



Annual Report 2020/2021

Softlogic Equity Fund

Softlogic Asset Management (Pvt) Ltd

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Performance

Below table summaries performance of Softlogic Equity Fund for the financial year ended 31st March 2021.

Performance as of March 31st, 2021

	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Since Inception Return ¹	YTD 2021 ²
Monthly Portfolio Return	-0.34%	1.27%	-3.19%	5.90%	5.64%	30.50%	-15.04%	-3.24%	17.37%	7.27%
Monthly ASPI Return	4.00%	12.30%	-4.32%	9.03%	8.50%	27.96%	-13.75%	-4.75%	40.47%	5.12%

Investment return, if invested since inception (08/07/2020-31/03/2021)

	Investment	Fund Value	Gain
Softlogic Equity Fund	1,000,000	1,173,715	173,715
All Share Price Index (ASPI)	1,000,000	1,404,725	404,725

Investment return, if invested year to date (31/12/2020-31/03/2021)

	Investment	Fund Value	Gain
Softlogic Equity Fund	1,000,000	1,072,731	72,731
All Share Price Index (ASPI)	1,000,000	1,051,232	51,232

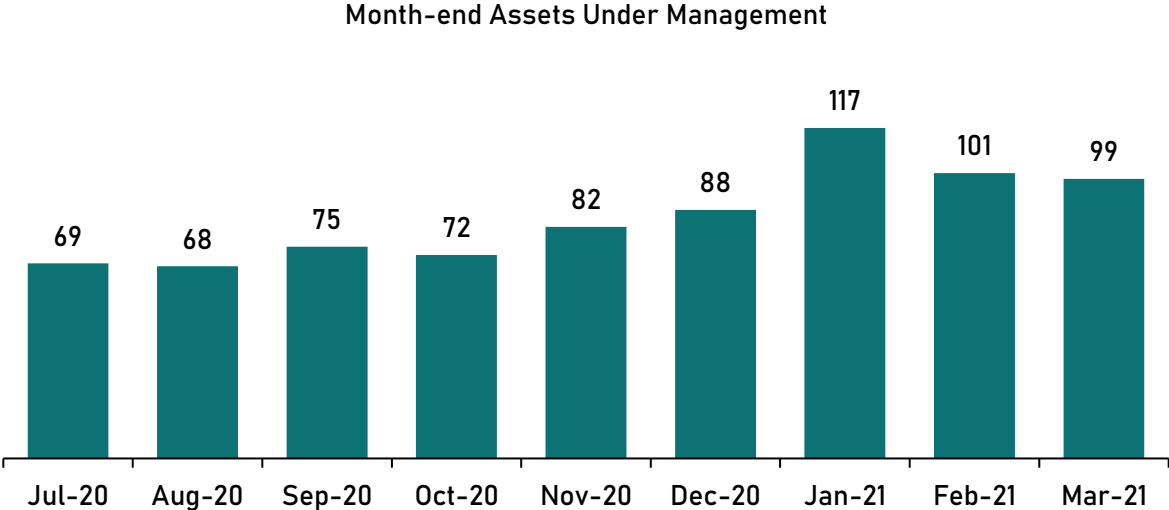
Disclaimer- Current return is variable and subject to change. Past performance is not indicative of future performance. Investors are advised to read and understand the contents of the Explanatory Memorandum before investing. Among others, investors should consider the fees and charges involved.

¹ Date of inception 08/07/2021

² Return over the period of 31/12/2020 to 31/03/2021

Performance (Cont.)

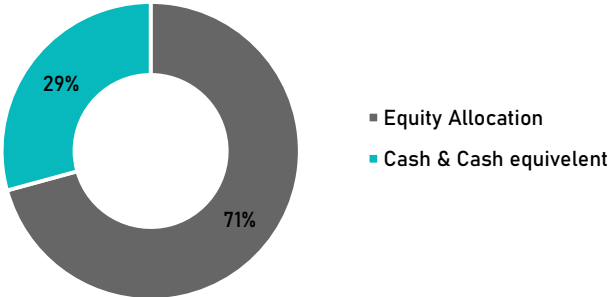
Assets Under Management (LKR In Mn)



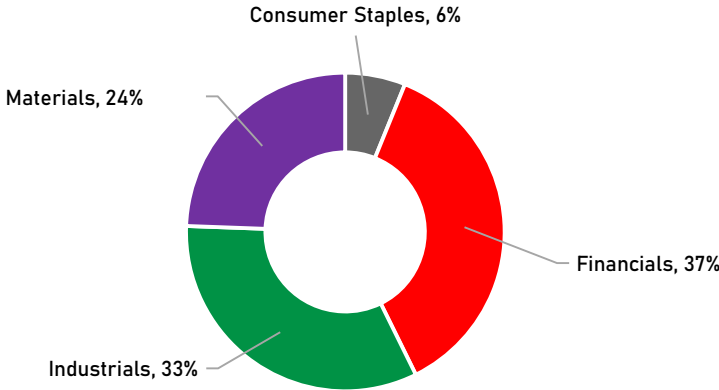
Holdings

Portfolio Holdings as at March 31, 2021

Allocation Breakdown



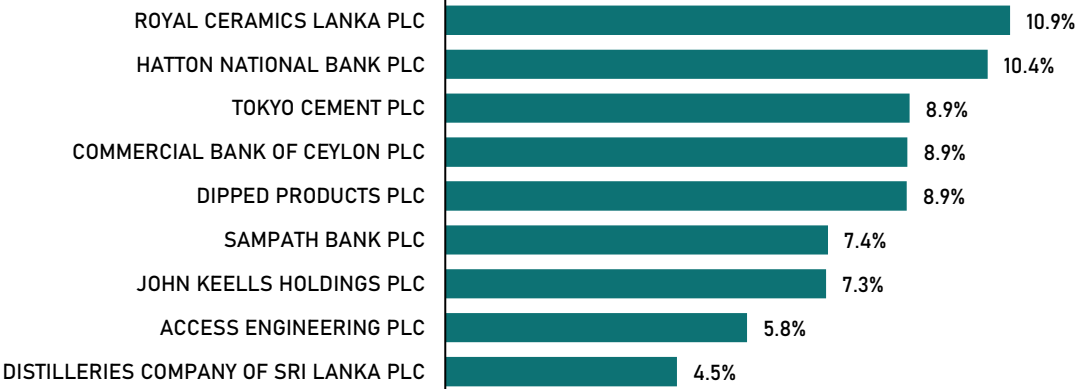
Equity Sector Allocation³



³ Resembles the equity allocation of 71% (Total adds up to 100%)

Holdings (Cont.)

Equity Portfolio Composition – Total Holdings



Fund Managers Review

This is the first annual review of your Equity fund. The Softlogic Equity Fund was launched on 08th July 2020, in a challenging environment. We would like to thank all our investors for trusting us in this investment journey, in difficult times.

Your equity fund delivered a return of 17.37% (Net return after all fees⁴) from its inception date to 31st March 2021 (which is our reporting period for this financial year). The benchmark, All Share Price Index (ASPI) reported a 40.47% return over the same period. However, our portfolios have started to overperform the benchmark during the first three months of the calendar year 2021⁵. As a result, your portfolio has reported year to date return of 7.27% (net return after all fees) compared to an ASPI return of 5.12%.

We have maintained our portfolio allocation at 71%⁶ at the end of the period. However, over the periods of October 2020 to February 2021 we had an equity allocation of about 80-90%⁷. The top five positions we completely sold during the review period were ACL Cables PLC, Dialog Telecom PLC, Ceylon Tobacco PLC, Sunshine Holdings PLC & Chevron Lubricants PLC. These counters delivered substantial profits for your portfolio. ACL Cables PLC, Sunshine Holdings PLC & Chevron Lubricants delivered price gains⁸ of 134%, 24%, and 16% respectively.

Performance of top five equity counters we hold

Company	Earnings LKR Mn		QoQ Profit Growth ⁹	DPS (LKR)	DY (%)	ROE (%)
	March 2020	March 2021				
Royal Ceramics	656.6	2821.6	330%	1.4	3.7	20.2
Hatton National Bank	3047.7	4727.9	55%	8	5.9	9.4
Tokyo Cement	684.8	1306.9	91%	1.5	2	24.7
Commercial Bank	3764.7	6749.5	79%	4.5	4.9	12.3
Dipped Products	107.1	1657.8	1448%	2.3	4.5	33

Source - Softlogic Research Division

Our top five equity counters have delivered an extremely good performance in March 2021 (quarter on quarter basis) and as a result, most of these companies paid handsome dividends too. We have a strong conviction in the long-term value creation of our holdings due to their solid fundamentals.

We have allocated your portfolio into financial, industrials, and materials segments. Though we don't allocate funds solely based on the top-down level, we have carefully selected companies that come under these sectors for future value creation. From the inception, our strategy has been to concentrate your portfolios into key-value counters while maintaining an appropriate

⁴ Any fee applicable to Unit Trust operations other than exit fees.

⁵ 31st December 2020 to 31st March 2021

⁶ As a percentage of total assets

⁷ We maintained our equity allocation within the abovementioned range

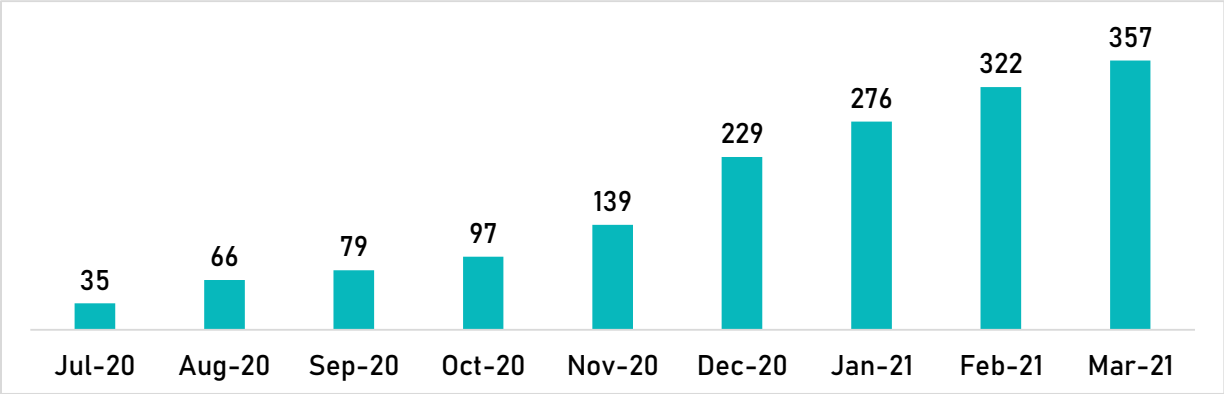
⁸ Excluding any dividend income, and gains were computed based on average selling price and average cost.

⁹ March 2020 to March 2021 quarter on quarter annual growth

level of diversification. And we have always tried to maintain less than 15 counters in your portfolio. This enabled us to track the changes in value drivers of each business.

We are greatly honored by the trust our investors placed in us. This is evident in our rapidly increasing number of investors. In other words, since our inception, 357-unit holders invested with us, and the competitive unit trusts¹⁰ attracted only 26 new customers.

Graph -01 | Number of Unit Holders¹¹



Source- UT Association & softlogic invest registra department

Investment Environment

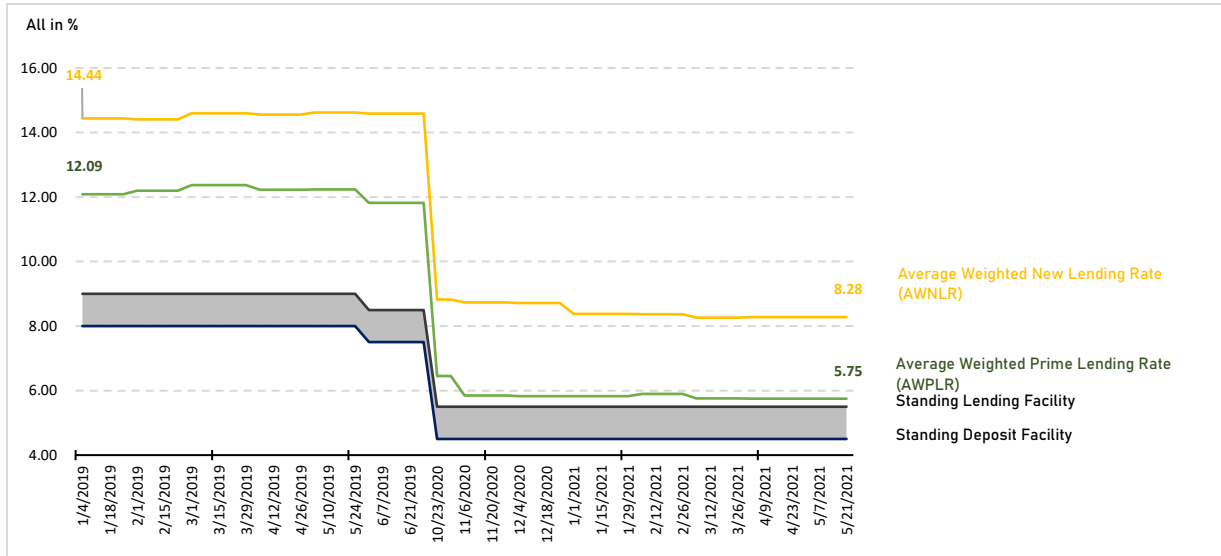
During the review period, the Sri Lankan economy recovered up to a satisfactory level, though it had to go through two waves of the COVID-19 pandemic. Beginning of the year, roughly about 1.5-2.0 months country was having travel restrictions and towards November also we had to face restrictions due to the pandemic. However, after a steep 16.4% decline in the Q2 2020 GDP growth¹² (quarter on quarter basis), GDP rebounded to positive territory within the following two quarters. As a result, CY 2020 ended with a 3.6% negative growth (this was a decline of GDP¹³ from USD 83.9bn to USD 80.7Bn), which was a far better recovery compared to our expectations.

This recovery was reflected in the private sector credit numbers, where it reported high single-digit growth numbers. The CBSL maintained its loose monetary policy throughout the period following many other nations¹⁴. And as a result, we have seen record low-level prime lending rates which came down by 634Bps¹⁵. Further, the inflation numbers¹⁶ hovered well below the mid-single-digit level during most of the months, owing to the low level of demand-side pressure (indicated in Graph -03). The declining interest rates coupled with low inflation created ultra-low real rates for an extended period and the real interest rates declined by 721Bps¹⁷. This

¹⁰ Open ended Growth Fund sector | Source - Unit Trust Association of Sri Lanka, <http://utasl.lk>
¹¹ At the end of each month.
¹² Source - <http://www.statistics.gov.lk/NationalAccounts/StaticInformation/GDP>
¹³ GDP at Current Market Prices
https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/annual_report/2020/en/16_S_Appendix.pdf
¹⁴ <https://www.bis.org/publ/bisbull21.pdf>
¹⁵ From 04/01/2019 to 21/05/2021
¹⁶ CCPI inflation numbers indicated by The Census and Statistics department, <http://www.statistics.gov.lk/InflationAndPrices/StaticInformation/MonthlyCCPI/ColomboConsumerPriceIndexbySubgroups>
¹⁷ during the period of 01/01/2019 to 02/04/2021

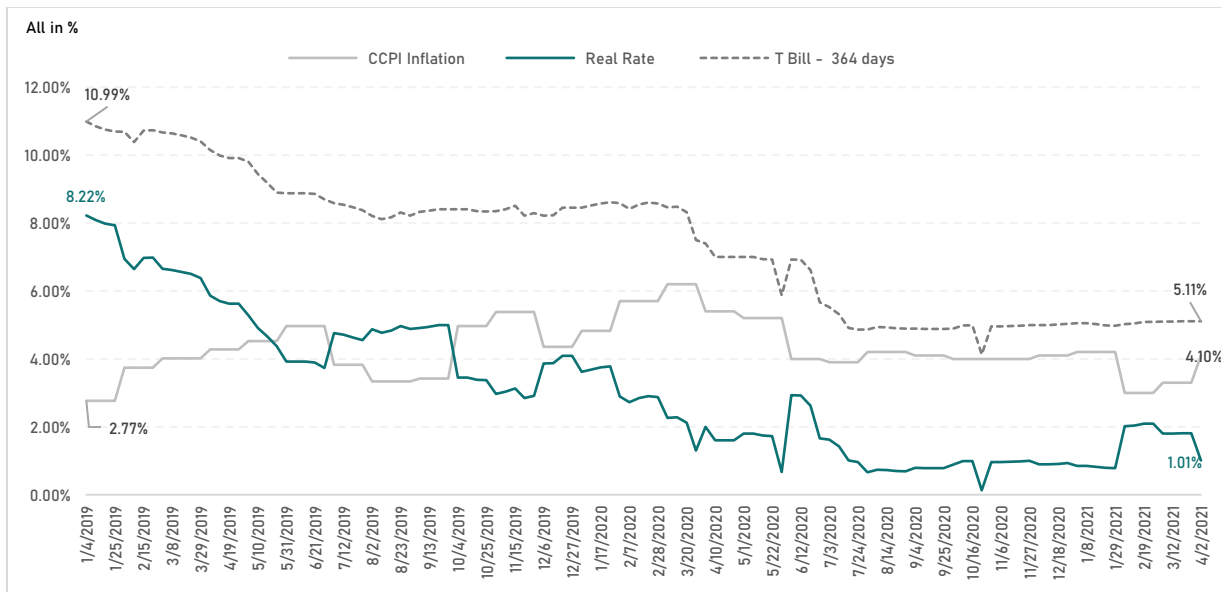
environment was very conducive for the equities, as a result, PER (Price to Earnings Ratio) increased 60% from 9.4x to 15.0x during our review period¹⁸ along with the 40.5% ASPI movement (Graph - 04).

Graph - 02 | Key Lending Rate Movements



Source- CBSL (Central bank of Sri Lanaka)

Graph - 03 | Real Interest rates¹⁹

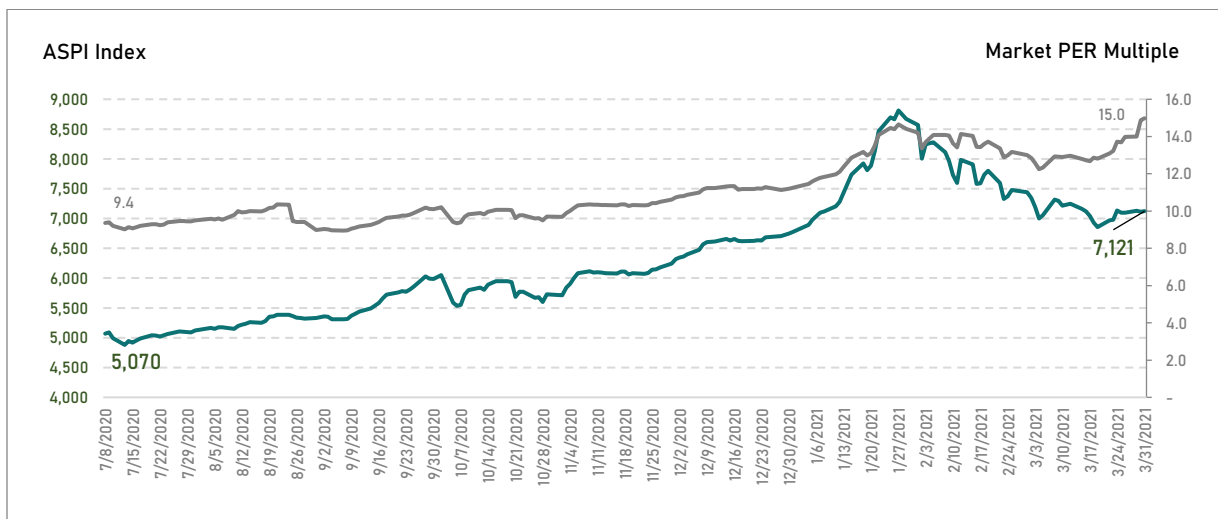


Source- CBSL (Central bank of Sri Lanaka), Census & Statistics Department

¹⁸ From 08/07/2020 to 31/03/2021

¹⁹ Real Rate = 365 Day T-bill rate - CCPI Inflation

Graph – 04 | All Share Price Index (ASPI) & Price Earnings Multiple Movement

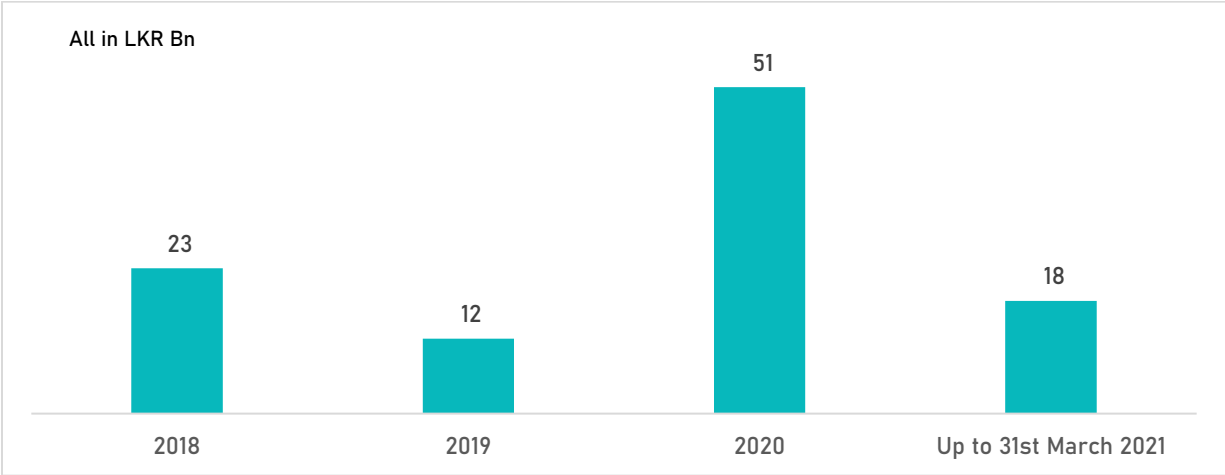


Source- Colombo Stock Exchange

However, since our fund inception date, we have observed substantial net equity selling from foreign participants, as a result within the period LKR47Bn net foreign selling reported (up to March 2021). So, the positive market momentum was mainly fueled by the local participants. Based on our channel checks, the bulk of these local participants are retail players and most of them could be first-time entrants into equity markets.

The retail drive was mainly stimulated by the above discussed low-interest-rate environment and the unique situations created due to pandemics, i.e., Vehicle import restrictions, Travel restrictions, an overall reduction in household consumption. These factors led locals with few investment options and equity was the most liquid option (in our opinion). However, retail participation has created a “see-sawing” movement in the equity markets. Due to these market behaviors, when investing your funds, we were careful to invest in companies which are having fundamental value.

Graph – 05 | Net Foreign Selling



Source- Colombo Stock Exchange, Softlogic Research Division

Going forward, we expect a low-interest environment to remain for an extended period mainly due to evolving third wave of COVID-19. While the low-interest environment also acting in favor of equities as an asset class. An extended period of mobility restrictions can have an adverse implication on short-term earnings. However, the impact on equity valuations (long term) would be minimal. Therefore, we are keeping a healthy allocation into equity whilst maintaining a healthy cash buffer to take advantage of bargains in the market. Because we are convinced of the number of equity counters which could provide long-term value creation.

Key Management Personnel

Board of Directors

Mr. Aaron Russell-Davison

Chairman

Mr. Russell-Davison has over twenty years of international banking experience and was most recently the Global Head of Debt Capital Markets for Standard Chartered Bank, based in Singapore. Other senior positions in Origination, Syndicate, Trading, Sales, Portfolio Management and Brokerage were held in Hong Kong, Singapore, and London during his career. He holds a Bachelor of Arts (Asian Politics and History) from the University of Western Australia.

Mr. Iftikar Ahamed

Director

Mr. Iftikar Ahamed heads the Financial Services Sector of the Softlogic Group and is the Managing Director of Softlogic Capital PLC, which is the financial services holding company of the group that has interests in Insurance, Leasing, and Finance and Stockbroking. He is also the Managing Director of Softlogic Life Insurance PLC and Director of Softlogic Stockbrokers (Pvt) Ltd. He counts over 30 years of experience in a wide range of métiers within the financial services industry and has extensive Banking experience both in Sri Lanka and overseas, having held senior management positions as Deputy Chief Executive Officer at Nations Trust Bank PLC and Senior Associate Director at Deutsche Bank AG. He holds an MBA from the University of Wales, UK.

Mr. Priyantha Wijesekera

Director

Mr. Priyantha Wijesekera is a very well-experienced and thorough professional in the financial services arena, with over 20 years' experience in banking and financial services products. He has held key management positions with a prominent Sri Lankan bank, and has crafted and executed strategy towards achieving a market leading position in leasing whilst specializing in factoring, insurance broking, collections, recoveries and litigation. He is also an Attorney-at-Law/Solicitor with extensive knowledge in shipping law and commercial arbitration in the field of banking and finance. He is an accomplished sportsman who has represented the country in numerous prestigious events, both as an athlete as well as an official.

Mrs. Niloo Jayatilake

Director / CEO

Ms. Niloo Jayatilake joined Softlogic in 2015 to head the Group Investment Division. Counting over 20 years of experience in the investments and portfolio management field, she is responsible for the Group's investment portfolio. Prior to joining Softlogic Holdings PLC, she worked as Head of Portfolio Management/Director of Guardian Fund Management Ltd for 10 years, handling client funds and Ceylon Guardian Promoters' funds with assets under management of Rs. 25Bn. She is Fellow Member of the Chartered Institute of Management Accountants, UK and Associate Member of the Institute of Chartered Secretaries and Administrators, UK.

Key Management Personnel (cont.)

Charith Gunathilaka

Director

Mr. Charith Gunathilaka has been appointed as a director of Softlogic Asset Management (Pvt) Ltd with effect from 1st April 2021. He has joined Softlogic Holdings PLC as a senior manager in strategic planning in 2013. Prior to Softlogic, Charith served as a senior consultant at KPMG. He is a Fellow Member of Institute of Chartered Accountants of Sri Lanka and also an Associate Member of the Chartered Institute of Management Accountants (CIMA, UK). He holds BSc in Finance from University of Sri Jayawardanapura and obtained his MBA from University of Colombo.

Corporate Management

Mr. Daham Hettiarachchi

Fund Manager

Daham counts over 11 years of industry experience in asset management and investment research. Before joining SAM he worked at JB Financial (Pvt) Ltd and NAMAL as a portfolio manager managing equity and fixed income private portfolios. Daham is a CFA® charter holder and an Associate Member of the Chartered Institute of Management Accountants (CIMA, UK). He also holds a BSc Degree specializing in finance from The University of Sri Jayewardenepura.

Lushika Edirisinghe

Senior Manger Client Operations

Lushika has over 4 years of industry experience in Asset Management, before joining SAM, she worked at JB Financial (Pvt) Ltd as a Senior Fund Registrar & an Investment Specialist. She holds a Professional Qualification in Human Resource Management from Chartered Institute of Personnel Management (CIPM) and She is currently pursuing her Postgraduate Diploma in Professional Marketing at The Chartered Institute of Marketing (CIM)

Mr. Jayantha Senarathna

Fund Accountant

Mr. Jayantha holds over 9 years of experience in asset management. Prior to joining Softlogic Asset Management (Pvt) Ltd, He has worked in JB Vantage unit trust funds managed by JB Financial (Pvt) Ltd. He is an associate member of the Institute of Chartered Accountants of Sri Lanka and holds a BSc. (Accounting) special degree from the University of Sri Jayewardenepura.

Mr. Jihan Karaliyadda

Junior Executive Operations

Mr. Jihan holds a Bachelor of Accounting (BA-ACC) degree from Swinburne university Melbourne, Australia and he is currently pursuing his MBA at Asia Pacific Institute Of Information Technology (APIIT)



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

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SOFTLOGIC EQUITY FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Softlogic Equity Fund ("The fund"), which comprise the statement of financial position as at 31st March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in unitholders' funds and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 05 to 16.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31st March 2021, and of its financial performance and its cash flows for the period 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 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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Fund Management Company and the Trustee for the Financial Statements

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

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

The Fund management company is responsible for overseeing the Fund's financial reporting process.

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

Partners : Sujeewa Rajapakse FCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnawera FCA, ACMA.
R. Vasanthakumar Bsc (Acc), ACA. F. Sarah Z. Afker ACA, ACMA (UK), CGMA, MCSI (UK). M.N. Mohamed Nabeel ACA. D. Jerard N. Dias ACA.
Madhura V. De Silva FCA, MSc.



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 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 disclosure 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 the Fund management company 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

These financial statements also comply with the requirements of the Rule 27(3) of the Unit Trust Code of September 2011 issued by the Securities and Exchange Commission of Sri Lanka under the Act No. 36 of 1987 and the trust deed.

CHARTERED ACCOUNTANTS

Colombo

15th June 2021

MN/dm

SOFTLOGIC EQUITY FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31ST MARCH 2021

	Note	For the period from 08.07.2020 to 31.3.2021 <u>LKR</u>
Investment income		
Interest income	4	721,274
Net dividend income		<u>2,402,637</u>
		3,123,911
Realised (loss)/gain on financial assets at fair value through profit or loss	5	11,852,642
Unrealised (loss)/gain on financial assets at fair value through profit or loss	9	<u>125,779</u>
Total investment income		15,102,332
Operating expenses	6	(2,647,798)
Profit before tax		<u>12,454,534</u>
Income tax expense	7	-
Profit for the period		<u>12,454,534</u>
Other comprehensive income		-
Total comprehensive income for the period		<u>12,454,534</u>
Increase in net assets attributable to unitholders		<u><u>12,454,534</u></u>

Figures in brackets indicate deductions.

The accounting policies and notes from pages 18 to 29 form an integral part of these financial statements.

Colombo
15th June 2021

**SOFTLOGIC EQUITY FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2021**

	Note	As at 31.03.2021 <u>LKR</u>
Assets		
Cash at bank	8	25,000
Financial assets at fair value through profit or loss	9	72,460,584
Financial assets measured at amortised cost	11	16,678,707
Other receivables	12	13,267,835
Total assets		<u>102,432,126</u>
Liabilities		
Accrued expenses	13	3,234,309
Total liabilities		<u>3,234,309</u>
Net assets attributable to unitholders		<u><u>99,197,817</u></u>
Unitholders' fund		
Unit capital		86,743,283
Retained earnings		12,454,534
Net assets attributable to unitholders	14	<u><u>99,197,817</u></u>

Figures in brackets indicate deductions.

The accounting policies and notes from pages 18 to 29 form an integral part of these financial statements.

The Fund Management Company is responsible for the preparation of these financial statements in accordance with Sri Lanka Accounting Standards.

These financial statements were approved by the Fund Management Company on 15th June 2021.



Director
Softlogic Asset Management (Pvt) Ltd
Fund Management Company



Director
Softlogic Asset Management (Pvt) Ltd
Fund Management Company

Colombo
15th June 2021
MN/dm

**SOFTLOGIC EQUITY FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUND
FOR THE PERIOD ENDED 31ST MARCH 2021**

	Unit capital LKR	Retained earnings LKR	Total LKR
Net increase due to creation of units	87,530,787	-	87,530,787
Net decrease due to redemption of units	(787,504)	-	(787,504)
Increase in net assets attributable to unitholders	-	12,454,534	12,454,534
Balance as at 31st March 2021	<u><u>86,743,283</u></u>	<u><u>12,454,534</u></u>	<u><u>99,197,817</u></u>

Figures in brackets indicate deductions.

The accounting policies and notes from pages 18 to 29 form an integral part of these financial statements.

**Colombo
15th June 2021**

**SOFTLOGIC EQUITY FUND
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31ST MARCH 2021**

**For the period
from 08.07.2020
to 31.3.2021**

LKR

Cash flows from operating activities

Interest received	715,367
Dividend received	1,213,512
Management fees paid	(1,137,500)
Other expenses paid	(1,121,507)
Net cash generated from operating activities	(330,128)

Cash flows from investing activities

Proceeds from sale of equity investments	62,825,197
IPO investment	(10,000,000)
Net investment in equity instruments	(122,534,645)
Net cash used to investing activities	(69,709,448)

Cash flows from financing activities

Cash received on creation of units	87,530,787
Cash paid on redemption of units	(787,504)
Net cash generated from financing activities	86,743,283

Net increase in cash and cash equivalents

Net increase in cash and cash equivalents	16,703,707
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the period	16,703,707

Cash and cash equivalents at the end of the period comprise of:

Cash at bank	25,000
Money market savings	16,678,707
	16,703,707

Figures in brackets indicate deductions.

The accounting policies and notes from pages 18 to 29 form an integral part of these financial statements.

**Colombo
15th June 2021**

SOFTLOGIC EQUITY FUND
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 General

Softlogic Equity Fund (“the Fund”) is an open ended unit trust fund licensed by the Securities and Exchange Commission of Sri Lanka and established under trust deed signed on 05th February 2020. The Fund was launched on 08th July 2020.

The Fund is managed by Softlogic Asset Management (Pvt) Ltd while Hatton National Bank acts as the Trustee of the Fund. The registered office of the Fund manager is located at level 16, One Galle Face Tower, Colombo 02, Sri Lanka and the principal place of business is located at level 16, One Galle Face Tower, Colombo 02, Sri Lanka.

The Trustee’s principal place of business is located at Hatton National Bank PLC, HNB Towers, Level 15, No. 479, T.B. Jayah Mawatha, Colombo 10, Sri Lanka.

Investment objective is to achieve capital growth by investing in listed companies with “value” characteristics.

1.2 Date of authorization for issue

The financial statement of the Fund for the period ended 31st March 2021 were authorized for issue by the Fund Management Company and the Trustee on 15th June 2021.

2. PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Preparation

The financial statements are prepared and presented in accordance with and comply with the relevant Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Unit Trust Deed and Unit Trust Code of 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. The financial statements have been prepared on the historical cost basis, except as stated below. Historical cost is generally the fair value of the consideration given in exchange of assets. The financial statements are presented in Sri Lankan rupees (LKR).

2.2 Statement of compliance

The financial statements which comprise the statement of financial position as at 31st March 2021, statement of profit or loss and other comprehensive income, statement of changes in unitholders’ fund and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards and the requirements of the Unit Trust Deed and Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with SLFRSs requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the Fund’s accounting policies, which are described below, the Fund Management Company is required to make judgments and assumptions and use assumptions in measuring items reported in the financial statements. These estimates are based on management’s knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.

SOFTLOGIC EQUITY FUND

SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or the period of the revision and future periods as well, if the revision affects both current and future periods.

The management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value.

Management uses its judgment in determining the appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Other financial instruments are valued using a discounted cash flow analysis based on the assumptions supported, where possible, by observable market prices or rates.

Determination of Fair Value and Fair Value Hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Techniques which use inputs other than quoted prices included within level 1, that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3: Techniques which use inputs that are not based on observable market data

2.4 Summary of significant accounting policies

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

2.4.1 Financial instruments

i) Recognition and initial measurement

All financial assets are initially recognized on the date the Fund becomes a party to the contractual provisions of the instrument. This includes purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. A financial asset is initially measured at fair value plus or minus, for an item not at FVTPL and transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification

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

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

SOFTLOGIC EQUITY FUND
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets, if any.

iii) Subsequent measurement and gain and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss, the changes in fair value of FVOCI debt instruments are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

iv) Impairment

The Fund recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost. The Fund measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which is measured as 12-month ECLs.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Fund on terms that the Fund would not consider otherwise probable that the borrower will enter bankruptcy or other financial reorganization.

As of the statement of financial position date the Fund has not observed any of the above, thus, no impairment provision has been recognized in the financial statements.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

SOFTLOGIC EQUITY FUND
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

2.4.2 Financial liabilities - Classification, subsequent measurement, gains, and losses

Financial liabilities are classified as measured at amortized cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss. Financial liabilities measured at amortized cost include accrued expenses and other payables.

2.4.3 Derecognition

Financial assets

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership nor does it retain control of the financial asset.

The Fund enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Fund derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Fund also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.4.4 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 realize the assets and settle the liabilities simultaneously.

2.4.5 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in values.

2.4.6 Payables and provisions

Payables are initially recognized at fair value, which is the fair value of the consideration to be paid in the future for goods and service received, whether or not billed to the Fund, and subsequently at amortised cost.

SOFTLOGIC EQUITY FUND
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

2.4.7 Recognition of income

Income is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific criteria must also be met before interest income is recognised.

i) Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

ii) Dividend Income

Dividend income shall be recognised when the Fund's right to receive payment is established.

iii) Realized (loss)/gain on financial assets at fair value through profit or loss

Realized (loss)/gain on financial assets at fair value through profit or loss comprises gross sales proceeds from disposal of equity shares minus Weighted average cost of equity shares disposed.

iv) Unrealized (loss)/gain on financial assets at fair value through profit or loss

Unrealized (loss)/gain comprises unrealized fair value changes of equity securities at fair value through profit or loss.

2.4.8 Expenses

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

Management fee	2.25% of Net Asset Value of the Fund
Trustee fee	0.15% of Net Asset Value of the Fund
Custody fee	Flat fee of Rs. 15,000 per month

2.4.9 Unitholders' funds and net assets attributable to unitholders

The Unitholders' Fund has 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 calculated in accordance with the valuation guidelines issued by the Unit trust Association of Sri Lanka and directive issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.

2.4.10 Comparative Information

The comparative information is not available due to the fund was established during the current financial year.

3. TAXATION

Unit Trusts that conduct eligible investment business are treated as pass through vehicles and tax will be payable by unit holders in accordance with the new Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.

SOFTLOGIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS

	For the period from 08.07.2020 to 31.3.2021
	<u>LKR</u>
4. INTEREST INCOME	
Interest on fixed deposits	285,806
Interest on money market saving accounts	249,288
Interest on treasury bills Repo	185,002
Other income	1,178
	<u>721,274</u>
5. NET REALISED (LOSS)/GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	
Gross sales proceeds from disposal of equity shares	62,825,197
Weighted average cost of equity shares disposed	(50,972,555)
	<u>11,852,642</u>
6. OPERATING EXPENSES	
Management fee	1,324,274
Custodian fee	142,204
Trustee fee	95,348
Auditor's remuneration	165,726
Legal fee	100,000
Bank charges	2,846
Other expenses	7,250
Transaction costs on equity share transactions	810,150
	<u>2,647,798</u>
7. INCOME TAX EXPENSE	
Tax expense for the year	<u>-</u>
<p>Following the enactment of the new Inland Revenue Act Ho. 24 of 2017 effective from 01st April 2018, the Fund is deemed as conducting an eligible investment business and is treated as a tax pass through vehicle. Hence, no provision for income tax was made in the financial statements for the period ended 31st March 2021.</p>	
	As at 31.3.2021
	<u>LKR</u>
8. CASH AT BANK	
Hatton National Bank	25,000
	<u>25,000</u>

SOFTLOGIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net change in total unrealised gain/(loss) on equity securities at fair value through profit or loss.

	As at 31.03.2021			
	No of Shares	Cost of the investment LKR	Market value LKR	As a % of net asset value
Banks				
Commercial Bank of Ceylon Limited	103,303	8,362,700	8,832,407	8.90%
Hatton National Bank Limited	82,260	10,397,000	10,364,760	10.45%
Sampath Bank PLC	135,900	6,100,400	7,311,420	7.37%
		<u>24,860,100</u>	<u>26,508,587</u>	<u>26.72%</u>
Capital goods				
John Keells Holdings Limited	49,000	7,018,000	7,276,500	7.34%
Royal Ceramics Lanka PLC	42,000	9,730,225	10,794,000	10.88%
Access Engineering PLC	261,000	5,974,850	5,768,100	5.81%
		<u>22,723,075</u>	<u>23,838,600</u>	<u>24.03%</u>
Food beverage and tobacco				
Distilleries Company of Shri Lanka Ltd	222,427	3,790,829	4,426,297	4.46%
		<u>3,790,829</u>	<u>4,426,297</u>	<u>4.46%</u>
Materials				
Dipped Products Limited	190,000	10,836,500	8,816,000	8.89%
Tokyo Cement Co. (Lanka) Limited	133,000	10,124,300	8,871,100	8.94%
		<u>20,960,800</u>	<u>17,687,100</u>	<u>17.83%</u>
		<u>72,334,805</u>	<u>72,460,584</u>	<u>73.05%</u>
Total unrealised profit			<u><u>125,779</u></u>	

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Financial assets carried at fair value

As at 31st March 2021	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial assets at fair value through profit or loss	72,460,584	-	-	72,460,584

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Accordingly, the following is a list of financial instruments whose carrying amount is a reasonable approximation of fair value.

- | | |
|--------------------|---|
| Assets | - Money market saving and other receivables
Cash and cash equivalent |
| Liabilities | - Accrued expenses |

SOFTLOGIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS

	<u>Amortised cost</u>	<u>As a % of net asset value</u>
11. FINANCIAL ASSETS MEASURED AT AMORTISED COST		
11.1 Investment in money market saving accounts		
Hatton National Bank PLC	16,678,707	16.81%
	<u>16,678,707</u>	<u>16.81%</u>
		As at 31.3.2021 LKR
12. OTHER RECEIVABLES		
Dividend receivable		1,189,125
Interest receivable on money market saving account		5,907
Payment for Windforce IPO		10,000,000
CDS receivable		2,072,803
		<u>13,267,835</u>
13. ACCRUED EXPENSES		
Exit fee payable		6,333
Management fee		186,774
Trustee fee		13,448
Auditor's remuneration		165,726
Custodian fee		16,511
CDS payable		2,845,517
		<u>3,234,309</u>

14. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

	As at 31.03.2021	
	<u>Units</u>	<u>LKR</u>
Opening capital balance	-	-
Units issued during the year	859,175	87,530,787
Units redeemed during the year	(6,611)	(787,504)
Increase in net assets attributable to unitholders	-	12,454,534
Closing balance	<u>852,564</u>	<u>99,197,817</u>

The creation price was at LKR 117.3715 per unit and the redemption price was at LKR 112.0037 per unit as at 31st March 2021.

15. DISTRIBUTIONS FOR THE YEAR

There were no distributions for the year ended 31st March 2021.

16. CONTINGENCIES

There were no significant contingencies existing at the end of the reporting date that require adjustments to or disclosures in the financial statements.

SOFTLOGIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS

17. EVENTS AFTER THE REPORTING DATE

No significant events have taken place since the date of the statement of financial position that require adjustments to or disclosures in these financial statements.

18. CAPITAL COMMITMENTS

There were no capital commitments at the end of the reporting date.

19. RELATED PARTY TRANSACTIONS

19.1 The following have been identified as related parties to Softlogic Money Market Fund in accordance with LKAS 24 for the reasons stated below.

The Fund Management Company, Softlogic Asset Management (Pvt) Ltd is a subsidiary of Softlogic Capital PLC. The company's ultimate parent entity and controlling party is Softlogic Holding PLC, which is incorporated and domiciled in Sri Lanka.

Mr. Iftikar Ahamed, Mr. Aaron Russel-Davison, Mr. Priyantha Wijesekera, Mrs. Niloo Jayatilake are directors of the Softlogic Asset Management (Pvt) Ltd. Mr. Charith Gunathilaka has been appointed as a director of Softlogic Asset Management (Pvt) Ltd with effect from 01st April 2021.

19.2 Details of the fund management fees trustee fees and custodian fees paid/payable are as follows:

Name of the related party	Nature of interest	Particulars of financial dealings	Transaction value LKR	Outstanding value LKR
Softlogic Asset Management (Pvt) Ltd	Fund Management Co.	Management fee	1,324,274	186,774
Hatton National Bank	Trustee	Trustee fees	95,348	13,448
		Custodian fees	142,204	16,511

The Fund maintains a current account with the Trustee, Hatton National Bank PLC through which all settlement transactions of the Fund were made.

19.3 Details of the Unit held as at 31st March 2021 by the key management personnel are as follows. Softlogic Asset Management (Pvt) Ltd did not hold units in the Fund.

Unit Holder	Relationship	As at 31.3.2021	
		No. of units	Value of units held
Mr. Asoka Pathirage	Chairman- Ultimate Parent Company	30,310	3,557,514
Ms. Biyagama Dharshani Niloo Jayatilake	Director	5,000	586,822
Mr. Daham Niwanthake Hettiarachchi	Fund Manager	100	11,727
Ms. Veranthi Kalpani Kumari Uduwawala	Senior Manager	50	5,864

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Financial Instruments

The Fund's principal financial assets comprise investments in fixed income securities and cash at bank. The main purpose of these financial instruments is to generate a return on the investment made by the unitholders. The Fund has other financial instruments also such as receivables and payables which arise directly from its operations.

SOFTLOGIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD....)

(b) Financial risk management objectives, policies and processes

Risks arising from holding financial instruments are inherent in the fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The fund is exposed to credit risk, market risk, and liquidity risk.

(i) Credit risk

Credit risk is the risk that the counterparty of the financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss.

The Fund's exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as detailed below. It is the Fund's policy to enter into financial instruments with reputable counterparties.

Risk concentration of credit risk exposure

Concentration of credit risk is managed by counterparty and by market sector. The Fund is also subject to credit risk on its bank balance and receivables. The credit risk exposure on these instruments is not deemed to be significant.

The Fund's maximum exposure to credit risk can be analysed as follows:

	As at 31.3.2021	
	LKR	
	Carrying value	Maximum exposure
Cash at bank	25,000	-
Conservative - Money market saving deposits	16,678,707	-
Financial assets at fair value through profit or loss (Note. 10)	72,460,584	72,460,584

(ii) Market risk

Market risk represents the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices.

This risk is managed by ensuring that all investment activities are undertaken in accordance with established mandate limits and investments strategies. As such, unitholders can manage this risk through their choices of which investment portfolios to participate in.

(iii) Price risk

Price risk is the risk that the fair value of the Fund's investments in trading securities may fluctuate as a result of changes in the price of the Fund's investments in trading securities. Price risk exposure arises from the fund's investment portfolio.

The table below shows the impact on the statement of profit or loss and other comprehensive income and statement of financial position due to a reasonably possible change in the price of the Fund's investment in trading securities, with all other variables held constant.

	31.03.2021	
	Increases / (decreases) on profit before tax LKR	Increases/ (decreases) on amounts attributable to unitholders LKR
+10%	7,246,058	7,246,058
-10%	(7,246,058)	(7,246,058)

The above figures are calculated across the entire investment portfolio on an annual basis. There is a corresponding change in the fair value of trading securities within the statement of financial position.

**SOFTLOGIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS**

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD....)

(iv) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The Fund's exposure to interest rate risk primarily arises from changes in interest rates applicable to the financial assets measured at amortized cost and balance held at the bank.

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant.

Increase/ (decrease) in basis points	Effect on the profit before tax for the year 2021
+ 25	41,697
- 25	(41,697)

(v) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet its obligation to pay unitholders.

Due to the nature of a unit trust, it is unlikely that a significant number of unitholders would exit at the same time. However to control liquidity risk, the Fund invests in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund invests within established limits to ensure that there is no concentration of risk.

The Fund's maximum exposure to liquidity risk can be analysed as follows;

31st March 2021	Less than 1 month (LKR)	1-6 months (LKR)	6-12 months (LKR)	Total (LKR)
Financial Assets				
Financial assets measured at amortised cost;				
Cash at Bank	25,000	-	-	25,000
Savings Account	16,678,707	-	-	16,678,707
	<u>16,703,707</u>	-	-	<u>16,703,707</u>
Financial Liabilities				
Exit fee payable	6,333	-	-	6,333
Management fee	186,774	-	-	186,774
Trustee fee	13,448	-	-	13,448
Auditor's remuneration	-	165,726	-	165,726
Custodian fee	16,511	-	-	16,511
CDS payable	2,845,517	-	-	2,845,517
	<u>3,068,583</u>	<u>165,726</u>	-	<u>3,234,309</u>

**SOFTLOGIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS**

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD....)

(vi) Capital risk management

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

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company. Under the terms of the Unit Trust Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of Unitholders.

Following being the disclosures of Unit Holders' Funds;

The movement in the Unit Holders' Funds as at 31st March 2021.

i. In term of Value

	LKR
Unit Holders' Funds as at 01st April 2020	-
Creations during the year	87,530,787
Redemptions during the year	(787,504)
Increase in net assets attributable to Unit Holders	12,454,534
Unit Holders' Funds as at 31st March 2021	99,197,817

ii. In term of No of units

Closing no of units as at 01st April 2020	-
Unit creations during the year	859,175
Unit redemptions during the year	(6,611)
Closing no of units as at 31st March 2021	852,564

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

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

	As At 31.3.2021 LKR
Net asset value as per financial statements	99,197,817
Adjustment to auditors remuneration	57,319
Published net asset value	<u>99,255,136</u>
Number of units outstanding	852,564
Adjusted net asset value per Unit	116.4196

Declaration by Trustees and Managing Company

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

Hatton National Bank PLC, the Trustee and Softlogic Asset Management Pvt Ltd, the Managers of the Softlogic Equity Fund hereby declare that;

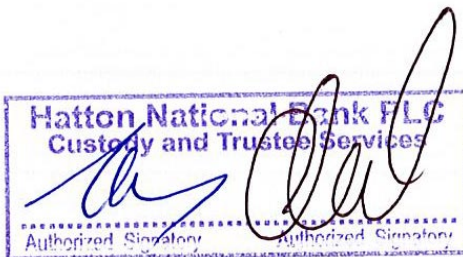
1. The requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been complied with during the year.
2. The transactions were and will be carried out at an arms length basis and on terms which are best available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



.....
Director



.....
Director



Hatton National Bank PLC
Custody and Trustee Services
Authorized Signatory Authorized Signatory

Trustee

