

ASIA
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WEALTH MANAGEMENT

Asia Securities Dynamic Income Fund

Interim Report

*For the six months ended
30th September 2025*

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Asia Securities Dynamic Income Fund (Inception: 20th Jan 2025)

Fund Manager

Nadarajah Gowthaman

Fund Objective

The investment objective is to optimize income at low to medium levels of risk through investments only in Fitch rated BBB or above corporate debt instruments and government securities.

Fund Return

Period	ASIF Return	CRISIL 364 Day Benchmark Return
01 Half 2025-26 (Annualized)	08.75%	06.80%

Commentary

01st Half of 2025/26 Financial year the Asia Securities Dynamic Income Fund has generated an annualized return of 8.75% as of Sep 30, 2025, demonstrating consistent performance and delivering strong value to investors. The fund primarily focuses on government securities, repos, and corporate papers, ensuring a balanced and strategic approach to fixed-income investments.

Macroeconomic Overview: Sri Lanka in 01 Half of 2025/26

Inflation and Price Developments

In the short term, G-Sec yields are expected to decline marginally, particularly the benchmark 1-year T-bill, due to improved liquidity conditions and the Central Bank of Sri Lanka's (CBSL) accommodative policy stance. The mid and long ends are also likely to move lower in the short term, influenced by overall liquidity levels and anticipated rate cuts. This outlook is supported by several factors: actual revenue collection exceeding IMF targets, enhanced rupee liquidity from CBSL's net dollar purchases and foreign money inflows, and positive expectations surrounding the conclusion of the Extended Fund Facility (EFF) arrangement with the IMF and securing additional multilateral funding. CBSL's continuation of an accommodative policy stance, given low inflation and slow private sector credit growth, further supports this view, with market sentiment even suggesting potential rate cuts. However, significant near-term debt maturities could exert upward pressure on interest rates if the government issues more securities than the maturity proceeds. In the long term, starting from the second half of 2025, the yield curve is expected to face slight upward pressure due to rising inflation driven by a low base effect, demand for private sector credit, increased budgetary allocations streaming from FY2025 Budget together with spillover effects from any public sector salary increases. As the economy recovers and private sector borrowing picks up, the demand for credit is likely to push up interest rates, reflecting increased competition for available funds. Overall, while the short-term outlook for G-Sec interest rates appears to favor a potential decline, the long-term view suggests a gradual increase driven by inflationary pressures and economic recovery dynamics.

Source: CBSL Monetary Policy Review.

Asia Securities Dynamic Income Fund (Inception: 20th Jan 2025)

Macroeconomic Overview: Sri Lanka in 01 Half of 2025/26

Inflation and Price Developments

Inflation remained in negative territory from September 2024, reflecting a period of deflation. This deflation was largely driven by declines in energy and transport-related prices, alongside some ease in food prices compared to the previous year. However, deflationary pressures began to ease from March 2025, mainly due to accelerating food inflation and upward adjustments in energy prices.

The brief deflationary episode did not adversely impact producer behavior or disrupt overall economic activity, while it provided some relief to household cost-of-living pressures. Deflation ended in Q3-2025, and a gradual acceleration of inflation is expected thereafter, reaching approximately 5% by mid-2026. In the medium term, inflation is projected to stabilize around the 5% target, albeit with possible transitory peaks along with the inflation trajectory. Core inflation, which remains at a low positive level, is also expected to pick up before stabilizing over the medium term.

While both upside and downside risks exist for the inflation outlook, the overall risk assessment suggests a balanced scenario for the realization of the projected inflation path.

Monetary Policy and Financial Conditions

The Central Bank maintained an accommodative monetary policy stance amid subdued demand-driven inflationary pressures. Market interest rates declined significantly, facilitating robust credit growth across all major private-sector sectors.

External Sector and Exchange Rate Developments

Despite global economic policy uncertainties, Sri Lanka's external sector performance remained resilient in 2025. The Sri Lankan rupee experienced modest depreciation against the US dollar, supported by improved inflows from tourism earnings, workers' remittances, and the sixth tranche under the IMF Extended Fund Facility (IMF-EFF), despite rising import demand. Gross official reserves were maintained above USD 6 billion, ensuring the ability to meet debt servicing requirements.

Economic Growth Outlook

The growth momentum observed in 2025 is expected to continue in the near term, supported by favorable credit expansion, recovery in aggregate demand, and a stable policy environment that fosters business confidence. Continued policy efforts to address structural economic issues are likely to further underpin sustainable growth.

Fiscal Sector Performance

From January to October 2025, fiscal performance improved, reflecting the Government's strong commitment to revenue-based fiscal consolidation measures. These measures resulted in a significant primary surplus and a reduction in the overall budget deficit during the period.

Risks and Policy Considerations

Looking ahead, the rapidly evolving global trade landscape, policy uncertainties, and recurring geopolitical tensions pose potential risks to the economic outlook. Sustaining growth momentum in the medium term and ensuring its equitable benefits will require growth-enhancing policies complemented by necessary structural reforms.

Source: CBSL



**ASIA SECURITIES DYNAMIC INCOME FUND
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 SEPTEMBER 2025**

ASIA SECURITIES DYNAMIC INCOME FUND
STATEMENT OF PROFIT OR LOSS
 period ended 30 September 2025
 (All amounts in Sri Lanka Rupees)

Income	Notes	For the Period	For the Period
		April 25 - Sep 25	starting from Jan 25 - Mar 25
		Rs.	Rs.
Interest Income	3	695,016,828	108,896,103
Realized Gain on Financial Assets Held at FVTPL	4	9,030,552	2,683,550
Unrealized (Loss)/ Gain on Financial Assets Held at FVTPL	5	(1,310,044)	1,311,549
Other Income	6	972,603	-
Total Income		<u>703,709,938</u>	<u>112,891,202</u>
Operating Expense			
Management Fees		(21,478,549)	(2,833,716)
Trustee & Custodian Fees		(12,990,144)	(2,113,419)
Audit Fees		(314,059)	(119,893)
Other Expenses	7	(65,015,276)	(4,244,509)
Total Operating Expenses		<u>(99,798,028)</u>	<u>(9,311,537)</u>
Profit for the Period		<u>603,911,911</u>	<u>103,579,665</u>
Total Comprehensive Income For the Period		<u>603,911,911</u>	<u>103,579,665</u>

**ASIA SECURITIES DYNAMIC INCOME FUND
STATEMENT OF FINANCIAL POSITION
period ended 30 September 2025**

		As at 30 September 2025	As at 31 March 2025
ASSETS	Notes	Rs.	Rs.
Cash and cash equivalents	8	393,967	57,995
Financial assets - FVTPL	9	704,768,145	539,674,998
Financial assets - Amortised cost	10	17,922,765,992	10,950,937,846
Other Receivable	11	972,603	-
		<u>18,628,900,706</u>	<u>11,490,670,839</u>
 LIABILITIES			
Accrued Expenses	12	9,076,047	4,115,866
Total Liabilities		<u>9,076,047</u>	<u>4,115,866</u>
 UNIT HOLDERS' FUNDS			
Net Assets Attributable to Unit holders		<u>18,619,824,658</u>	<u>11,486,554,973</u>
		<u>18,628,900,706</u>	<u>11,490,670,839</u>



Director
Asia Securities Wealth Management (Pvt) Limited



Director
Asia Securities Wealth Management (Pvt) Limited



Authorised Signatories
Trustees
Deutsche Bank



ASIA SECURITIES DYNAMIC INCOME FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
 period ended 30 September 2025

	Period ended 30 September 2025	For the Period starting from Jan - Mar 2025
	Rs.	Rs.
Unit Holders Fund as at the Beginning of the Period	11,486,554,973	-
Total Comprehensive Income for the Period	603,911,911	103,579,665
Received on Creation of Units	6,552,747,324	11,382,975,308
Paid on Redemption of Units	(23,389,550)	-
Net Increase / (decrease) due to Unit holders' Transactions	6,529,357,774	11,382,975,308
Unit Holders' Fund as at the End of the Period	<u>18,619,824,658</u>	<u>11,486,554,973</u>

ASIA SECURITIES DYNAMIC INCOME FUND
CASH FLOW STATEMENT
period ended 30 September 2025

	Period ended 30 September 2025	For the Period starting from Jan - Mar 2025
	Rs.	Rs.
Cash Flows from Operating Activities		
Interest Received	240,700,018	29,223,386
Other income received	9,030,552	2,683,550
Management Fees and Trustee Fees Paid	(29,822,717)	(951,242)
Other Expenses Paid	(65,015,130)	(4,244,429)
Investment in Repurchase Agreement	(39,699,161,393)	(31,709,818,030)
Investment in Fixed Deposits	(4,400,000,000)	(6,705,000,000)
Investment in Commercial Papers	(16,106,262,055)	(2,527,192,996)
Investment in Treasury Bonds	(1,970,794,485)	(1,018,126,892)
Maturity Proceeds from Repurchase Agreements	40,681,261,393	29,003,418,030
Maturity Proceed from Treasury Bonds	1,815,244,189	496,764,500
Maturity Proceeds from Fixed Deposits	-	-
Maturity Proceeds from Commercial Papers	12,995,797,827	1,050,326,812
Net Cash Flow generated from Operating Activities	<u>(6,529,021,800)</u>	<u>(11,382,917,313)</u>
Cash Flows from Financing Activities		
Cash Received on Creation of Units	6,552,747,324	11,382,975,308
Cash Paid on Redemption of Units	(23,389,550)	-
Net Cash generated from Financing Activities	<u>6,529,357,771</u>	<u>11,382,975,308</u>
Net Increase in Cash and Cash Equivalents	335,971	57,995
Cash and Cash Equivalents at the beginning of the year	57,995	-
Cash and Cash Equivalents at the end of the period	<u>393,967</u>	<u>57,995</u>



ASIA SECURITIES DYNAMIC INCOME FUND
NOTES TO THE INTERIM FINANCIAL STATEMENTS
 period ended 30 September 2025

1 All figures for the six-month period ended 30 September 2025 are provisional and unaudited. The Fund was launched on 20th January 2025. Therefore comparative figures are presented for the period from 21st January 2025 to 31st March 2025.

2 There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2025.

	For the Period Apr 25 - Sep 25 Rs.	For the Period starting from Jan - Mar 2025 Rs.
3 Interest Income		
Interest on Repurchase Agreements	61,521,530	29,454,298
Interest on Fixed Deposits	470,922,154	55,214,114
Interest on Commercial Papers	147,014,108	19,466,205
Interest on T Bonds	15,534,159	4,759,422
Interest on DB Savings Account	24,877	2,064
	<u>695,016,828</u>	<u>108,896,103</u>
4 Realized (Loss) /Gain on Financial Assets Held at FVTPL	For the Period Apr 25 - Sep 25 Rs.	For the Period starting from Jan - Mar 2025 Rs.
Treasury Bonds	9,030,552	2,683,550
	<u>9,030,552</u>	<u>2,683,550</u>
5 Unrealized (Loss)/ Gain on Financial Assets Held at FVTPL	(1,310,044)	1,311,549
Treasury Bonds	<u>(1,310,044)</u>	<u>1,311,549</u>
6 Other Income		
Placement Fee Income	972,603	-
	<u>972,603</u>	<u>-</u>
7 Other Expenses	-	472,000
Annual License Fees Charges	57,050	38,390
Bank Charges	64,958,226	3,734,119
WHT Expenses	65,015,276	4,244,509
	<u>-</u>	<u>472,000</u>
8 Cash at Bank	30.09.2025 Rs.	31.03.2025 Rs.
Deutsche Savings Account	393,967	57,995
	<u>393,967</u>	<u>57,995</u>

ASIA SECURITIES DYNAMIC INCOME FUND
NOTES TO THE INTERIM FINANCIAL STATEMENTS
period ended 30 September 2025

	Notes	30.09.2025 Rs.	31.03.2025 Rs.
9 Financial Assets at FVTPL		704,768,145	539,674,998
Investment in Treasury Bonds		<u>704,768,145</u>	<u>539,674,998</u>
10 Financial Assets- at Amortised Cost		30.09.2025 Rs.	31.03.2025 Rs.
Investment in Repurchase Agreements	10.1	1,725,657,975	2,708,991,543
Investment in Fixed Deposits	10.2	11,578,522,641	6,757,453,409
Investment in Commercial Papers	10.3	4,618,585,375	1,484,492,895
		<u>17,922,765,992</u>	<u>10,950,937,846</u>
10.1 Repurchase Agreements		30.09.2025 Rs.	31.03.2025 Rs.
HNB Securities LTD		574,895,713	389,955,522
Capital Alliance PLC		-	1,968,740,678
DFCC Bank		400,436,712	-
Commercial Bank		750,325,549	350,295,342
		<u>1,725,657,975</u>	<u>2,708,991,543</u>
10.2 Fixed Deposits		30.09.2025 Rs.	31.03.2025 Rs.
Peoples Leasing and Finance PLC		2,905,193,596	2,774,271,069
Merchant Bank of Sri Lanka & Finance PLC		476,313,578	359,128,258
CBC Finance LTD		158,571,575	151,688,918
LB Finance PLC		2,091,809,863	1,511,511,918
HNB Finance PLC		2,959,083,065	1,256,831,233
Singer (Lanka) Finance PLC		626,709,090	503,285,959
Asia Asset Finance PLC		209,812,219	200,736,055
Siyapatha Finance PLC		517,260,274	-
LOLC Finance PLC		1,633,769,381	-
		<u>11,578,522,641</u>	<u>6,757,453,409</u>
10.3 Commercial Papers		30.09.2025 Rs.	31.03.2025 Rs.
LOLC Holdings PLC		2,792,591,933	641,780,981
Asia Securities (Pvt) Ltd		1,825,993,442	791,925,236
Resusu Energy PLC		-	50,786,678
		<u>4,618,585,375</u>	<u>1,484,492,895</u>
11 Other Receivable		30.09.2025 Rs.	31.03.2025 Rs.
Placement fee Receivable		972,603	-
		<u>972,603</u>	<u>-</u>

ASIA SECURITIES DYNAMIC INCOME FUND
NOTES TO THE INTERIM FINANCIAL STATEMENTS
 period ended 30 September 2025

12 Accrued Expenses	30.09.2025	31.03.2025
	Rs.	Rs.
Management Fee Payable	6,017,146	2,300,619
Trustee & Custodian Fee Payable	2,624,722	1,695,273
Audit Fee Payable	433,953	119,893
WHT Payable	227	80
	9,076,047	4,115,866

13 Related Party Disclosures

13.1 Related party unit holding transactions and balances

There are no any related party unit holding transactions and balances during the period

13.2 Given below are the Financial instruments (Commercial Paper/Trust Certificate/ Fixed Deposit) purchased from related parties

Issuer	Relationship	Instrument type	Purchased date	Maturity date	Face Value (Gross)	Amount purchased
Asia Securities (Pvt) Ltd	Affiliate	Commercial paper	01-Sep-25	01-Oct-25	915,236,712	908,849,863
			18-Sep-25	01-Oct-25	204,621,222	204,000,000
			29-Sep-25	29-Dec-25	722,398,190	705,770,055

Transactions and balances related to the service provided by related parties

Fees were charged by the management company and trustee for services provided during the period and the balances outstanding related to such services as at period end are as disclosed below:

	30.09.2025	31.03.2025
	Rs.	Rs.
Charges for the period with related parties		
Management fees by		
Asia securities Wealth Management (Pvt) Ltd	21,478,549	2,833,716
Trustee fees by Deutsche Bank	12,844,515	2,057,714
Custodian fees by Deutsche Bank	145,629	55,705
Outstanding Balances for the period with related parties		
Saving Account balance at Deutsche Bank	393,659	57,995
Management fees payable to		
Asia securities Wealth Management (Pvt) Ltd	6,017,146	2,300,619
Trustee fees payable to Hatton National Bank	2,600,849	1,670,604
Custodian fees payable to Hatton National Bank	23,874	24,669

ASIA SECURITIES DYNAMIC INCOME FUND
NOTES TO THE INTERIM FINANCIAL STATEMENTS
period ended 30 September 2025

14 Contingencies

There were no significant contingencies existing as at the reporting date that required adjustments to or disclosures in the financial statements

15 Events occurring after reporting date

There have been no significant events occurring after the reporting date that required adjustment to or disclosures in the financial statements

16 Capital commitments

There were no significant capital and financial commitments as at the reporting date.

17 Reconciliation between Net Asset Value as per the Interim Report and the published Net Asset Value

	As at 30.09.2025	As at 31.03.2025
	Rs.	Rs.
Net Asset Value as per Financial Statements	18,619,824,658	11,486,554,973
Other Adjustments	-	-
Published Net Asset Value	18,619,824,658	11,486,554,973
Published No of Units	1,753,493,431	1,129,210,284
Net Asset Value as per unit	10.6187	10.1722



CORPORATE INFORMATION

Trustee & Custodian

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

Auditors

Deloitte Partners
100, Braybrooke Place, Colombo 02, Sri Lanka

Bankers

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

Lawyers

Nithya Partners
97/A, Galle Main Rd, Colombo 03, Sri Lanka

Managers & Registrars

Asia Securities Wealth Management (Pvt) Limited
4th Floor Lee Hedges Tower
No.349, Galle Road, Colombo 3, Sri Lanka

ASIA SECURITIES WEALTH MANAGEMENT (PVT) LIMITED

Board of Directors

Mr. Dumith Hemantha Fernando - Chairman
Mr. Harold Avancka Herat - Executive Director
Mr. Arjuna Kumar Wignaraja - Independent Director

Management Team

Ms. Chaya Jayawardena - Chief Executive Officer
Mrs.Pushpika Jeevaratne - Head of Compliance
Mr. Nidesh Perera - Chief Operating Officer
Mr. Nadarajah Gowthaman - Portfolio Manager



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