on the income of the Trust in terms of Section 57 of the Inland Revenue Act No.24 of 2017.

3.9 Distributions

In accordance with the trust deed, the Fund distributes income adjusted for amounts determined by the Assetline Capital (Private) Limited, to unitholders by cash or reinvestment. The distributions are recognised in statement of changes in unitholders' funds.

3.10 Subscriptions and redemptions

Subscriptions 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 gross of any exit fees payable after the cancellation of units redeemed.

3.11 Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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4. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it 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 compliance with the Fund's investment policy. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All security investments present a risk of loss of capital. The maximum loss of capital on debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the Management Company under policies approved by investment advisory panel of the responsible entity. It provides written principles for overall risk management, as well as written policies covering

specific areas, such as interest rate risk, credit risk, the use of non-derivative financial instruments and the investment of excess liquidity.

The Fund uses different methods to measure different types of risks to which it is exposed. These methods are explained below.

a) Price risk

The Fund is not exposed to equity price risk since there are no investments in equity securities.

b) Foreign exchange rate risk

The Fund is not exposed to the fluctuations in exchange rates. The Fund's all investments and transactions are denominated in LKR.

c) 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 expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest-bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis in Note 4.1 may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

The table below summarises the Fund's exposure to interest rate risks.

31st March 2026	Floating interest rate (Rs.)	Fixed interest rate (Rs.)	Non- interest bearing (Rs.)	Total (Rs.)
Financial assets				
Cash and cash equivalents	90,631	-	8,345,730	8,436,361
Financial assets measured at amortised cost (Note 09)	-	13,828,167,383	-	13,828,167,383

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31st March 2026	Floating interest rate (Rs.)	Fixed interest rate (Rs.)	Non- interest bearing (Rs.)	Total (Rs.)
Financial liabilities				
Accrued expenses and other payables	-	-	(9,529,823)	(9,529,823)
Net exposed	90,631	13,828,167,383	(1,184,093)	13,827,073,921

31st March 2025	Floating interest rate (Rs.)	Fixed interest rate (Rs.)	Non- interest bearing (Rs.)	Total (Rs.)
Financial assets				
Cash and cash equivalents	82,182	-	5,497,263	5,579,445
Financial assets measured at amortised cost (Note 09)	-	5,898,172,052	-	5,898,172,052
Financial liabilities				
Accrued expenses and other payables	-	-	(5,043,824)	(5,043,824)
Net exposed	82,182	5,898,172,052	453,439	5,898,707,673

4.1 Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk. 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 levels of changes in interest rates and historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and / or 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.

Change in interest rate of the Financial assets at amortized cost	Impact on operating profit / net assets attributable to unitholders' Interest rate risk	
	2026 Rs.	2025 Rs.
+1%	138,281,674	58,981,721
-1%	(138,281,674)	(58,981,721)

4.2 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents, other financial assets.

In accordance with the Fund's policy, the Management Company monitors the Fund's credit position on a daily basis.

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Debt securities

The Fund invests in debt securities which have a minimum credit rating of BBB- as designated by reputed rating agencies. An analysis of debt by rating is set out in the table below. (These ratings were calculated by percentage of total assets)

Debt securities by rating category	2026	2025
AA- (Fitch)	2.56%	6.75%
A+ (Fitch)	0.02%	0.04%
A (Fitch)	42.72%	15.67%
A- (Fitch)	0.00%	0.09%
BBB+ (Fitch)	0.00%	0.01%
A (LRA)	17.74%	9.10%
	63.04%	**31.65%**
Government of Sri Lanka		
Treasury Bills CCC+ (Fitch)	36.96%	68.35%
	100%	**100%**

4.3 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 redeemable units. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed.

The Fund has the ability to borrow in the short term to ensure settlement. No such borrowings have been arisen during the year.

In accordance with the Fund's policy, the Management Company monitors the Fund's liquidity position on a daily basis.

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5. INTEREST INCOME FROM FINANCIAL ASSETS AT AMORTISED COST

	2026 Rs.	2025 Rs.
Interest income from fixed deposits	68,293,389	37,177,920
Interest income from money market savings	2,867,856	51,700,826
Interest income from treasury bills	458,943,658	362,069,333
Interest income from repurchase agreements	222,126,955	85,255,027
Total Interest income from financial assets at amortised cost	752,231,858	536,203,106

5.1 CAPITAL GAIN FROM FINANCIAL ASSETS AT AMORTISED COST

	2026 Rs.	2025 Rs.
Capital Gain/(Loss) on Treasury Bills	138,542	-
Total	138,542	-

6. PROVISION FOR TAX RECEIVABLE

The fund has a Withholding Tax (WHT) receivable balance of Rs. 42,338,456 carried forward from periods in which the fund was liable for income tax. This balance can only be utilized if the fund becomes liable for income tax in the future. As this is unlikely, the recoverability of the balance is considered remote. Accordingly, management has decided to make a full provision in the accounts.

This has no impact on the unit price, as the unit price has always been computed excluding this balance.

7. FINANCE COST

	2026 Rs.	2025 Rs.
Bank Charges	381,464	329,924
Total	381,464	329,924

8. INCOME TAX EXPENSE

From 01st April 2018, no income tax has been recognised in the Financial Statements as the Fund has considered all income as being "passed through" to its Unitholders.

9. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2026 Rs.	2025 Rs.
Investment in fixed deposits	2,708,583,644	537,022,662
Investment in money market savings	358,578,393	406,200,121
Investment in treasury bills	5,114,056,012	4,034,990,393
Investment in repurchase agreements	5,646,949,334	919,958,876
Total financial assets at amortised cost	13,828,167,383	5,898,172,052

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10. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Number of units	Net assets attributable to unitholders (Rs)
Opening balance	214,450,615	5,511,658,717
Subscriptions	1,014,889,201	26,973,469,652
Redemptions	(1,017,810,000)	(27,031,832,006)
Increase in net assets attributable to unitholders	-	487,749,766
As at 31st March 2025	211,529,816	5,941,046,129
Opening balance	211,529,816	5,941,046,129
Subscriptions	2,039,342,613	59,302,758,272
Redemptions	(1,789,158,136)	(52,044,376,537)
Increase in net assets attributable to unitholders	-	627,646,059
As at 31st March 2026	461,714,293	13,827,073,921

11. RELATED PARTY TRANSACTIONS

a) Responsible entity

The responsible entity of Assetline Income Fund is Assetline Capital (Private) Limited.

b) Key management personnel

i) Directors

Key management personnel includes persons who were directors of Assetline Capital (Private) Limited at any time during the financial year.

MR. A.Y.D. De Silva - Chairman (From 25.09.2024 onwards, served as a Director since 01.05.2016)
MR. N.D.P.S.R. Kalyanaratne - Non-Executive Director (From 01.06.2020 onwards)
MR. A. G. De Alwis -Independent Non-Executive Director (From 16.01.2024 onwards)
MR. A.N.S. Aluthgamage -Non-Executive Director (From 15.10.2024 onwards)

ii) Change in Directorship after the Reporting Date

Subsequent to the reporting date, the following changes in the Board of Directors of the Company have taken place:

- Mr. W. L. Mapatuna was appointed as a Non-Executive Director with effect from 1 May 2026.
- Mr. N. D. P. S. R. Kalyanarathne ceased to serve as a Non-Executive Director of the Company with effect from 31 March 2026.

iii) Other key management personnel

There were no other key management persons other than persons givenin 11 [b(i)] above with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial year.

c) Key management personnel unit holdings

The key management personnel of Assetline Capital (Private) Limited and the Parent companies held units in the fund as follows.

31 March 2026

Unit holder	***No of units held opening***	***No of units held closing***	***Fair value of investment (Rs.)***
MR. A.Y.D.De Silva	528,790	888,067	26,595,128
MR. N.D.P.S.R. Kalyanaratne	94	94	2,819

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11. RELATED PARTY TRANSACTIONS (Contd...)

d) ***Related party unitholding***

The Management Company of the Fund Assetline Capital (Pvt) Ltd. DPMC Assetline Holdings (Private) Limited, the immediate parent company of the Management Company and other related parties of the Management Company, held units in the Fund as follows:

31 March 2026	**No of units held opening**	**No of units held closing**	**Fair value of investment (Rs.)**
Assetline Capital (Pvt) Ltd	175,867	11,608,664	347,646,983
DPMC Assetline Holdings (Pvt) Ltd	1,405,145	185,689	5,560,860
Other related parties:			
David Pieris Motor Company (Private) Limited	-	92,585,521	2,772,677,127
David Pieris City Developments (Pvt) Ltd	1,672,825	2,329,273	69,755,200
D P Infotech (private) Limited	-	168,527	5,046,903
David Pieris Automobiles (Pvt) Limited	19,543	14,834,855	444,262,374
Assetline Lands (Private) Limited	3,715,930	13,006,958	389,521,968
David Pieris Holdings (Private) Limited	1,805,443	63,052,575	1,888,248,067
Assetline Insurance Brokers (Pvt) Limited	887,415	21,616,237	647,345,760
David Pieris Leisure (Pvt) Ltd	3,368,504	1,287,004	38,542,179
D P Logistics (Pvt) Ltd	1,534,068	-	-
David Pieris Racing and Leisure (Pvt) Ltd	2,227,196	3,165,179	94,788,256
David Pieris Aviation (Private) Limited	8,613	8,613	257,934
Assetline Corporate Services (Private) Limited	68,557	1,170	35,034
David Pieris Renewable Energy (Private) Limited	2,871,201	130	3,893
DP Global Ventures (Pvt) Ltd	1,550,431	1,815,763	54,377,015
David Pieris Trust	319,321	319,321	9,562,780
MR. T.M.J.K. Ratnayake	938,646	338,396	10,134,014
MR. K.A.H. Kuruppu	332,717	10,861	325,261
MR. Rengasamy Rajeshkumar	217	270	8,079
MR. K.S. Katipearachchi	213,564	1,036,405	31,037,419
MR. K.S. Katipearachchi joint with MRS.Yamuna Samadara	182,443	452,261	13,543,949
MR. D.N. Madugalle	863	-	-
MR. Ashan Nissanka	-	3,912	117,165
MRS. Esther Maureen Pieris	91,291,004	92,303,295	2,764,225,230
MR. David Percival Pieris	70,218,670	114,579,127	3,431,324,035
MR. Eshan David Pieris	3,524,267	3,306,856	99,031,070
MR. Johann David Pieris	1,758,344	1,743,698	52,218,885
MR. Johann David Pieris joint with MRS. A.D.	11,969,576	6,543,747	195,966,898
MRS. Galhenage Yasanthi Poornima Perera Ratnayake	26,496	48,924	1,465,146
Close family members of KMP			
MRS. Hettiarachchige Sepali Nilmini Hettiarachchi	737,745	737,745	22,093,386
BABY. Ambalangodage Dihain Harshika (Guardian: MRS. Hettiarachchige Sepali Nilmini	17,420	17,420	521,683

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11. RELATED PARTY TRANSACTIONS (Contd...)

e) ***Transactions held with and amounts due to related parties***

The management company and the trustee charged fees for services rendered during the period. The outstanding balances relating to these fees as at the period-end are presented below.

	Charge for the period ended 31st March 2026 Rs.	Charge for the period ended 31st March 2025 Rs.	Balance outstanding as at 31st March 2026 Rs.	Balance outstanding as at 31st March 2025 Rs.
Management fees	55,434,087	32,182,336	6,010,284	2,997,771
Trustee & custodian fee	25,948,040	15,216,463	2,804,233	1,413,843
	81,382,127	47,398,799	8,814,517	4,411,614

f) ***Transactions held with related parties (fellow subsidiary of Managing Company)***

Purchase of Financial assets from related parties (Investment in fixed deposits)

	Investment made during the period 2025-2026	Investment made during the period 2024-2025	Carrying Value as at 31 March 2026	Carrying Value as at 31 March 2025
Assetline Finance Limited	2,400,000,000	500,000,000	2,455,199,397	537,022,662
	2,400,000,000	500,000,000	2,455,199,397	537,022,662

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10. Fund Performance – Assetline Income Plus Growth Fund (AIGF)

The Net Asset Value (NAV) of the Assetline Income Plus Growth Fund (AIGF) as of 31st March 2026 was LKR 3.45Billion. The fund generated a financial year-to-date (YTD) yield of 6.16% for the period ended 31st March 2026, with 111 unit holders.

Most importantly, in order to be comply with the new regulation of Securities Exchange Commission issued on October 2025, AIGF portfolio has been reduced drastically from LKR 14.5Bn to LKR 3.4Bn in order to maintain a tactical asset allocation of FIS to Equity ratio of 40:60.

AIGF's financial year yield fluctuated within a range of 15.18% to -11.53% due to high volatility in the equity market and a decline in yields of government securities.

Global geopolitical situation brough uncertainty to the market which was reflected in large withdrawals from equity market. However, while the retailer chose an exit approach many HNIs and Corporates remained positive throughout the crisis and absorbed a high volume of equity sales into their portfolios.

As a result, fund managers prudently managed the portfolio by realizing the existing capital gains and reinvesting the proceeds in fundamentally strong companies into other instruments to capitalize on the large trades and mitigate potential future risks.

As of 31st March 2026, the sectoral allocation of the portfolio's equity investments was as follows:

* 17.83% in Capital Goods

* 23.46% in Diversified Financials

* 44.15% in Banking & Financing

* 12.23% in Materials

* 1.55% in food, beverage & tobacco and materials companies

A portion of fixed income securities was maintained in money market deposits and overnight and term repo investments for liquidity purposes. The allocation of the portfolio's fixed income instruments was as follows:

* 13.06% in fixed deposits

* 26.86% in debentures

* 11.76% in repurchase agreement

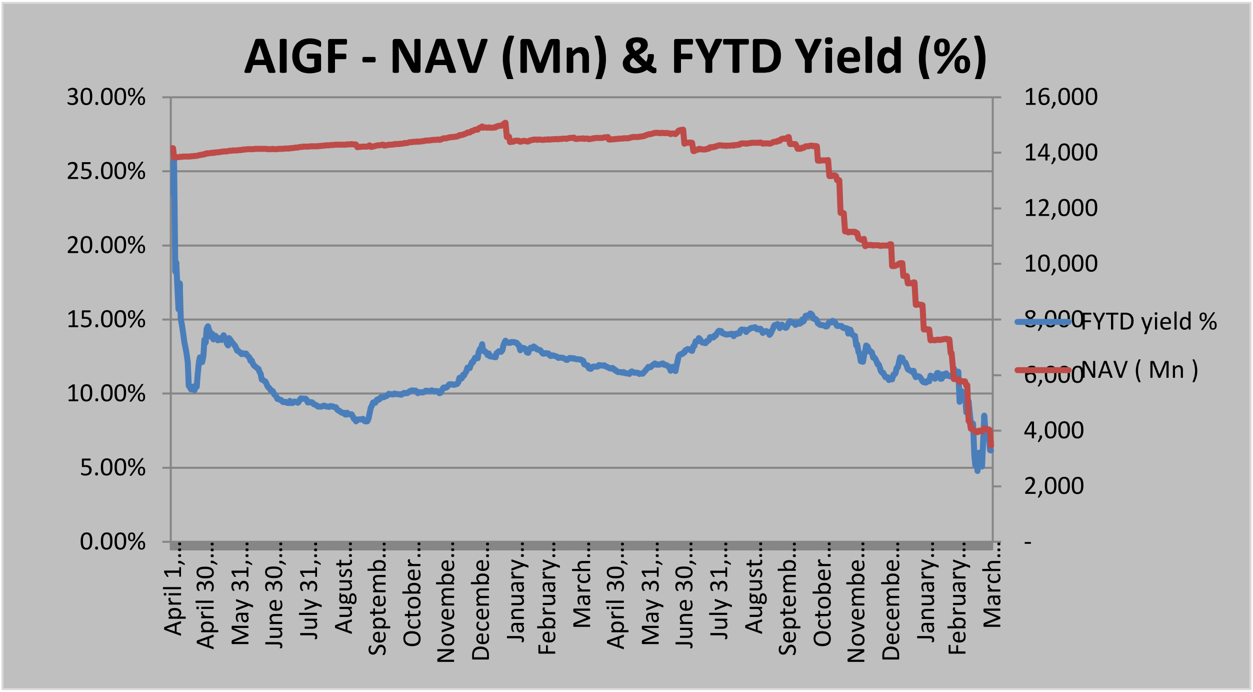
The maturity profile of fixed income securities ranged from short-term to long-term:

* 3.00% in the 1–4 weeks category

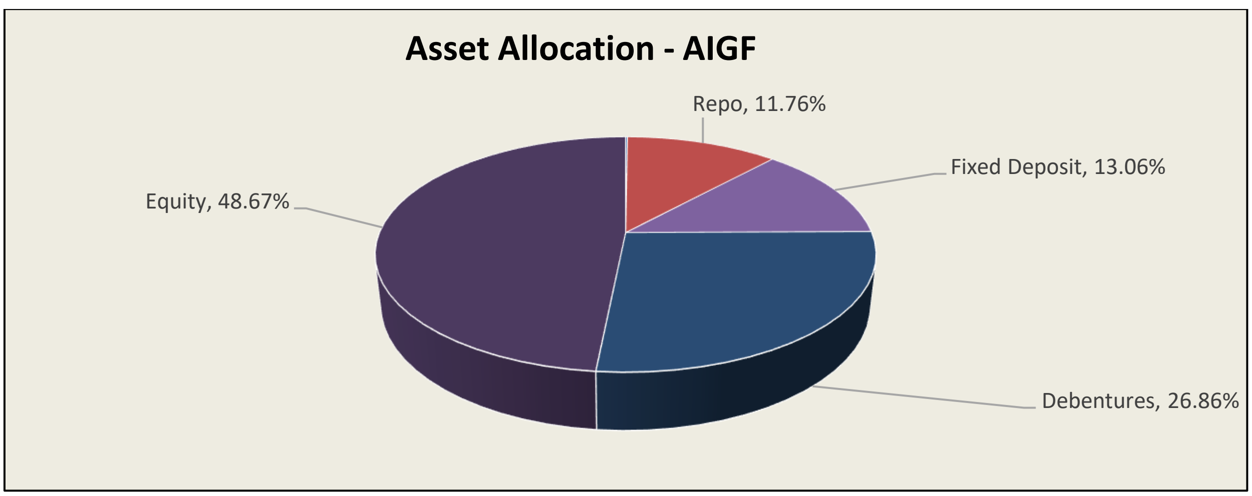
* 13.20% in the 6–12 months category

* 26.86% in the 1–6 years category

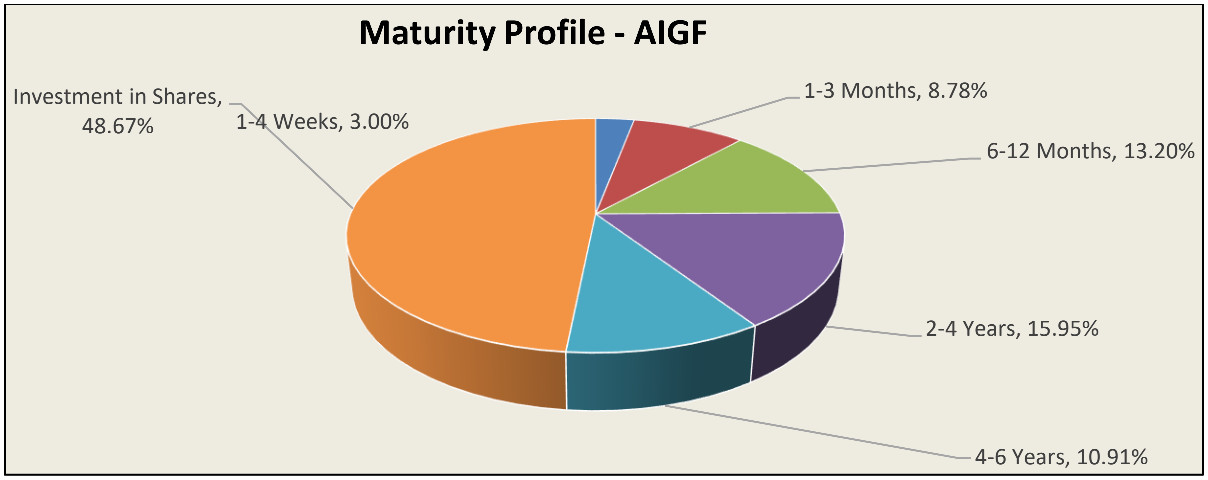
Additionally, 38.72% of the NAV was invested in fixed income securities issued by counterparties with a Fitch rating of A- or above, while 13.06% was with counterparties rated A (LRA).



(Figure 1: NAV and financial-year yield of AIGF)



(Figure 2 : FIS Maturity profile of AIGF as at 31st March 2026)



(Figure 3 : Asset allocation of AIGF as of 31st March 2026)

Rating	Fitch		LRA		Total	
	Amount	As a % of NAV	Amount	As a % of NAV	Amount	As a % of NAV
AA-	68,112.95	0.00%	-	-	68,112.95	0.00%
A+	213,481,637.18	6.17%	-	-	213,481,637.18	6.17%
A	1,125,104,449.23	32.52%	451,817,808.22	13.06%	1,576,922,257.45	45.58%
A-	776,089.77	0.02%	-	-	776,089.77	0.02%
BBB	2,022,332.61	0.06%	-	-	2,022,332.61	0.06%
Investment in Shares	-	-	-	-	1,683,690,661.70	48.67%
Total	**1,341,452,621.74**	**38.77%**	**451,817,808.22**	**13.06%**	**3,476,961,091.66**	**100.50%**

(Figure 4 : Credit profile of AIGF – Total Assets as of 31st March 2026)

Assetline Income Plus Growth Fund

Financial Statements

31st March 2026

EY
Shape the future with confidence

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CAY/ SA/NN/TR/DW

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ASSETLINE INCOME PLUS GROWTH FUND MANAGED BY ASSETLINE CAPITAL (PVT) LTD TO THE UNIT HOLDERS OF THE ASSETLINE INCOME PLUS GROWTH FUND

Report on the Audit of the Financial Statements

We have audited the financial statements of Assetline Income Plus Growth Fund ('the Fund') managed by Assetline Capital (Pvt) Ltd, which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of Changes in unitholders' fund and, statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

Opinion

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

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as 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.

(Contd...2/)

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

The financial statements of Assetline Income Plus Growth Fund is complied with the requirements of the Collective Investment Scheme Code issued by Securities and Exchange Commission of Sri Lanka and the Trust Deed.

Ernst & Young

02 July 2026
Colombo

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2026

	Notes	2026 Rs.	2025 Rs.
Investment Income			
Income from financial assets at amortised cost	06	215,612,585	146,126,534
Income from financial assets at fair value through other comprehensive income	07	212,181,142	53,298,908
Dividend income		58,671,440	25,722,108
Net gains on financial assets at fair value through profit or loss	08	841,737,919	1,677,214,215
Total Investment Income		1,328,203,086	1,902,361,765
Expenses			
Management fee		(142,881,666)	(169,123,682)
Trustee and custodian fee		(32,603,043)	(38,524,318)
Audit fee		(584,222)	(603,879)
Professional fee		(38,071)	(121,949)
Brokerage Charges		(36,499,854)	(45,183,678)
Provision for tax receivable	09	(1,622,001)	-
Other operating expenses		(172,036)	-
Total Operating Expenses		(214,400,893)	(253,557,506)
Net Operating Profit		1,113,802,193	1,648,804,259
Finance Cost	10	(131,529)	(143,320)
Profit After Deductions and Before Tax		1,113,670,664	1,648,660,939
Income tax expense	11	-	-
Increse in Net Assets Attributable to Unitholders before Other Comprehensive Income		1,113,670,664	1,648,660,939
Other Comprehensive Income			
Profit on changes in fair value on financial assets at fair value throught other comprehensive income	07	(1,612,469)	22,320,432
Total Other Comprehensive Income		(1,612,469)	22,320,432
Increase in Net Assets Attributable to Unitholders		1,112,058,194	1,670,981,371

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The accounting policies and notes on pages 07 through 23 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

ASSETS	Note	2026 Rs.	2025 Rs.
Cash and cash equivalents		816,750	2,629,517
Financial assets at amortized cost	12	863,295,848	3,563,186,710
Financial assets held at fair value through profit or loss	13	1,683,690,662	9,412,557,444
Financial assets held at fair value through other comprehensive income	14	929,157,681	1,553,943,648
Other Receivables		61,757,519	-
Income tax receivables		-	1,622,001
Total Assets		3,538,718,460	14,533,939,320
LIABILITIES			
Current Liabilities			
Accrued expenses and other payables	15	79,180,076	18,479,554
Liabilities (Excluding Net Assets Attributable to Unitholders)		79,180,076	18,479,554
UNITHOLDERS' FUNDS			
Net Assets Attributable to Unitholders		3,459,538,384	14,515,459,766
Total Unitholders' Funds and Liabilities		3,538,718,460	14,533,939,320
Net Assets Per Unit (Rs.)		32.0098	30.1515

....
Director
Management Company

....
Director
Management Company

DEUTSCHE BANK AG
Colombo Branch

....
Authorised Signatories
Trustee
Date of Approval

The accounting policies and notes on pages 07 through 23 form an integral part of these financial statements.

ERNST & YOUNG
Chartered Accountants
COLOMBO

02 July 2026
Colombo

STATEMENT OF CHANGES IN UNITHOLDERS' FUND

Year ended 31 March 2026

	Note	Unitholders' Capital & Retained Earning Rs.	FVTOCI Reserve Rs.	Net Assets attributable to unitholders Rs.
Balance as at 31st March 2024		14,141,125,861	12,737,082	14,153,862,943
Increase in net assets attributable to unitholders		1,648,660,939	22,320,432	1,670,981,371
Received on unit creations		34,898,833	-	34,898,833
Paid on unit redemptions		(1,344,283,381)	-	(1,344,283,381)
Balance as at 31st March 2025		14,480,402,252	35,057,514	14,515,459,766
Increase in net assets attributable to unitholders		1,113,670,664	(1,612,469)	1,112,058,194
Received on unit creations		37,050,000	-	37,050,000
Paid on unit redemptions		(12,205,029,575)	-	(12,205,029,575)
Balance as at 31st March 2026	16	3,426,093,340	33,445,044	3,459,538,384

The accounting policies and notes on pages 07 through 23 form an integral part of these financial statements.

ERNST & YOUNG
Chartered Accountants
COLOMBO

STATEMENT OF CASH FLOW

Year ended 31 March 2026

Cash Flows from Operating Activities	2026 Rs.	2025 Rs.
Proceeds from sale of financial instruments held at fair value through profit or loss	11,385,239,635	19,425,495,741
Purchase of financial assets at fair value through profit or loss	(3,467,690,572)	(16,369,030,959)
Proceeds from sale of Financial assets at amortized cost	91,669,103,527	71,358,599,535
Purchase of Financial assets at amortized cost	(88,985,794,289)	(73,245,485,416)
Proceeds from sale of financial instruments held at fair value through other comprehensive income	1,000,000,000	-
Purchase of financial assets at fair value through other comprehensive income	(344,666,987)	(1,200,000,000)
Dividend received	41,911,440	27,072,108
Interest received	1,094,702,356	1,567,690,693
Management fees paid	(152,826,644)	(168,679,614)
Other expenses paid	(73,811,657)	(84,109,087)
Net Cash Flows from Operating Activities	12,166,166,809	1,311,553,001
Cash Flows from Financing Activities		
Proceeds from subscription by unitholders	37,050,000	34,898,833
Payment for redemption by unitholders	(12,205,029,575)	(1,344,283,381)
Net Cash Flows from Financing Activities	(12,167,979,576)	(1,309,384,548)
Net Increase / (Decrease) in Cash and Cash Equivalents	(1,812,767)	2,168,453
Cash and Cash Equivalents at Beginning of the Period	2,629,517	461,064
Net increase / (decrease) in cash and cash equivalents	(1,812,767)	2,168,453
Cash and Cash Equivalents at End of the Period	816,750	2,629,517

The accounting policies and notes on pages 07 through 23 form an integral part of these financial statements.

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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 Assetline Income Plus Growth Fund ('the Fund') to Assetline Capital (Private) Limited (the 'Management Company') on 17th June 2014. The Fund commenced its commercial operations on 11th July 2014. The registered office of the Management Company is located at No 120, 120A Pannipitiya Road, Battaramulla.

The Fund's investment activities are managed by Assetline Capital (Private) Limited. The Trustee of the Assetline Income Plus Growth Fund is Deutsche Bank AG.

These financial statements were authorized for issue by the Board of directors of the Management Company for and on behalf of the Fund on 02 July 2026.

1.2 Principal Activities and Nature of Business

The objective of the Fund is to maximize the total return of the Fund by carefully investing in listed equity securities and fixed income securities without a limitation on the time to maturity. This Fund by nature would be ideal for investors with a high risk profile and medium-longer time horizon.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between 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.

2.2 Responsibility for Financial Statement

The Board of Directors of the Management Company is responsible for the preparation and presentation of Financial Statements of the fund as per Sri Lanka Accounting Standards (SLFRSs and LKASs).

2.3 Functional & Presentation Currency

The Financial Statements of the funds are presented in Sri Lankan Rupees (Rs.), which is the currency of the primary economic environment, in which the Fund operates.

2.4 Events after the Reporting Date

All material and important events that occurred after the Reporting period have been considered and appropriate disclosures are made in the Financial Statements.

2.5 Cash Flow Statement

The Statement of Cash Flows has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard –LKAS 7 on 'Statement of Cash Flows' whereby operating activities, investing activities and financing activities are separately recognized.

2.6 Comparative Information

The accounting policies have been consistently applied by the Fund with those of the previous financial year. Further comparative information is reclassified wherever necessary to comply with the current presentation in the Financial Statements.

2.7 Significant Accounting Judgment, Estimates and Assumptions

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

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

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect on the amounts recognized in the Financial Statements of the fund are as follows:

2.7.1 Going Concern

The Directors have made an assessment of the fund's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

2.7.2 Fair Value of Financial Instruments

The determination of fair values of financial assets and financial liabilities recorded on the Statement of Financial Position for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical models. The valuation of financial instruments is described in more detail in the notes of the financial statements. The fund measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial Instruments

A financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

3.1.1 Financial Assets

a) Initial Recognition and Subsequent Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them.

b) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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Financial Assets at Amortised Cost (Debt Instruments)

The Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in net assets attributable to unitholders when the asset is derecognised, modified or impaired.

The Fund's financial assets at amortised cost include Fixed deposits, money market savings and repurchase agreements.

Financial Assets at Fair Value through OCI (Debt Instruments)

Fund measures debt instruments at fair value through OCI if both of the following conditions are met:

The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
And
The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Fund's financial assets at fair value through OCI (Debt Instruments) include investment in Debentures.

Financial Assets at Fair Value through Profit or Loss (FVPL)

- **Financial Assets Held for Trading**

The fund classified financial assets as held for trading when they have been purchased primarily for short-term profit making through trading activities. Held-for trading assets are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net gain or loss on financial assets measured at fair value through profit or loss net trading income. Interest income from financial assets held for trading is recorded under net interest income while dividend income is recorded in net trading income when the right to payment has been established. Included in this classification are debt securities and equity investment that have been acquired principally for the purpose of selling in the near term.

The fund has classified equity securities as held for trading financial assets

- **Financial Assets Designated at Fair Value through Profit or Loss**

Financial assets in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under SLFRS 9. Management only designated an instrument at FVPL upon initial recognition when the following criteria is met. Such designation is determined on an instrument-by-instrument basis.

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them in a different basis.

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Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on financial asset designated at FVPL is accrued in interest income using the EIR, taking into account any discount/premium and qualifying transaction costs being integral part of the instrument.

c) Derecognition

A financial asset is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
  Or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

3.1.2 Financial Liabilities

a) Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Fund's financial liabilities include Management fee, Trustee fees, Custodian fee and professional fee payables.

b) Subsequent Measurement

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

Loans and Borrowings (Financial Liabilities at Amortised Cost)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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3.2 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.3 Impairment of Financial Assets

The Fund assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.4 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 statement of financial position 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 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.

Distribution to unit holders is recognised in the statement of changes in unitholders' funds. Income not distributed is included in net assets attributable to unitholders.

3.5 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, at bank and bank overdrafts. Bank overdrafts are shown within borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities.

3.6 Investment Income

Interest income is recognised in profit or loss for all financial assets that are measured at amortised cost or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 5.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date.

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3.7 Expenses

All expenses, including management fees and trustee fees, are recognised in profit or loss on accruals basis.

The management participation fees of the fund are as follows:

Management Fee	- 1 % of Net Asset Value of the Fund + Applicable Government Taxes
Trustee Fee	- 0.22% of Net Asset Value of the Fund + Applicable Government Taxes
Custodian Fee	- Flat Fee of Rs. 25,000 per month + Applicable Government Taxes
Exit Fees	- For withdrawals within 1 year : 1%
	For withdrawals after 1 year : Nil

3.8 Income Tax

The Unit Trust act as pass through agent and a beneficiary of Trust (instead of the Trust) is liable to tax on the income of the Trust in terms of Section 57 of the Inland Revenue Act No.24 of 2017.

3.9 Distributions

In accordance with the trust deed, the Fund distributes income adjusted for amounts determined by the Assetline Capital (Private) Limited, to unitholders by cash or reinvestment. The distributions are recognised in statement of changes in unitholders' funds.

3.10 Subscriptions and Redemptions

Subscriptions 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 gross of any exit fees payable after the cancellation of units redeemed.

3.11 Use of Estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For more information on how fair value is calculated please see Note 5 to the financial statements.

4. FINANCIAL RISK MANAGEMENT

The Fund's activities expose them 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 compliance with the Fund's investment policy. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on debt securities is limited to the fair value of those positions.

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The management of these risks is carried out by the management company. The Investment committee of assetline Capital (Pvt) Ltd. provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and non-derivative financial instruments and the investment of excess liquidity.

The Fund uses different methods to measure different types of risks to which it is exposed. These methods are explained below.

a) Price Risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Paragraph below sets out how this component of price risk is managed and measured. Investments are classified in the statement of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the management company. Between 0 % and 97% of the net assets attributable to unitholders are expected to be invested in equity securities and fixed income securities. Minimum 3% is expected to be in short term investments.

The Fund's policy also limits individual equity securities to no more than 15% of net assets attributable to unitholders.

All of the Fund's equity investments are publicly traded. The Fund's policy requires that the overall market position is monitored on a daily basis by the Management Company.

As at 31st March, the fair value of equities exposed to price risk were as follows:

	Fair Value 2026 Rs.	***Fair Value 2025 Rs.***
Equity securities held for trading	1,683,690,662	407,252,508
Total	**1,683,690,662**	**407,252,508**

b) Foreign Exchange Rate Risk

The Fund is not exposed to the fluctuations in exchange rates. The Fund's all investments and transactions are denominated in LKR.

c) 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 expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis in note 4.1 may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

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The table below summarises the Fund's exposure to interest rate risks.

31st March 2026	***Floating interest rate Rs.***	***Fixed interest rate Rs.***	***Non- interest bearing Rs.***	***Total Rs.***
Financial assets				
Cash and cash equivalents	791,850	-	24,900	816,750
Financial assets measured at amortised cost - (Note 12)	-	863,295,848	-	863,295,848
Financial Assets held at fair value through profit or loss (Note 13)	-	-	1,683,690,662	1,683,690,662
Financial Assets held at fair value through OCI (Note 14)	-	929,157,681	-	929,157,681
Financial liabilities				
Accrued expenses and other payables	-	-	(79,180,076)	(79,180,076)
Net exposure	791,850	1,792,453,529	1,604,535,486	3,397,780,865

31st March 2025	***Floating interest rate Rs.***	***Fixed interest rate Rs.***	***Non- interest bearing Rs.***	***Total Rs.***
Financial assets				
Cash and cash equivalents	2,604,617	-	24,900	2,629,517
Financial assets measured at amortised cost - (Note 12)	-	3,563,186,710	-	3,563,186,710
Financial Assets held at fair value through profit or loss (Note 13)	-	-	9,412,557,444	9,412,557,444
Financial Assets held at fair value through OCI (Note 14)	-	1,553,943,648	-	1,553,943,648
Financial liabilities				
Accrued expenses and other payables	-	-	(18,479,555)	(18,479,555)
Net exposure	2,604,617	5,117,130,358	9,394,102,789	14,513,837,764

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4.1 Summarised Sensitivity Analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to interest rate risk, currency risk and other price risk.

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 levels of changes in interest rates and foreign exchange risk historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and / or 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.

Change in price of the fund's investment in trading stock.	*Impact on operating profit / net assets attributable to unitholders' Interest rate risk*	
	2026	*2025*
+10% -10%	261,284,834 (261,284,834)	1,096,650,109 (1,096,650,109)

Change in interest rate Financial assets at amortised cost	*Impact on operating profit / net assets attributable to unitholders' Interest rate risk*	
	2026	*2025*
+1% -1%	8,632,958 (8,632,958)	35,631,867 (35,631,867)

4.2 Credit Risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents, other financial assets.

In accordance with the Fund's policy, the Management Company monitors the Fund's credit position on a daily basis.

Debt Securities

The Fund invests in debt securities which have a minimum credit rating of BBB- as designated by reputed rating agencies. An analysis of debt by rating is set out in the table below. (These ratings were calculated by percentage of total assets except equity investment & dividend receivable)

Debt securities by rating category	*2026*	*2025*
A+ (Fitch)	11.90%	-
AA- (Fitch)	-	7.18%
A (Fitch)	62.74%	13.93%
A- (Fitch)	0.04%	0.02%
A (LRA)	25.20%	15.11%
BBB (Fitch)	0.11%	0.01%
	100%	**36.25%**

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Debt securities by rating category	***2026***	***2025***
Government of Sri Lanka		
Treasury Bills-C(Fitch)	-	56.91%
Treasury Bonds-CC(Fitch)	-	28.51%
	100%	**100%**

4.3 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 redeemable units. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market or can be readily disposed.

The Fund's listed securities are considered readily realisable, as all are listed on the Colombo Stock Exchange.

The Fund has the ability to borrow in the short term to ensure settlement. No such borrowings have arisen during the period.

In accordance with the Fund's policy, the Management Company monitors the Fund's liquidity position on a daily basis.

5. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss (FVTPL) (See Note 12)
- Financial assets / liabilities held for trading (See Note 12)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

SLFRS 13 requires disclosure of fair value measurements by level of the following fair value hierarchy;

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

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i. Fair Value in An Active Market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for transaction costs.

The Fund values its investments in accordance with the accounting policies set out in note 3.1.1 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

ii. Fair Value in An Inactive or Unquoted Market (level 2 and level 3).

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length

market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Recognised fair value measurements

As at 31st March 2026	*Level 1 Rs.*	*Level 2 Rs.*	*Level 3 Rs.*	*Total Rs.*
Financial assets				
Financial assets held at fair value through profit or loss	-	-	-	-
Equity Securities	1,683,690,662	-	-	1,683,690,662
Financial assets designated at fair value through OCI	-	929,157,681	-	929,157,681
Total	1,683,690,662	929,157,681	-	2,612,848,342

As at 31st March 2025	*Level 1 Rs.*	*Level 2 Rs.*	*Level 3 Rs.*	*Total Rs.*
Financial assets				
Financial assets held at fair value through profit or loss	-	9,005,304,936	-	9,005,304,936
Equity Securities	407,252,508	-	-	407,252,508
Financial assets designated at fair value through OCI	-	1,553,943,648	-	1,553,943,648
Total	407,252,508	10,559,248,584	-	10,966,501,092

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6. INCOME FROM FINANCIAL ASSETS AT AMORTISED COST

	2026 Rs.	2025 Rs.
Interest Income From Fixed Deposits	157,664,842	75,227,404
Interest Income From Money Market Savings	158,597	3,663,942
Interest Income From repurchase agreements	57,789,146	67,235,187
Total Interest Income from Financial Assets at Amortized Cost	215,612,585	146,126,534

7. INCOME FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2026 Rs.	2025 Rs.
Interest Income From Debentures	185,970,129	53,298,908
Capital Gain/(Loss) on Debenture	26,211,013	-
	212,181,142	53,298,908
Fair value Gain/(Loss) on Debentures	(1,612,469)	22,320,432
	(1,612,469)	22,320,432

8. NET GAIN / (LOSS) ON FINANCIAL ASSETS HELD FOR TRADING & FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2026 Rs.	2025 Rs.
Net Gain/(Loss) on financial assets held for trading	371,149,556	487,669,929
Net Gain/(Loss) on financial assets measured at fair value through profit or loss	470,588,363	1,196,944,095
Total	841,737,919	1,684,614,025
Net Gain/(Loss) on financial assets held for trading		
Gain/(Loss) on disposal of equity securities	204,038,132	428,358,692
Unrealized Gain/(Loss) of equity securities	167,111,424	59,311,238
Total	371,149,556	487,669,929
Net Gain/(Loss) on financial assets measured at fair value through profit or loss		
Interest Income from Treasury Bills	465,377,254	955,977,674
Interest Income from Treasury Bonds	61,744,677	384,073,924
Fair value Gain/(Loss) on Treasury Bills	(23,531,254)	(37,431,887)
Fair value Gain/(Loss) on Treasury Bonds	(31,034,963)	(132,500,416)
Capital Gain/(Loss) on Treasury Bills	(1,967,351)	-
Capital Gain/(Loss) on Treasury Bonds	-	26,824,799
Total	470,588,363	1,196,944,095

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9. PROVISION FOR TAX RECEIVABLE

The fund has a Withholding Tax (WHT) receivable balance of Rs. 1,622,001 carried forward from periods in which the fund was liable for income tax. This balance can only be utilized if the fund becomes liable for income tax in the future. As this is unlikely, the recoverability of the balance is considered remote. Accordingly, management has decided to make a full provision in the accounts.

This has no impact on the unit price, as the unit price has always been computed excluding this balance.

10. FINANCE COST

	2026 Rs.	2025 Rs.
Bank Charges	131,529	143,320
Total	131,529	143,320

11. INCOME TAX EXPENSE

From 01st April 2018, no income tax has been recognised in the Financial Statements as the Fund has considered all income as being "passed through" to its Unitholders.

12. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	As at 31 March 2026	As at 31 March 2025
Investment in fixed deposits	451,817,814	2,133,713,908
Investment in money market savings	4,762,219	4,571,624
Investment in repurchase agreements	406,715,815	1,424,901,178
Total Financial Assets at Amortized Cost	863,295,848	3,563,186,710

13. FINANCIAL ASSETS HELD FOR TRADING & FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March 2026	As at 31 March 2025
(a) Financial Assets Held for Trading		
Equity securities [See Note (a) below]	1,683,690,662	407,252,508
Total Financial Assets Held for Trading	1,683,690,662	407,252,508
(b) Financial Assets Measured at Fair Value through Profit or Loss		
Treasury Bills [See Note (b) below]	-	7,133,264,650
Treasury Bonds [See Note (b) below]	-	1,872,040,287
Total Financial Assets Measured at Fair Value through Profit or Loss	-	9,005,304,936
Total Financial Assets held for Trading & Financial Assets Measured at Fair Value through Profit or Loss	1,683,690,662	9,412,557,444

a) Investment in Equity Securities

	Cost	Market Value
31st March 2026	1,466,242,604	1,683,690,662
	1,466,242,604	1,683,690,662

	Cost	Market Value
31st March 2025	356,915,874	407,252,508
	356,915,874	407,252,508

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13. FINANCIAL ASSETS HELD FOR TRADING & FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (Contd...)

b) Investment in Treasury Bills & Treasury Bonds

31st March 2026	**Cost**	**Market Value**
Investment in Government Security -Treasury Bills	-	-
Investment in Government Security -Treasury bonds	-	-
	-	-

31st March 2025	**Cost**	**Market value**
Investment in Government Security -Treasury Bills	6,949,975,441	7,133,264,650
Investment in Government Security -Treasury bonds	1,755,058,300	1,872,040,287
	8,705,033,741	9,005,304,936

14. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 March 2026	**As at 31 March 2025**
Investment in debentures	929,157,681	1,553,943,648
	929,157,681	1,553,943,648

15. ACCRUED EXPENSES AND OTHER PAYABLES

	As at 31 March 2026	**As at 31 March 2025**
CDS Payable	72,806,400	-
Audit Fees Payable	606,878	541,856
Professional Fees Payable	108,427	90,356
Management Fees Payable	4,591,976	14,536,954
Trustee Fees Payable	1,036,138	3,280,133
Custodian Fees Payable	30,256	30,256
	79,180,076	18,479,555

16. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Number of units	**Net assets attributable to unitholders (Rs.)**
Opening balance	527,110,842	14,153,862,943
Subscriptions	1,184,415	34,898,833
Redemptions	(46,932,752)	(1,344,283,381)
Increase in net assets attributable to unitholders	-	1,670,981,371
As at 31st March 2025	481,362,505	14,515,459,766
Opening balance	481,362,505	14,515,459,766
Subscriptions	1,196,384	37,050,000
Redemptions	(374,481,625)	(12,205,029,575)
Increase in net assets attributable to unitholders	-	1,112,058,194
As at 31st March 2026	108,077,264	3,459,538,384

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17. RELATED PARTY TRANSACTIONS (Contd...)

b) Key Management Personnel

ii) Change in Directorship after the Reporting Date

Subsequent to the reporting date, the following changes in the Board of Directors of the Company have taken place:

• Mr. W. L. Mapatuna was appointed as a Non-Executive Director with effect from 1 May 2026.

• Mr. N. D. P. S. R. Kalyanarathne ceased to serve as a Non-Executive Director of the Company with effect from 31 March 2026.

iii) Other Key Management Personnel

There were no other key management persons other than persons givenin 17 [b(i)] above with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial year.

a) Key Management Personnel Unit Holdings

The key management personnel of Assetline Capital (Private) Limited and the Parent companies currently do not hold any units in the fund.

b) Related Party Unitholding

Assetline Capital (Private) Limited the Management Company of the Fund, DPMC Assetline Holdings (Private) Limited, the immediate parent company of management company and other related parties of the Management Company, held units in the Fund as follows:

31st March 2026	No of units held opening	No of units held closing	Fair value of investment (Rs.)
Unitholder			
Assetline Capital (Pvt) Ltd	6,050,266	6,050,266	192,602,368
DPMC Assetline Holdings (Pvt) Ltd	1,474,526	1,472,252	46,867,228
Other Related Parties:			
David Pieris Motor Company (Lanka) Limited	113,741,166	398,430	12,683,502
David Pieris Holdings (Private) Limited	112,197,097	3,398,849	108,197,936
MR: David Percival Pieris	138,182,331	90,230,135	2,872,359,058
MR. K.A.H. Kuruppu	6,781,499	6,310,216	200,877,533

c) Transactions Held with and Amounts Due to Related Parties

The management company and the trustee charged fees for services rendered during the period. The outstanding balances relating to these fees as at the period-end are presented below.

	Charge for the year ended 31st March 2026	Charge for the year ended 31st March 2025	Balance Outstanding 31st March 2026	Balance Outstanding 31st March 2025
	Rs.	Rs.	Rs.	Rs.
Management fees	142,881,666	169,123,683	4,591,976	14,536,954
Trustee & custodian fee	32,603,043	38,524,318	1,066,395	3,310,389
	175,484,709	207,648,001	5,658,371	17,847,343

d) Transactions Held with Related Parties (Fellow Subsidiary of Managing Company)

Purchase of Financial Assets from Related Parties (Investment in Fixed Deposits)

Related Party	Investment made during the period 2025-2026	Investment made during the period 2024-2025	Carrying Value as at 31 March 2026	Carrying Value as at 31 March 2026
	Rs.	Rs.	Rs.	Rs.
Assetline Finance Limited	275,000,000	2,075,000,000	451,817,814	2,133,713,908
	275,000,000	2,075,000,000	451,817,814	2,133,713,908

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17. RELATED PARTY TRANSACTIONS (Contd...)

d) ***Transactions Held with Related Parties (Fellow Subsidiary of Managing Company)***

Purchase of Financial Assets from Related Parties (Investment in Fixed Deposits)

Related Party	Investment made during the period 2025-2026 Rs.	Investment made during the period 2024-2025 Rs.	Carrying Value as at 31 March 2026 Rs.	Carrying Value as at 31 March 2026 Rs.
Assetline Finance Limited	275,000,000	2,075,000,000	451,817,814	2,133,713,908
	275,000,000	2,075,000,000	451,817,814	2,133,713,908

e) ***Transactions Held with Related Parties (Ultimate Parent Company)***

Sale of Financial Assets to Related Parties (Investment in Debentures)

During the financial year, the Fund sold listed debentures issued by Sampath Bank PLC to the ultimate parent company.

Related Party	Description		Face Value (Rs.)	Coupon Rate	Yield
David Pieris Holdings (Private) Limited	Debentures	Sampath Bank PLC	1,000,000,000	11.75%	11.25%

The transaction resulted in a capital gain, which has been recognized under Income from financial assets at fair value through other comprehensive income (Refer Note 07).

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12. Summary of Transactions between Assetline Mutual Funds and its Related Parties
(For the period from 01 April 2025 to 31 March 2026)

Fund	Related Party	Total Value of Unit Subscriptions by Related Parties (LKR)	Total Value of Unit Redemptions by Related Parties (LKR)
Assetline Income Fund	Officers of Management Company	151,982,500.00	155,740,715.12
	Assetline Capital (Private) Limited	1,035,685,000.00	698,497,863.50
	Assetline Corporate Services (Private) Limited	92,380,000.00	95,150,000.00
	Assetline Insurance Brokers (Private) Limited	1,087,477,500.00	472,000,000.00
	David Pieris Automobiles (Private) Limited	1,564,500,000.00	1,127,447,835.93
	David Pieris Motor Company (Lanka) Limited	10,152,000,000.00	9,942,532,159.68
	David Pieris Motor Company (Private) Limited	16,471,000,000.00	13,727,391,023.01
	DPMC Assetline Holdings (Private) Limited	842,525,000.00	878,850,000.00
	Hill Cottage Nuwara Eliya (Private) Limited	3,850,000.00	3,865,559.14
	Mr. D.P. Pieris	8,342,955,000.00	7,099,796,600.00
	Mr. J.D. Pieris	948,690,000.00	954,239,200.00
	Mrs. E.M. Pieris	5,061,402,872.08	5,035,122,700.00
	Assetline Lands (Private) Limited	364,475,000.00	91,570,000.00
	David Pieris Leisure (Private) Limited	242,000,000.00	302,500,000.00
	David Pieris Renewable Energy (Private) Limited	304,500,000.00	386,430,278.51
	Mrs. J.D. Pieris (Mr. J.D. Pieris's spouse) joint with Mr. A.D. Wettimuny	17,000,000.00	175,000,000.00
	Mr. E.D. Pieris	2,312,650,000.00	2,319,882,500.00
	Mr. D.A.S. Silva	20,000.00	-
	DP Infotech (Private) Limited	290,300,000.00	285,638,551.30
	DP Logistics (Private) Limited	1,539,800,000.00	1,590,238,541.42
	David Pieris Racing & Leisure (Private) Limited	397,800,000.00	367,363,759.26
	David Pieris City Developments (Private) Limited	69,400,000.00	50,500,000.00
	Pulsar Shipping Agencies (Private) Limited	50,000,000.00	50,329,806.44
	Dynamic Global Ventures (Private) Limited	52,000,000.00	-
Assetline Income Plus Growth Fund	Officers of Management Company	14,649,492.00	27,900,000.00
	David Pieris Automobiles (Private) Limited	-	903,511,786.09
	David Pieris Motor Company (Lanka) Limited	10,000,000.00	3,662,000,000.00
	DPMC Assetline Holdings (Private) Limited	16,500,000.00	16,500,000.00
	Mr. D.P. Pieris	-	1,550,000,000.00
	Mrs. E.M. Pieris	-	2,471,867,872.08

13. Declaration by Trustee and Management Company

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

Deutsche Bank AG, the Trustee and Assetline Capital (Private) Limited, the Management Company of Assetline Income Fund and Assetline Income Plus Growth Fund, hereby declare that;

1. The requirements of the Guidelines for Trustee and Management Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been complied with during the financial year.

2. The transactions were and will be carried out at arm's length basis and on terms which are best available for the Funds, as well as act, at all times, in the best interest of the Funds' unit holders.

DEUTSCHE BANK AG
Colombo Branch

Authorised Signatories

Director	Director	Authorised Signatory
Assetline Capital (Pvt.) Ltd.	Assetline Capital (Pvt.) Ltd.	Deutsche Bank AG
Management Company	Management Company	Trustee

Date: 16th July 2026