

LYNEAR

LYNEAR WEALTH DYNAMIC OPPORTUNITIES FUND
ANNUAL REPORT
2023



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The Company

Our singular passion is to grow your wealth!

LYNEAR is a boutique asset manager serving a broad spectrum of institutional clients and high net worth individuals, offering tailored investment solutions to meet client objectives. Our exceptional team possesses extensive experience across multiple markets and market conditions allowing us to serve you as a trusted financial advisor, risk conscious portfolio builder and experienced investment manager.

We function like a true 'old fashioned' partnership, with emphasis on integrity, confidentiality and client service. These core principles form the foundation of our business as we work to manage your investments and deliver the best outcome on your portfolio.

Our History

Founded by four partners with pioneering expertise in analysis of Sri Lankan and international markets, LYNEAR was established in 2013 to provide a select clientele with bespoke wealth management services. Each founder brings to the partnership unique strengths and perspectives and are bound by shared values of compliance and integrity, diligence and independence, and utmost discretion.

Our Process

Our rigorous investment process has been crafted by our expert team of professionals with expansive experience globally and locally and founded firmly upon our values of integrity, drive, rigour, innovation and respect.

Our research team and portfolio managers study economic and industry trends, as well as screen stocks for value, growth and quality, before in-depth research into selected securities.

The Investment Committee meets regularly to review securities and make tactical calls on asset allocations.

The portfolio managers combine the list of approved securities to build suitable portfolios and invest or divest from securities at appropriate risk/return thresholds.

Our Governance

Integrity is one of our core values. As such, we implement a meticulous governance structure to ensure that our clients' interests are always foremost, benchmarking against international best practices, while complying with financial market codes of ethics and regulations of Sri Lanka.

LYNEAR Wealth Management (Pvt) Ltd claims compliance with the CFA Institute Asset Manager Code of Professional Conduct. This claim has not been verified by the CFA Institute.

Board of Directors



Dr Indrajit Coomaraswamy
Chairman



Sanjay Kulatunga
CEO & Co-Founder



Dr Naveen Gunawardane
Managing Director & Co-Founder



Dr Kemal De Soysa
Director & Co-Founder



Zaffar Jeevunjee
Director & Co-Founder



Shamindra Perera
Non-Executive Director

Dr Indrajit Coomaraswamy
Chairman

Indrajit Coomaraswamy has a Bachelor of Arts (Honours) in Economics and Master of Arts in Economics from the University of Cambridge and a Doctor of Philosophy in Economics from the University of Sussex.

Dr Coomaraswamy is the former Governor of the Central Bank of Sri Lanka. He was a member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka from 2013 to 2015 and an Advisor to the Ministry of Development Strategies and International Trade from 2015 to 2016. Prior to this, Dr Coomaraswamy held several senior level positions at the Commonwealth Secretariat in London. He joined the Commonwealth Secretariat in 1990 as Chief Officer - Economics in the International Finance and Markets section and progressed to become the Director of the Economics Affairs Division and Deputy Director, Secretary General's office before leaving in 2008. Thereafter, he returned as Interim Director of the Commonwealth Secretariat's Social Transformation Program Division in 2010.

He was a Non-Executive Independent Director of John Keells Holdings PLC and currently serves as a Non-Executive Independent Director of Tokyo Cement PLC and Dialog Axiata PLC.

Sanjay Kulatunga
CEO & Co-Founder

Sanjay Kulatunga has a Master of Business Administration from the University of Chicago Booth School of Business. He is also a CFA Charterholder.

Kulatunga, a former Regional Analyst at Jardine Fleming Hong Kong, was a Founder Director of Amba Research Lanka, a knowledge process outsourcing company that provided investment research and analytics support services to the global capital markets industry. He has held the positions of CEO, Executive Director and Founder in assorted industries, including manufacturing, leisure and finance.

He has sat on the boards of several listed and unlisted organisations involved in logistics, retail, property development and hospitality as Non-Executive Director. He is currently an Independent Director of Expolanka PLC, a global diversified conglomerate rooted in Sri Lanka. Kulatunga has served as President of the CFA Society of Sri Lanka, a Commissioner of the Securities and Exchange Commission of Sri Lanka, the Board of Investment (BOI) of Sri Lanka and on the Financial Sector Stability Consultative Committee of the Central Bank of Sri Lanka. Kulatunga serves as a Trustee of the Geoffrey Bawa and Lunuganga Trust. He also serves as the Honorary Consul General for Sweden in Sri Lanka.

Dr Naveen Gunawardane
Managing Director & Co-Founder

Naveen Gunawardane has a Bachelor of Science in Physics, a Master of Science in Physics and a Doctor of Philosophy in Particle Physics from Imperial College London.

Gunawardane is the former Head of Investment Banking at CAL, a leading full-service investment bank in Sri Lanka, where he was instrumental in launching Sri Lanka's first Quantitative Equity Fund. He was previously a Director and Head of Quantitative Services at Amba Research Lanka, an independent financial services knowledge process outsourcing firm, where he was responsible for developing quantitative investment and trading strategies for Amba's clients. Gunawardane began his career in finance at Goldman Sachs London, as a member of its risk management team. He has also lectured at the Mathematics Department of the University of Colombo.

Board of Directors

Dr Kemal De Soysa

Director & Co-Founder

Kemal de Soysa has a Master of Arts in Natural Sciences, and a Doctor of Philosophy in History of Science from the University of Cambridge.

De Soysa is the former Director and Country Head of Amba Research Lanka, the largest independent capital markets specialist outsourcing firm that serviced a majority of the top 15 buy-side and sell-side firms. He managed the Sri Lanka-based operation and was a member of the Group Executive Committee.

During his decade-long career at Amba, he served in various capacities in the equity research domain, including as Head of Equity Research Delivery at Amba Research India and Vice President at Amba Research Costa Rica. De Soysa is the Executive Director of International Distillers Limited, a family-owned company with interests in the beverage industry.

Zaffar Jeevunjee

Director & Co-Founder

Zaffar Jeevunjee is a CFA Charterholder. He has a Bachelor of Science in Physics and a Minor in Economics from the Massachusetts Institute of Technology (MIT).

Jeevunjee sits on the Boards of unlisted companies in a diverse array of industries, ranging from livestock and plantations, to construction and power, to packaging. He is a former Senior Vice President of Amba Research Lanka, a leading provider of offshore research and analytics services to the global financial and corporate sectors, and oversaw all buy-side research out of the organisation. Jeevunjee began his career at Credit Suisse First Boston as a Structured Products Analyst.

Shamindra Perera

Non-Executive Director

Shamindra Perera has a Master of Arts in Engineering from the University of Cambridge and a Master of Business Administration from the University of Chicago Booth School of Business. He is one of the first two CFA Charterholders from Sri Lanka.

Perera is the Founder of Excubed, a UK based fintech startup that is currently developing a technology-driven business solution to level the playing field in pension fund investment in the UK. He was previously Managing Director of Russell Investments (UK), responsible for overseeing its institutional business comprising assets worth USD30 billion.

During his two-decade long career at Russell he has worked in research, portfolio management, asset allocation, investment strategy design and business leadership out of its Sydney, Singapore and London offices. Perera's experience spans advice and fund management for pension funds, sovereign wealth funds, family offices and intermediaries including private banks in UK, Europe, Middle East, Africa, Asia and Australia. Perera began his career as an invest analyst at Capital Development and Investment Company (CDIC), Sri Lanka's first venture capital fund; was Senior Manager Capital Markets of Seylan Merchant Bank, conceptualising and launching Sri Lanka's first stock market margin trading operation; and Vice President - Strategic Investments of Asia Capital, where he was involved in its journey from stockbroker to investment bank.

Investment Committee



**Chanaka Wickramasuriya,
CFA**
**Unit Trust Investment
Committee Chairman**

Chanaka has a long track record in Private Equity as a Joint Managing Partner of Ironwood Capital Partners from September 2014 to April 2019 and a Partner with Aureos Capital and LR Global Lanka. From 2009 to 2011 he was a Partner at Aureos Capital, where he oversaw the development and functioning of the overall Global Portfolio Management process. During this time, he was also seconded to the Aureos' China office and oversaw portfolio management and investment in 4 transactions. From 2000 to 2006 he was a Partner based at Aureos' Colombo office where he worked on investment transactions, exits, and sat as a Board Representative for 10 transactions in Sri Lanka. From 2006 to 2009 he functioned as Country Head of Fitch Ratings in Colombo. Chanaka was also the Managing Partner of LR Global Lanka Private Equity Fund.

Chanaka Wickramasuriya graduated Summa Cum Laude with a BSc in Electrical Engineering from The Rutgers College of Engineering and is also a Chartered Financial Analysts (CFA).



Dr Naveen Gunawardane
**Chief Investment Officer
& Co-Founder**

Naveen is the former Head of Investment Banking at CAL, a leading full-service investment bank in Sri Lanka. He was previously a Director and Head of Quantitative Services at Amba Research Lanka, an independent financial services knowledge process outsourcing firm, where he was responsible for developing quantitative investment and trading strategies for Amba's clients. Naveen began his career in finance at Goldman Sachs London, as a member of its risk management team. He has also lectured at the Mathematics Department of the University of Colombo.

Naveen Gunawardane has a Bachelor of Science in Physics, a Master of Science in Physics and a Doctor of Philosophy in Particle Physics from Imperial College London.



**Kushan Senanayake,
CFA**

Kushan has been with LYNEAR Wealth Management for over 5 years working as a Vice President with assigned coverage universe of Banks, Finance and Insurance sector while also assisting and overseeing other sectors like conglomerates and manufacturing sectors. He also worked for Moody's Analytics Knowledge services for over 2 years supporting a U.S. based hedge fund on equity research.

Kushan graduated from the University of Sri Jayawardenapura with a BSc. Management Finance (Special) and is also a Chartered Financial Analysts (CFA).



Ravindra Witharane

Ravindra has been working in the Treasury Front Office at the National Savings Bank, Colombo for a period of 4 years, dealing in Fixed Income products including Government Securities and Repurchase Agreements. He also worked at Standard Chartered Bank, Colombo for over 7 years, which consisted of 4 years of exposure to Treasury Back Office function, 2 years of regulatory reporting to CBSL and 1 year of Excel based MIS work.

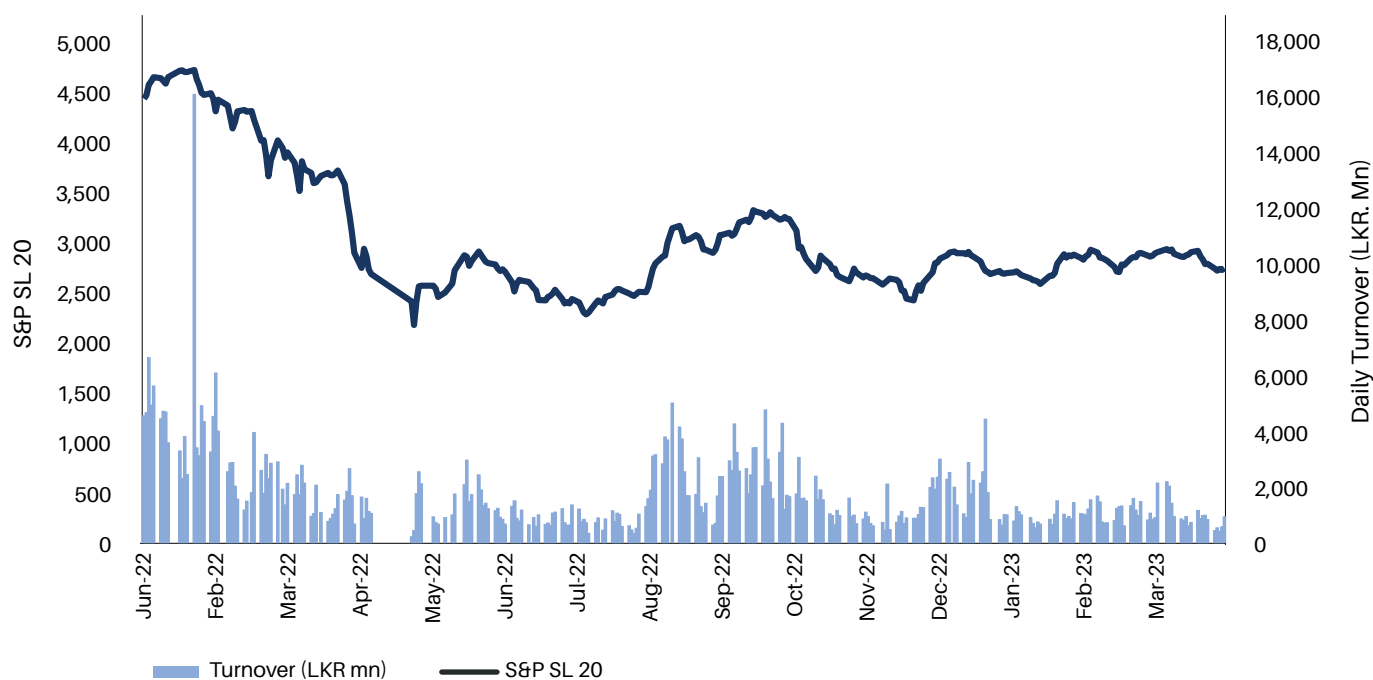
Ravindra graduated from Northwood University, Midland Michigan with a Bachelor of Business Administration and is a CIMA passed finalist. He also has a certificate in Treasury Operations from the CBSL - Centre of Banking Studies.

Fund Manager's Review

The LYNEAR Wealth Dynamic Opportunities fund yielded a return of 5.2% for the period from 1st November 2022 (the inception date of the Fund) to 31st March 2023. The Fund outperformed the benchmark, the S&P SL20 Index, which returned 3.6% over the same period. Your fund was able to outperform the benchmark, amidst volatile markets, due to an active management approach.

While the market remained positive on the lead up to the signing of the IMF staff level agreement (SLA) in September 2022, it turned bearish subsequent to the event. Uncertainties relating to achieving IMF conditionalities, changes to tax policy and debt restructure contributed to this. Though IMF board level approval was received towards the end of the year, uncertainty relating to debt restructuring parameters continued to hold back the market. By the end of the financial year, the IMF board level agreement had been finalized. However, uncertainty remained with regards to the perimeter and parameters of the domestic debt restructure. These challenges underscore the complex operating environment in which the Unit Trust Fund operated during the period under review. Our investment team diligently navigated these headwinds with a focus on prudent risk management and strategic asset allocation, aiming to mitigate the impact on the fund's performance.

S&P SL 20 Performance and Turnover

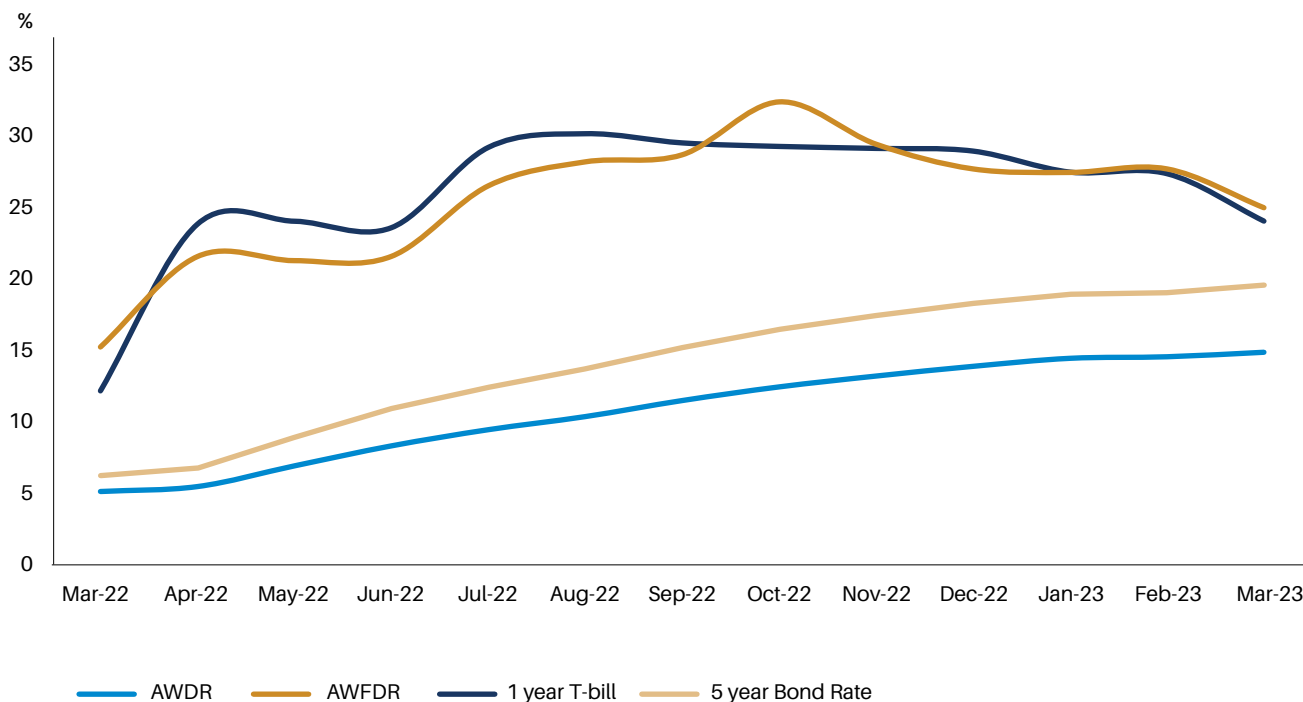


Source: Bloomberg

During the fiscal year 2023, the Monetary Board of the Central Bank of Sri Lanka (CBSL) implemented an extremely hawkish monetary policy with three rate hikes totaling up to 900bps. The objective was to urgently restore price stability, which was required to protect the real value of the domestic currency. As a result, the Standing Deposit Facility Rate (SDFR) was at 15.50% as of March 31, 2023, compared to 6.50% as of April 01, 2022.¹

¹ Central Bank of Sri Lanka

In line with the CBSL policy, there was a notable increase in Treasury bill yields. By the end of the fiscal year, the benchmark 03, 06, and 12-month yields rose to 25.99%, 25.79%, and 24.31% respectively from 12.92%, 12.25%, and 12.28%. Additionally, long-term government bond yields also experienced a surge, surpassing the 25.00% threshold across various maturities. The rates are likely to remain high until clarity relating to domestic debt restructure emerges.



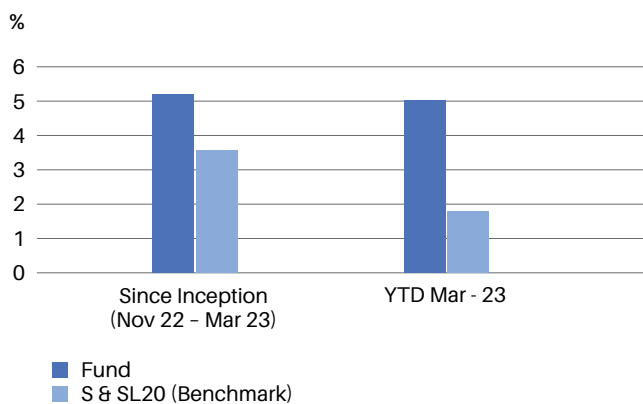
Source: Central Bank of Sri Lanka

Your fund employs a dynamic approach into asset allocation as well as security selection combined with a bottom up methodology. As a result, the investment management team regularly reviews expected returns across the entire investible coverage of equities and fixed income instruments prior to deciding on the allocation to asset classes and to individual securities. The expected return on fixed income will consider capturing trading gains in addition to interest income². The final allocation decisions will also take into account liquidity considerations as well as downside risks.

² Central Bank of Sri Lanka

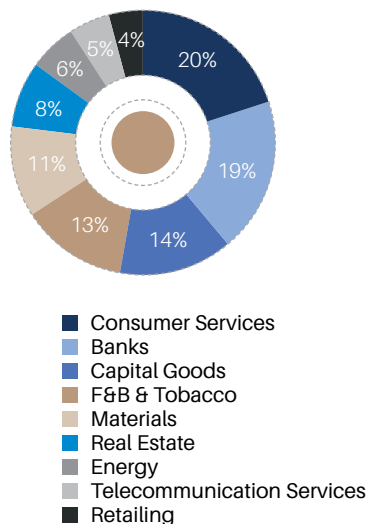
Fund Manager’s Review

Fund Performance vs benchmark



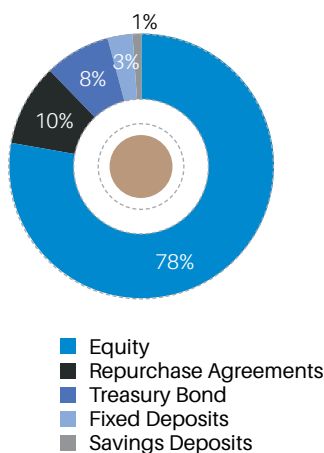
Source: LYNEAR Wealth Dynamic Opportunities fund factsheet - March 2023

Sector allocation within equity as a percentage of Net Asset Value as of 31st March 2023



Source: LYNEAR Wealth Dynamic Opportunities fund factsheet - March 2023

Asset Allocation as a percentage of Net Asset Value as of 31st March 2023



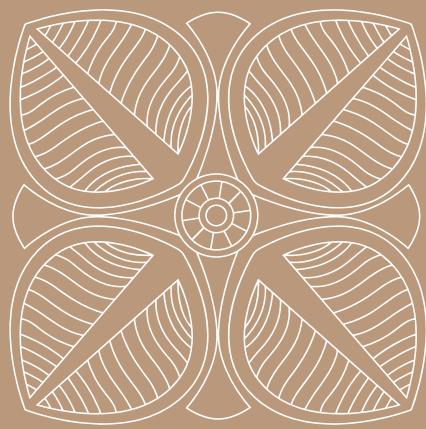
Source: LYNEAR Wealth Dynamic Opportunities fund factsheet - March 2023

Outlook

We expect FY24 to usher in a period of recovery, though we expect some of the challenges to persist for a while. Encouragingly, economic indicators are displaying signs of recovery, including a rapid correction of the hyperinflationary environment. In FY24, we expect inflation to further decelerate, paving the way for substantial declines in the interest rates facilitated by policy rate cuts. This along with a more stable currency and higher business & consumer confidence is expected to drive a gradual economic recovery.

The declining interest rates will dampen the yields on fixed income securities. However, we anticipate the real rates to remain positive with declining inflation. More importantly we expect a shift in investment preferences, with investors rebalancing towards higher-risk assets, particularly equities, in pursuit of higher returns.

Given these developments, our outlook on equities remains positive and our primary objective for the fund will continue to be capital appreciation.



LYNEAR

**Financial
Reports**

Independent Auditor's Report



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Chartered Accountants
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Sri Lanka

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TO THE UNIT HOLDERS OF LYNEAR WEALTH DYNAMIC OPPORTUNITIES FUND

Report on the audit of the financial statements

Opinion

We have audited the financial statements of LYNEAR Wealth Dynamic Opportunities Fund ("the Fund"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in unit holders' funds and the statement of cash flows for the five months ended from 1 November 2022 to 31 March 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the fund as at 31 March 2023, and of its financial performance and its cash flows for the five months ended from 1 November 2022 to 31 March 2023 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 ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The fund manager is responsible for the other information. The other information comprises the report of the manager but does not include in the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information included in the Fund managers' commentary and we will not, express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance. We have not provided with other information, and we have nothing to report in this regard.

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

The fund manager is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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.

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 fund manager.
- Conclude on the appropriateness of fund manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If we conclude that 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 are prepared and presented in accordance with and comply with the requirements of the Collective Investment Scheme code (CIS code) of the Securities and Exchange Commission of Sri Lanka and the trust deed.

SJMS ASSOCIATES
Chartered Accountants
Colombo



31 August 2023

Statement of Profit or loss and Other Comprehensive Income

From 1 November to 31 March 2023

	Note	2022/2023 Five months period ended Rs.
Investment Income		
Dividend income	6.1	1,274,843
Interest income	6.2	3,182,290
Realised gain on sale of financial assets at fair value through profit and loss	9.2	3,256,938
Unrealised Gain on fair valuation of financial assets at fair value through profit and loss	9.4	8,473,214
Total investment income		16,187,285
Expenses		
Management fee		(873,479)
Trustee fee		(137,368)
Audit fee		(251,667)
Tax consultancy fee		(95,811)
Transaction costs		(7,201,898)
Performance fee		(303,621)
Bank charges		(76,956)
		(8,940,800)
Net Profit Before Taxation		7,246,485
Income tax expenses	7	-
Profit for the period		7,246,485
Increase in net assets attributable to unitholders		7,246,485

Figures in bracket indicate deductions.

The attached notes from 1 to 21 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2023

	Note	31.03.2023 Rs.
Assets		
Cash at bank	8	33,081,333
Financial assets -at fair value through profit or loss	9	185,747,206
Financial assets - at amortised cost	10	37,351,285
Other receivables	11	2,613,144
Total assets		258,792,968
Unitholders' funds and liabilities		
Liabilities		
Accrued expenses and other liabilities	12	41,523,595
Total liabilities		41,523,595
Unitholders' funds		
Net assets attributable to unit holders		217,269,373
		217,269,373
Total unitholders' funds and liabilities		258,792,968
Net assets per unit (Rs.)	13	105.1871

The attached notes from 1 to 21 form an integral part of these financial statements.

The Management Company of LYNEAR Wealth Dynamic Opportunities Fund is responsible for the preparation and presentation of these financial statements in accordance with the Sri Lanka Accounting Standards.

Approved by the Fund Management Company and the Trustee on 31 August 2023.



Director of LYNEAR Wealth
Management Company



Director of LYNEAR Wealth
Management Company

DEUTSCHE BANK AG
Colombo Branch



Authorized Signatories
Trustee

Deutsche Bank
Trustee

Statement of Changes in Unitholders Funds

From 1 November 2022 to 31 March 2023

	Unitholders' capital	Increase in net assets attribute to unitholders	Net assets attributable to unitholders
	Rs.	Rs.	Rs.
Balance as at 1 November 2022	-	-	-
Increase due to unit creation during the period	210,635,136	-	210,635,136
Decrease due to unit redemption during the period	(612,248)	-	(612,248)
Increase in net assets attributable to unitholders	-	7,246,485	7,246,485
Income distribution to unitholders	-	-	-
Balance as at 31 March 2023	210,022,888	7,246,485	217,269,373

Figures in bracket indicate deductions.

The attached notes from 1 to 21 form an integral part of these financial statements.

Statement of Cash Flows

From 1 November 2022 to 31 March 2023

	2022/2023 Five months period ended Rs.
Cash Flows from Operating Activities	
Interest received	1,614,246
Dividend received	255,247
Management fees and trustee fees paid	(734,436)
Other expenses paid	(7,277,971)
Investments in T-Bonds	(16,107,164)
Investments in T-Bills	(9,733,310)
Sale proceeds from redeemed of T-Bills	10,000,000
Investments in REPOs	(1,381,375,147)
Sales Proceeds in RPEO's	1,350,890,138
Investments in Fixed Deposits	(6,375,000)
Investments in shares	(359,752,537)
Sale proceeds from sales of equity securities	241,238,533
Net Cash used in Operating Activities	(177,357,401)
Cash Flows from Financing Activities	
Cash received on creation of units	211,050,982
Cash paid on redemption of units	(612,248)
Net Cash Generated from Financing Activities	210,438,734
Net increase in cash and cash equivalents	33,081,333
Cash and cash equivalents at the beginning of the period	-
Cash & Cash Equivalents at the end of the period	33,081,333

Figures in bracket indicate deductions.

The attached notes from 1 to 22 form an integral part of these financial statements.

Notes to the Financial Statements

1. Reporting entity

Lyneare Wealth Dynamic Opportunities Fund is an Open-Ended Equity and Fixed Income Fund approved by the Securities and Exchange Commission of Sri Lanka 5 October 2022.

The registered office/ place of business of the unit trust is located at No. 3/1, Lake Crescent, Colombo 02. Lyneare Wealth Management (Pvt.) Limited is the Managing Company of Lyneare Wealth Dynamic Opportunities Fund. Deutsche Bank AG, has been appointed as the Trustee and Custodian and their registered office/ place of business is located at Level 21, One Galle Face Tower, 1A, Centre Road, Galle Face, Colombo 2, Sri Lanka.

1.1 Principal activities

The unit trust engages in investment in a diversified pool of listed equity securities and fixed income securities on behalf of its unit holder.

The objective of Lyneare Wealth Dynamic Opportunities Fund is to maximize risk adjusted returns on a medium to long term basis by actively investing in a portfolio of listed equity securities & fixed income securities according to the parameters stated in the Collective Investment Scheme code (CIS code).

There were no significant changes in the nature of the principle activities of the unit trust during the period under review.

1.2 Approval of financial statements

The financial statements of the fund for the period ended 31st March 2023 were authorized for issue by the Fund Management Company on 31 August 2023.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Unit trust which comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in unit holders' funds, statement of cash flows and notes thereto have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS and LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka and adopted as directed by the Securities and Exchange Commission of Sri Lanka.

The statement of financial position is presented on a liquidity basis and assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for the financial assets at fair value through profit or loss.

2.3 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the unit trust's functional currency.

2.4 Use of estimates and judgments

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

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

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

- Recognition and measurement of financial instruments (Note 16 to 17)
- Identification, measurement and assessment of impairment (Note 18)

2.5 Going concern

The management has made an assessment of the unit trust's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, fund manager is not aware of any material uncertainties that may cast significant doubt upon the unit trust's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3. Materiality and aggregation

Each material class of similar item is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

4. Significant accounting policies

4.1 Financial instruments

4.1.1 Initial recognition

Financial assets and liabilities are initially recognized on the trade date, i.e. the date that the Fund becomes a party to the contractual provisions of the instrument. This includes purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

4.1.2 Initial measurement of financial instrument

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. At initial recognition, the Fund measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of profit or loss.

4.1.3 Measurement categories of financial assets and liabilities

The Fund classifies all its financial assets in the following measurement categories:

- those to be measured at amortised cost
- those to be measured at fair value through profit or loss

Financial liabilities of the Fund are measured at amortised cost, and includes all financial liabilities, other than those measured at fair value through profit or loss. These financial liabilities of the Fund include accrued expenses and other payables.

4.1.4 Subsequent measurement

Amortised cost: A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise to cash flows that are sole payments of principal and interest on the principal amount outstanding.

Debt instruments at amortised cost in the statement of financial position comprise of investments in Resale agreements against Government Securities and fixed deposits. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in realised gain/(loss) on debt instruments held at amortised cost.

FVPL: A financial asset is measured at fair value through profit or loss if:

- (a) its contractual terms do not give rise to cash flows on specified dates that are sole payments of principal and interest on the principal amount outstanding or
- (b) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or
- (c) at initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminate or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within unrealised gains/(losses) in the period in which it arises. Financial assets at fair value through profit or loss at statement of financial position comprise of investment in Listed Equity Securities and Government Securities.

4.1.5 Financial liabilities

a) **Initial recognition and measurement**

The Fund determines the classification of its financial liabilities at initial recognition.

The Fund's financial liabilities comprise of accrued expenses and other payables in the statement of financial Position.

b) **Subsequent measurement**

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

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the profit or loss and other comprehensive income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Notes to the Financial Statements

4.1.6 Identification, measurement and assessment of impairment

The Fund assesses on a forward-looking basis, the expected credit losses (ECLs) associated with its debt instruments not held at fair value through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures from which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Fund uses the ratings from either Fitch Rating Lanka Limited to determine the significant deterioration in credit risk and to estimate the ECLs.

Impairment loss on assets carried at amortised cost is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment loss is recognised in profit or loss if any. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4.1.7 Sale and repurchase agreements

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

4.1.8 Impairment of non-financial assets

The carrying amounts of the unit trust's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. For intangible assets that have indefinite useful lives, the recoverable amount is estimated each year. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss.

An impairment loss recognised in prior periods is assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.1.9 De-recognition

A financial asset is de-recognised when,

- 1) The rights to receive cash flows from the asset have expired.
- 2) The Fund has transferred its rights to receive cash 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,
 - The Fund has transferred substantially all the risks and rewards of the asset or
 - The Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

4.1.10 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if:

- there is a currently enforceable legal right to offset the recognised amounts and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

4.2 Provision

A provision is recognised if, as a result of a past event, the unit trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

4.3 Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the statement of Financial Position but are disclosed unless they are remote.

4.4 Interest

Interest income and expenses on financial instruments which are measured at amortised cost are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the unit trust estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Interest income and expenses presented in the statement of profit or loss include interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis and contractual interest received or receivable on treasury bonds which have been measured at fair value through profit or loss.

Fair value changes on all other financial assets and liabilities carried at fair value through profit or loss, are presented in net trading income in the statement of comprehensive income.

4.5 Gain/ (loss) on securities

i. Unrealised gains / (losses) on financial assets at FVTPL

Unrealised gains / (losses) on financial assets at FVTPL includes all gains and losses that arise from changes in fair value of the financial assets at FVTPL as at the reporting date.

ii. Realised gains / (losses) on financial assets at FVTPL

Realised gains / (losses) on financial assets at FVTPL includes realised trading gains and losses on sale of quoted equity securities and government treasury bills.

4.6 Income tax expenses

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of Inland Revenue Act.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The fund is not liable to pay income tax as at the reporting date in accordance with the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto. The fund's income generated through investment business are treated as "pass through vehicles" under the provisions of Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.

4.7 Expenses

The management, trustee and custodian fees of the fund as per the trust deed is as follows,

Management fee - A Fixed Fee of 1.50%p.a. (on Net Asset Value of the Fund) paid monthly and a Performance fee of 10% of excess returns over the growth in the S&P Sri Lanka 20 index calculated daily and paid out annually by 31st December.

Trustee fee - 0.20% p.a. (on Net Asset Value of the Fund) with a minimum charge of Rs. 20,000 per month.

4.8 Unit holders' funds

Unit holders' funds have been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unit holders as at the reporting date.

4.9 Statement of cash flows

The statement of cash flows has been prepared using the "Indirect Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard LKAS 7 - "Statement of Cash Flows". Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

4.10 Presentation

Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. Where appropriate, the significant accounting policies are disclosed in the succeeding notes.

4.11 Events occurring after the reporting period

Events occurring after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date the financial statements are authorized for issue.

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

5. Comparative information

The comparative information is re-classified wherever necessary to conform with the current year's classification in order to provide a better presentation. However, the fund is established in current financial year. Hence, no comparative information to be presented.

From 1 November 2022 to 31 March 2023

	2022/2023 Five months period ended Rs.
6. Investment income	
6.1 Dividend income	1,274,843
6.2 Interest income on	
Financial assets - at fair value through profit and loss	801,282
Financial assets - at amortised cost	2,223,267
Savings interest income	157,741
	3,182,290

7. Income tax expenses

Fund is not liable to pay income tax as at the reporting date. The fund's income generated through investment business are treated as "pass through vehicles" under the provisions of Inland Revenue Act No. 24 of 2017 as amended by the Inland Revenue (Amendment) Act No. 10 of 2021.

8. Cash at bank

Deutsche Bank - Savings A/C	30,821,225
DFCC MM A/C	2,260,108
	33,081,333

8.1 Bank balances are maintained only to settle day to day operations. Excess cash balances are reviewed on a daily basis and transferred to the saving account. Remaining cash at bank represents the money market account with DFCC.

From 1 November 2022 to 31 March 2023

	31.03.2023 Rs.
9. Financial assets - at fair value through profit or loss	
Listed shares (Note 9.1)	168,110,354
Government securities - Treasury bonds	17,636,852
	185,747,206

Notes to the Financial Statements

9.1 Listed shares

Name of the Stock / Company	31.03.2023		
	Number of shares	Market value of shares	Percentage holding of each investment against the net asset value of the fund
Access Engineering PLC	608,342	8,638,456	4%
Aitken Spence Hotel Holdings PLC	196,155	11,749,685	5%
Allumex PLC	1,618,121	13,268,592	6%
Dialog Axiata PLC	735,200	7,646,080	4%
Distilleries Company of Sri Lanka PLC	543,118	10,645,113	5%
Galadari Hotels (Lanka) PLC	286,857	4,159,427	2%
Hemas Holding PLC	233,497	15,177,305	7%
Hatton National Bank PLC	177,658	23,006,711	11%
John Keels Hotels PLC	653,422	12,349,676	6%
Lanka IOC PLC	62,670	10,747,905	5%
Chevron Lubricants Lanka PLC	65,700	6,018,120	3%
Pan Asia Banking Corporation PLC	264,618	3,307,725	2%
Prime Lands Residencies PLC	1,660,238	13,281,904	6%
The Kingsbury PLC	552,924	5,473,948	3%
Seylan Bank PLC - Voting	15,654	521,278	0%
Seylan Bank PLC - Non voting	197,412	4,441,770	2%
Singer (Sri Lanka) PLC	475,493	7,132,395	3%
Sunshine Holdings PLC	234,317	10,544,264	5%
		168,110,354	

	2022/2023 Five months period ended Rs.
9.2 Realised gain / (loss) on sale of financial assets at fair value through profit and loss	
Proceeds on sales of equity securities	243,643,698
Average cost of equity securities sold	(240,653,450)
Net realized gain on equity securities	2,990,248

From 1 November 2022 to 31 March 2023	2022/2023 Five months period ended Rs.
9.3 Realised gain / (loss) on sale of financial assets at fair value through profit and loss - Treasury Bills	
Proceeds on maturity of treasury bills	10,000,000
Cost of treasury bills matured	(9,733,310)
Net realized gain on treasury bills	266,690
9.4 Unrealised (loss) / gain on fair valuation of financial assets at fair value through profit and loss	
Treasury bonds	457,550
Equity securities	8,015,664
	8,473,214
	31.03.2023 Rs.
10. Financial assets - at amortised cost	
Fixed deposits	10,000,000
Repurchase agreements	(9,733,310)
	266,690
11. Other receivables	
Dividend receivable	205,572
Cash receivables on equity sales	2,405,165
Interest receivable	2,407
	2,613,144
12. Accrued expenses and other liabilities	
Management fee payable	238,849
Performance fee payable	303,621
Audit fee payable	251,667
Trustee fee payable	37,562
Tax consultancy fee payable	95,811
Payable on equity purchases	40,179,356
Front end fee accrual	415,846
WHT payable	823
Accrued bank charges	60
	41,523,595
13. Net assets per unit	
Net assets (Rs.)	217,269,373
Total number of units	2,065,551
Net assets per unit (Rs.)	105.1871

Notes to the Financial Statements

13.1 Net assets attributable to unitholders

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

	No. of Units	Rs.
Increase due to unit creation during the period	2,071,624	210,635,136
Decrease due to unit redemption during the period	(6,073)	(612,248)
Increase in net assets attributable to unitholders	-	7,246,485
Income distribution to unit holders	-	-
Balance as at 31 March 2023	2,065,551	217,269,373

Published NAV of the unit trust is Rs 217,269,373. Hence there is no difference between the published NAV and FS NAV.

14. Analysis of financial instrument by measurement basis

The following tables compare the fair values of the financial instruments with their carrying values.

As at 31 March 2023	Measured at fair value Rs.	Amortized cost Rs.	Carried at cost Rs.	Total Rs.
Assets				
Financial assets				
Cash at bank	-	33,081,333	-	33,081,333
Financial assets recognised through profit or loss - measured at fair value	185,747,206	-	-	185,747,206
Financial assets - at amortised cost	-	37,351,285	-	37,351,285
Total	185,747,206	70,432,618	-	256,179,824
Liabilities				
Accruals and other payables				
Total	-	-	41,523,595	41,523,595

15. Determining of fair value and hierarchy of fair value

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

As at 31 March 2023	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total fair value Rs.
Financial assets measured at fair value				
Financial assets recognised through profit or loss - measured at fair value				
- Investment in listed shares	168,110,354	-	-	168,110,354
- Government securities	-	17,636,852	-	17,636,852
Total financial assets measured at fair value	168,110,354	17,636,852	-	185,747,206

Level 1 - Financial Instruments that are measured in whole or in part by reference to published quotes in an active market. A Financial Instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

15. Determining of fair value and hierarchy of fair value (Contd.)

Level 2 - Financial instruments that are measured at fair value on regular basis. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined using relevant information generated by the market transactions involving comparable securities.

Level 3 - Financial Instruments that are not supported by observable market prices information.

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

16. Financial risk management**Overview**

The fund has exposure to the following risks via financial instruments.

- Market risk
- Liquidity risk
- Credit risk
- Operational risk

This note presents information about the fund's exposure to each of the above risks and the objectives, policies and processes for measuring and managing risk.

16.1 Risk management framework

The Board of Directors of the fund management company has the overall responsibility for the establishment and oversight of the fund's risk management framework. The managing company reviews wide-ranging risk categories that includes market, liquidity, credit and operational risk and, manage these risks prudently. This process consists of identifying and analysing the risk confronted by the Unit Trust, to set appropriate risk limits and controls and to monitor risk and adherence to limits.

16.1(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risk includes the following elements.

- Overall authority for managing market risk is vested with the Board of Directors of the Fund Managing Company.
- The operational authority for managing market risk is vested with the investment/portfolio managers.

Price & Market yield Sensitivity as follows:

	Increase / (decrease) in basis points	Effect on the profit for the period 2022/2023 Rs.
Increase in share price	+1%	1,681,104
Decrease in share price	-1%	(1,681,104)
Increase in T-Bond market yield	+0.5%	(173,548)
Decrease in T-Bond market yield	-0.5%	176,302

Notes to the Financial Statements

16. Financial risk management (Contd.)

16.1(b) Liquidity risk

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

Management of liquidity risk includes the following elements:

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

Maturity analysis of the financial assets and financial liabilities

As at 31 March 2023	Carrying amount Rs.	Up to 3 months Rs.	3 Months to 1 year Rs.	1-3 years Rs.	3-5 years Rs.	Over 5 years Rs.
Assets						
Cash at bank	33,081,333	33,081,333	-	-	-	-
Financial assets - FVTPL recognised through profit or loss						
Listed shares	168,110,354	168,110,354	-	-	-	-
Government securities - Treasury bonds	17,636,853	795,580	276,560	4,471,262	12,093,451	-
Financial assets - at amortised cost						
Fixed deposits	6,842,908	-	-	-	6,842,908	-
Repurchase agreement	30,508,377	30,508,377	-	-	-	-
Total financial assets	56,179,825	32,495,644	276,560	4,471,262	18,936,359	-

Other than treasury bonds and fixed deposit expected cashflow would be same as above. The expected undiscounted cashflow for treasury bond and Fixed deposit are as follows,

	Carrying amount Rs.	Up to 3 months Rs.	3 Months to 1 year Rs.	1-3 years Rs.	3-5 years Rs.	Over 5 years Rs.
Government securities - Treasury bonds	49,925,000	2,025,000	6,275,000	29,500,000	12,125,000	-
Fixed deposits	15,937,500	-	-	-	15,937,500	-

16. Financial risk management (Contd.)

16.1(c) Credit risk

Credit risk is the risk of financial loss to the fund if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the fund's investment in corporate debt securities and investment in reverse repo agreements.

Management of credit risk includes the following components:

- Formulating credit policies in consultation with business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities.
- Limiting concentration of exposures to counterparties.

Credit quality by class of financial assets

As at 31 March 2023

	12 Months expected credit losses	Life time expected credit losses not credit impaired	Life time expected credit losses credit impaired	Total
	Rs.	Rs.	Rs.	Rs.
Assets				
Cash at bank	33,081,333	-	-	33,081,333
Financial assets - at amortised cost	37,351,285	-	-	37,351,285
Total financial assets	70,432,618	-	-	70,432,618

There are no any difference in the net exposure to the credit risk and the maximum exposure to the credit risk for the above financial assets.

The fair value of assets measured at amortized cost is Rs. 40,709,138 (Fixed deposits Rs. 10,200,761 and Repurchase agreements Rs. 30,508,377)

16.1(d) Analysis of concentration risk

The following table shows the risk concentration by sector for the components of the statement of financial position.

As at 31 March 2023

	Cash at bank	Financial assets - at fair value	Financial assets - at amortised cost	Total financial assets
	Rs.	Rs.	Rs.	Rs.
Sector wise breakdown				
Government	-	17,636,852	30,508,377	48,145,229
Corporate	33,081,333	168,110,354	6,842,908	208,034,595
Total	33,081,333	185,747,206	37,351,285	256,179,824

Notes to the Financial Statements

16. Financial risk management (Contd.)

16.1 (e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the fund's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The fund's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the business reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall fund's standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of the transaction
- Compliance with regulatory and other legal requirements
- Development of business contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation

17. Related party disclosures

The Fund carries out transactions with parties who are defined as related parties as per Sri Lanka Accounting Standard (LKAS 24), "Related Party Disclosure", in the ordinary course of its business. The details of such transactions are reported below. The pricing applicable to such transactions is comparable with what is applied to transactions between the Fund and its unrelated customers. Related party transactions were made on terms equivalent to those that prevail at arm's length transactions.

17.1 Transaction with managing company

Company Name and Nature of Relationship	Nature of Transaction	Transaction Value 2022/2023 Five month period Rs.	Outstanding Balance 31.03.2023 Rs.
LYNEAR Wealth Management Company (Managing Company)	Investment in Unit Trust (No of units as of 31 March 2023 is 536,248)	54,799,221	(54,799,221)
	Management fee	873,479	(238,849)
	Performance fee	303,621	(303,621)
	Front end fee payable	-	(415,846)

17.2 Transaction with related funds

LYNEAR Wealth Management Company manages another licensed unit trust namely LYNEAR Income Fund, which is also treated as related parties of the fund. However there are no transaction between the funds during the period.

17. Related party disclosures (Contd.)**17.3 Transactions with key management personnel (KMP) and their close family members (CFM)**

According to Sri Lanka Accounting Standard LKAS 24 - "Related Party Disclosures", Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Accordingly, the Board of Directors of Managing company has been classified as key management personnel of the entity.

Close Family Members of a Key Management Person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Entity. They may include;

- a. The individual's domestic partner and children;
- b. Children of the individual's domestic partner; and
- c. Dependents of the Individual or the individual's domestic partner

Close family members are related parties to the Entity.

Name of KMP/CFM	Relationship	Nature of the transaction	2022/2023	As of 31.03.2023	
			Five month period	No of Unit Holdings	Value of Unit Holdings
			Value of Unit Investments		Rs.
Dr N J W Gunawardane	Director of the Managing Company	Individual unit investments	100,000	1,000	102,190
Mr S Kulatunga	Director of the Managing Company	Individual unit investments	100,000	1,000	102,190
Mr Z S Jeevunjee & Mrs N Jeevunjee	Director of the Managing Company & His Mother	Joint unit investments	100,000	1,000	102,190
Mr Z S Jeevunjee & Mrs S M G Jeevunjee	Director of the Managing Company & His Spouse	Joint unit investments	9,600,000	94,605	9,667,758
Mrs Maria Tasneem Moosajee	Spouse of Mr S S Kulatunga (Director)	Individual unit investments	100,000	1,000	102,190

Notes to the Financial Statements

17. Related party disclosures (Contd.)

17.4 Directorships in other companies

The Directors of LYNEAR Wealth Management Company (Managing Company of the Unit Trust) are also Directors of the following companies (as of 31 March 2023).

Name of the company	Relationship	Dr Indrajit Coomaraswamy	Mr Sanjay Kulatunga	Dr Naveen Gunawardane	Dr Kemal De Soysa	Mr Zaffar Jeevunjee	Mr Shamindra Perera
LYNEAR Partners Pvt Ltd	Related party through KMP	-	Director	Director	Director	Director	-
Expolanka Holdings PLC	Related party through KMP	-	Director	-	-	-	-
Tasz Holding Pvt Ltd	Related party through KMP	-	Director	-	-	-	-
Mayna Holding Pvt Ltd	Related party through KMP	-	Director	-	-	-	-
International Distillers Ltd	Related party through KMP	-	-	-	Director	-	-
East India Holdings Pvt Ltd	Related party through KMP	-	-	-	Director	-	-
Sun Tan Beach Resorts Pvt Ltd	Related party through KMP	-	-	-	Director	-	-
Jaywise Construction Pvt Ltd	Related party through KMP	-	-	-	-	Director	-
Jaywise Investments Pvt Ltd	Related party through KMP	-	-	-	-	Director	-
Adplast Pvt Ltd	Related party through KMP	-	-	-	-	Director	-
Mazaa Property Pvt Ltd	Related party through KMP	-	-	-	-	Director	-
Switz Lanka (Pvt) Ltd	Related party through KMP	-	-	-	-	CEO	-
Tokyo Cement PLC	Related party through KMP	Director	-	-	-	-	-
Dialog Axiata PLC	Related party through KMP	Director	-	-	-	-	-
Gamini Corea Foundation	Related party through KMP	Director	-	-	-	-	-
South Asia Policy Research Institute	Related party through KMP	Director	-	-	-	-	-

18. Transaction with Trustee

Company Name and Nature of Relationship	Nature of Transaction	Transaction Value	Outstanding Balance
		2022/2023 Five month period Rs.	31.03.2023 Rs.
Deutsche Bank AG, Colombo Branch (Trustee and Custodian)	Trustee fee	(137,368)	(37,562)

19. Capital commitments and contingent liabilities

There were no material capital commitments and contingent liabilities as at the reporting date which require disclosure in the financial statements.

20. Events occurred after the reporting period

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

21. Economic outlook and business impact

The Economic activities for near term are expected to be induced by the favourable developments which occurred since end of the 1st quarter of 2023 followed by the reduction in policy rates by the Central Bank of Sri Lanka in May 2023. However, GDP growth for the year 2023 is expected to be negatively impacted due to lower volume of economic activities as a result of contraction in private consumption.

The Economy is expected to recover in the medium to long term conditional on restoring reassurance on the implementation of proposed economic adjustment programme via the International Monetary Fund (IMF) and social coherence.

The Fund has adequate level of financial and other resources to face the uncertainties via economic unrest and therefore the impact on the business operations is expected to be minimal. The economic uncertainties (if any) do not have a significant impact on the liquidity, valuation of assets and solvency of the Fund.

Declaration by Trustees and Managing Company

This declaration is issued in line with SEC circular No. 02/2009 on Guidelines for Trustees and Managing Companies of Unit Trusts Funds, by the Trustees and Management Company.

Deutsche Bank AG, the Trustee and LYNEAR Wealth Management (Pvt) Limited, the Managers of the LYNEAR Wealth Dynamic Opportunities Fund hereby declare that;

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



Director of LYNEAR Wealth
Management Company



Director of LYNEAR Wealth
Management Company

DEUTSCHE BANK AG
Colombo Branch

Authorized Signatories
Trustee

Trustee

Fund Information

Name of the Fund (Unit Trust)

LYNEAR Wealth Dynamic Opportunities Fund

Managing Company

LYNEAR Wealth Management (Pvt) Limited
3/1 Lake Crescent, Colombo 02, Sri Lanka
Telephone: 0117-345678
www.lynearwealth.com

Trustee & Custodian of the Fund

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

Bankers

Deutsche Bank

Auditors

SJMS Associates, Chartered Accountants
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Colombo 4

Lawyers

FJ & G de Saram
216 De Saram Place, Colombo 10

