

INFORMATION MEMORANDUM



Ceylon **Income Fund**



Fund Manager



Trustee & Custodian

Hatton National Bank PLC

March 2022

Licensed by
Securities and Exchange Commission of Sri Lanka

Audited by



Trustee and Custodian of the Fund
Hatton National Bank PLC

Fund Manager



281, Union Place, Colombo 2, Sri Lanka
Tel : +94 11 739 4000 Fax : +94 11 739 4007
Web : www.ceylonam.com

Ceylon Asset Management is an
Associate Company of
Sri Lanka Insurance Corporation Ltd.

THE OFFER AT A GLANCE

The Ceylon Income Fund (CINF) is an open-ended long-term fixed income fund that offers LKR returns by investing in investment grade (BBB- or above) rated listed/unlisted corporate debts. The capital and income can be repatriated freely to the investors' bank account by the trustee and custodian bank.

Investment Plan	Invest in rated interest bearing fixed income instruments: corporate debt instruments, deposits and securities issued or guaranteed by a bank, Treasury Bills and Bonds.
Nature of Fund	Open-ended unit trust offering units on a daily basis. The fund creates liquidity for investors to invest and withdraw at any time, without any lock-in period.
Issue of Units	The manager will issue units on receipt of application form and confirmation of funds by custodian bank at the daily published creation price. The manager shall have the absolute discretion to accept or decline any application for units.
Original Issue Price of Unit	Rs. 10/-
Minimum Investment	Rs. 10,000/-
Front End Fee	Nil
Management Fee	0.50% per annum
Trustee Fee	0.15% per annum
Custodian Fee	Rs. 10,000/- per month
Exit Fee	Nil
Repatriation	All capital and interest earned can be repatriated overseas without restriction.
Bloomberg Code	CEYINCF:SL

MANAGER OF THE FUND - CEYLON ASSET MANAGEMENT

BOARD OF DIRECTORS

Malaka Bandara - MBA

Chairman

DGM – Finance of Sri Lanka Insurance Corporation Ltd with over 15 years in the insurance industry. He obtained his Bachelor’s Degree in Accountancy Special from University of J’pura and Master’s Degree in Business Administration from University of Colombo



Dulindra Fernando - CFA

Managing Director

The founder of Ceylon Asset Management, former CEO of MAS Investments. He has 25+ years of work experience including investment banking and chartered accounting in Australia.



Shashika Ranasinghe – CFA, FRM

Director

Assistant General Manager-Investment at Sri Lanka Insurance Corporation. Prior to SLIC he has served as The Head of Treasury at Cargills Bank Ltd and Manager Treasury at Aitken Spence PLC. He is a Chartered Financial Analyst and completed BSc (Hons) Engineering. Over 15 years work experience.



Dinesh Ambani

Director

Chairman of Metrocorp (Pvt) Ltd & its subsidiaries, Eco Power Pvt Ltd , Bogawantalawa Tea Estates PLC, Metropolitan Resource Holdings PLC, Megatech Pvt Ltd, Ceylon Bungalows Pvt Ltd, Areva Investments & Office Networks. Over 35 years of experience in the Tea, Agro Forestry & in renewable energy industries.



Dr. R. A. Fernando

Director

Chairman / CEO of Global Strategic Corporate Sustainability, Executive in Residence INSEAD Business School, France. Former Operations Director, Blue Ocean Strategy Institute (Malaysia), former CEO of MAS corporate branding & retail. Former MD / CEO at Reckitt Benckiser (Lanka) Ltd. Over 25 years work experience



Rainer Michael Preiss - CWM

Director

Former Executive Director of Taurus Family Office. Investment advisor for large international banks in Dubai, Hong Kong, Singapore and UK. Has more than 20 years of work experience.



INVESTMENT COMMITTEE

- | | | |
|------------------------|---|--|
| Dulindra Fernando, CFA | : | Managing Director
Ceylon Asset Management Co Ltd. |
| Sathika Wickremesinghe | : | AGM- Risk Management
Sri Lanka Insurance Corporation Ltd. |
| Senaka Saparamadu | : | Director, Metrocorp Ltd. |

INVESTMENT RATIONALE

The objective of Ceylon Income Fund (CINF) is to enable investors to earn attractive returns in excess of Treasury Bill rates and inflation. In order to achieve this objective, the Fund is invested in the following instruments:

- a) Listed or unlisted corporate debt instruments of “Investment Grade” (BBB-) or better
- b) Bank deposits and securities issued or guaranteed by banks
- c) Government Securities.

ELIGIBLE INVESTORS

This Fund will be eligible for the following investors:

- a) Any Sri Lankan and Foreign* Individual Investors
- b) Any Sri Lankan and Foreign* Corporate Investors

****FOREIGN INVESTORS – Inward Investment Account (IIA)***

Foreign corporates and individuals may invest and repatriate capital and profits back in foreign currency by investing via an IIA Account with any bank.

RISK FACTORS

Being invested in corporate debt instruments, the fund is exposed to the financial and credit risks of the individual company. However, by investing in debt instruments of companies that are “Rated Investment Grade” (BBB- or above), by Fitch or ICRA Ratings, this risk is minimized and diversified.

INCOME DISTRIBUTION POLICY

Distributable income will be derived principally from interest earned and realized gains from fixed income instruments. Net income will be distributed annually after satisfying operating fees and expenses of the fund. Investors have the option to re-invest their annual distribution in units of the funds.

INVESTMENT RESTRICTIONS

The manager will make investments within the parameters set out by the Securities and Exchange Commission of Sri Lanka (SEC), directives and guidelines issued by the SEC from time to time as well as the unit trust deed of the fund. Unless permitted by the SEC, the manager will not make the following investments:

- A. Any investment in equity or foreign securities
- B. Any investment that involves the trust in unlimited liability
- C. Leverage by borrowing against securities or buying on margin
- D. Make loans or act as a guarantor or indemnify any person
- E. Underwrite securities
- F. Investment in commodities
- G. Investment in real estate

Please refer to the trust deed for more information on investment restrictions.

THE FEE STRUCTURE

The following fees will be charged at cost from the Fund:

- Management fee - 0.50% p.a. on NAV
- Trustee fee – 0.15% p.a. on NAV
- Custodian fee – Rs. 10,000/- per month
- Front-end fee and Exit fee – Nil

MINIMUM INVESTMENT

Applications for units could be for any amount subject to a minimum value of Rs. 10,000/-. The investment will be divided by the manager's selling price to determine the number of units allotted.

ALLOTMENTS

Allotment of units will be made only after the monies being realised by HNB and the application form being received at the office of Ceylon Asset Management Company Limited. New units are created at the creation price applicable on the date of realisation of funds. Dealing is carried out on a daily basis. Where this falls on a holiday, the next market day is considered to be the dealing day.

VALUATION OF UNITS

The price at which investors may subscribe for or redeem units is calculated on each dealing day. In calculating a unit price, the Net Asset Value (NAV) of the Fund is ascertained daily (after adjusting for charges) and divided by the number of units in issue.

ADMINISTRATIVE AND PROFESSIONAL EXPENSES PAYABLE BY THE FUND

- a) any cost of dealing in the deposited property, i.e. transaction costs, brokerage, bank charges and other costs;
- b) taxation and duties payable in respect of the deposited property of the issue of units;
- c) any costs incurred in the preparation or modification of the trust deed;
- d) costs incurred in printing the information memorandum;
- e) any costs incurred in respect of meetings of unit holders;
- f) the fees of the trustee and custodian;
- g) the audit fees of the auditor and any expenses of the auditor;
- h) licensing fees imposed by the commission;
- i) rating fee paid to an international rating agency;
- j) all direct and indirect taxes imposed by the government of Sri Lanka from time to time that are required to be charged to the deposited property;
- k) legal expenses incurred in safeguarding the deposited property;
- l) any other fee approved by the commission and specified in the trust deed;
- m) expenses related to listing of the fund on a recognized exchange;
- n) annual report printing and postage charges;
- o) all mailing & correspondence of notices and distribution to unit holders.

RIGHTS OF UNIT HOLDERS

- To redeem units registered in their names
- To receive annual accounts, as at 31st December and the report of auditors
- To receive half yearly reports on the accounts and performance of the fund
- To participate and vote at a meeting of the unit holders
- To transfer units on the payment of LKR 100/- fixed fee

For further information and clarifications of provisions appearing in the information memorandum, investors may inspect the trust deed of the unit trust and the Memorandum & Articles of Association of Ceylon Asset Management Company Limited free of charge at the business office.

CONSENT

Hatton National Bank and M/S Ernest & Young have given written consent to include their names in the information memorandum.

REPORTS AND ACCOUNTS

The annual accounts will be prepared up to 31st December and will be shared with the unit holders within three months of the end of the said date. Investors will be provided with half yearly reports on the accounts and the performance of the Fund within three months of the period covered.

VOTING RIGHTS

Ceylon Asset Management Company Limited alone shall have the absolute, beneficial and unfettered right to exercise votes attached or pertaining to securities.

REDEMPTION OF UNITS

Units can be redeemed with a written request, at the manager's buying price published on each dealing day. Where a unit holder wishes to redeem units which constitutes an aggregate of three percent (3%) or more of the units of that fund, such holder shall give the manager at least fourteen (14) days written notice in advance of his intention to redeem. Payment of redemption proceeds in foreign currency will be made by telegraphic transfer or by a bank cheque, crossed in favour of the unit holder, within 14 business days from the date of receipt of instructions for redemption.

SUSPENSION OF DEALINGS

The manager may, with the approval of the trustee and the Securities and Exchange Commission of Sri Lanka, suspend the dealings during:

- The existence of any state of affairs during any period, which, in the opinion of the manager, would be detrimental to the interests of the unit holders.
- Any period during which there is a breakdown of communication in determining the prices of their investments.
- Such suspension shall take effect immediately upon declaration thereof by the manager subject to the provisions of the trust deed, and shall terminate, once the manager is satisfied that the conditions giving rise to such suspension shall have ceased to exist.

DISCLAIMER & DISCLOSURE

Please note that prices, valuations and rates as indicated in this document are valid as at March 31, 2022 and are subject to change on a daily basis. Investors are advised to refer the newspapers, contact Ceylon Asset Management or log on to www.ceylonam.com for up-to-date values.

The unit trust is regulated by the

SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA

Act No. 36 of 1987 and amended by Act No. 26 of 1991 and Act No. 18 of 2003

This document does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and may be used only in connection with this offering of units to which it relates by distributors as contemplated herein.

“The Board of Directors of the trustee hereby declare that it will carry out the transactions with the Managing Company at arm’s length basis and on terms which are best available for the fund, as well as act, at all times, in the best interests of the fund’s unit holders and also that the requirements of the guidelines have been compiled with. The Trustee further certify that it has read and agree with the representations contained herein.”



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

Authorised Signatory

On behalf of the Board of Directors of the Trustee

The Board of Directors of the Managing Company hereby declare that it will carry out the transactions with the Trustee at arm’s length basis and on terms which are best available for the fund, as well as act, at all times, in the best interests of the fund's unit holders and also that the requirements of the guidelines have been compiled with.

“This Information Memorandum has been seen and approved by the Directors of the Managing Company and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable inquiries to the best of their knowledge and belief, there are no other facts, the omission of which, would make any statements herein misleading.”



Ceylon Asset Management Co. Ltd
PB 995
Director

Authorised Signatory

On behalf of the Board of Directors of the Managing Company

PAYMENT

You may apply for units of CINF by transferring LKRs from your account to CINF Account OR by depositing cash to CINF Account OR issue an account payee cheque in favour of Ceylon Income Fund. The details are as follows:

Account Name	:	Ceylon Income Fund
Account No	:	003010539810
Bank	:	Hatton National Bank PLC
Bank Code	:	7083
Branch	:	Head Office
Branch Code	:	003
Address	:	"HNB Towers", No. 479, T B Jayah Mawatha, Colombo 10, Sri Lanka.
SWIFT Code	:	HBLILKLXXXX

*Please instruct your bank to specify your account type and purpose of transfer as "Investment"

*Ceylon Asset Management Company Limited does not accept cash.

DOCUMENTS REQUIRED TO INVEST IN THE FUND

Individual/Join Investor

- Duly signed application from
- A copy of your passport
- A billing proof of address
- Proof of payment i.e cheque, deposit slip, fund transfer confirmation

Corporate Investor

- Application form signed by two authorised signatories
- A Board Resolution giving authority to place investments
- A letter of Authorization with specimen signatures to operate the investment
- Certified copy of Articles of Association
- Certified copy of Certificate of Incorporation
- Passport / NIC copies of the authorized signatories Information of Directors and Beneficial Owners



CEYLON
ASSET MANAGEMENT

FUND MANAGER & FUND REGISTRAR

Ceylon Asset Management Company Limited

281, Union Place, Colombo 2, Sri Lanka

Company Registration No: P B 995

A venture between Sri Lanka Insurance Corporation Ltd., Ceylon Capital Partners (Pvt) Ltd.
and Commercial Credit & Finance PLC

Hotline: +94 77 060 7733 or +94 71 703 0000

Tel: +94 11 739 4000 Fax: +94 11 739 4007

Email: info@ceylonam.com Website: www.ceylonam.com

TRUSTEE & CUSTODIAN

Hatton National Bank PLC

Head Office "HNB Towers", No. 479, T B Jayah Mawatha, Colombo 10, Sri Lanka.

AUDITORS

Ernst & Young

201, De Saram Road, Colombo 10

Sri Lanka

LAWYERS

Julius & Creasy

Attorneys at Law

41, Janadhipathi Mawatha, Colombo 1

Sri Lanka