

# INFORMATION MEMORANDUM

## CEYLON IPO 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](http://www.ceylonam.com)**

**Ceylon Asset Management is an**  
**Associate Company of**

**Sri Lanka Insurance Corporation Ltd.**

## THE OFFER AT A GLANCE

<b>Investment Plan</b>	<ul style="list-style-type: none"> <li>• In order to preserve capital, all available cash will be invested in interest bearing fixed income instruments.</li> <li>• Invests in IPOs to be listed on the Colombo Stock Exchange (CSE) selected by the Investment Advisory Panel. The Fund will apply for an IPO up to the maximum amount permitted by the Securities and Exchange Commission of Sri Lanka (SEC).</li> <li>• The fund will invest in shares listed on the CSE.</li> <li>• Any listed or unlisted debentures.</li> <li>• Government securities and re-purchase agreements.</li> </ul>
<b>Nature of Fund</b>	Open ended fund offering units on a daily basis.
<b>Issue of Units</b>	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 an absolute discretion to accept or not to accept in whole or in part any application for units. The manager may refuse applications from non-retail investors* in order to ensure compliance of the fund to qualify for the IPO allocation to unit trusts as per SEC guidelines.
<b>Income Distribution Policy</b>	Annually
<b>Original Issue Price of Unit</b>	Rs.10/-
<b>Minimum Investment</b>	Rs. 5,000/-
<b>Front End Fee</b>	2.00%
<b>Trustee Fee</b>	0.2% per annum
<b>Custodian Fee</b>	Rs. 10,000/- per month
<b>Management Fee</b>	1.0% per annum
<b>Exit Fee</b>	Nil
<b>Bloomberg Code</b>	CEYIPOF:SL

\* Retail investors are defined as investors with a maximum investment of Rs. 10 mn as per SEC guidelines.

## 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.



### INDEX COMMITTEE

Hasitha Premarathne - CIMA, CAM, ACCA : Chief Financial Officer  
Brandix Lanka Ltd

Waruna Kumarage - CFA : Head of Asset Management Research  
SICO, Bahrain

Chaminda Silva - CFA : Senior Consultant - CAM

### INVESTMENT OBJECTIVE

A dedicated IPO fund that offers an opportunity to share a larger allocation of IPOs allocated to retail investors via unit trusts. The fund aims to facilitate healthy returns to investors by investing in listed equity and fixed income instruments.

### 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 listed shares, this Fund carries the risk of capital appreciation as well as depreciation with fluctuations of the CSE.

The investment committee tries to avoid the added risk of bias and speculation by selecting the shares primarily based on market capitalization, liquidity and corporate governance.

The selected companies have a sound reputation for corporate governance and are companies that are researched by analysts to unearth risks and opportunities.

### INCOME DISTRIBUTION POLICY

Distributable income will be derived principally from the dividend income received by the Fund. 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 for the purpose of gaining management control of a company
- B. Any investment in unlisted securities or foreign securities
- C. Any investment that involves the trust in unlimited liability
- D. Leverage by borrowing against securities or buying on margin
- E. Make loans or act as a guarantor or indemnify any person
- F. Underwrite securities, Investment in commodities and 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 – 1.00% p.a. on NAV
- Trustee and Custodian fee – 0.20% p.a. on NAV
- Custodian fee – Rs. 10,000/- per month
- Front-end fee – 2.00%
- Exit fee – Nil

## **MINIMUM INVESTMENT**

Applications for units could be for any amount subject to a minimum value of Rs. 5,000/-. 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 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) 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;
- j) legal expenses incurred in safeguarding the deposited property;
- k) any other fee approved by the Commission and specified in the Trust Deed;
- l) expenses related to listing of the fund on a recognized exchange;
- m) annual report printing and postage charges;
- n) 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 31<sup>st</sup> 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 31<sup>st</sup> 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. An interim report for the first half-yearly accounting period shall not be prepared; in the case such period is less than six months.

## **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:

- Any period when the dealings of the Colombo Stock Exchange is restricted or suspended.
- 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**

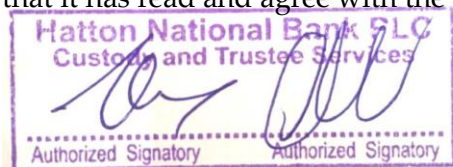
Please note that prices, valuations and rates as indicated in this document are valid as at March 31, 2022 and are subject to change on a daily basis. Investors are advised to refer the newspapers, contact Ceylon Asset Management or log on to [www.ceylonam.com](http://www.ceylonam.com) for up-to-date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



Signature of an authorized signatory of Hatton National Bank SLC. The stamp includes the text "Hatton National Bank SLC", "Custom and Trustee Services", and "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.”



Signature of a director of Ceylon Asset Management Co. Ltd. The stamp includes the text "Ceylon Asset Management Co. Ltd", "PB 995", and "Director".

**Authorised Signatory**

**On behalf of the Board of Directors of the Managing Company**

## HOW TO INVEST IN UNIT TRUSTS

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### PAYMENT

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

Account Name	: Ceylon IPO Fund
Account No	: 003010539795
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	: HBLILKLXXX

\*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



**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

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Email: [info@ceylonam.com](mailto:info@ceylonam.com) Website: [www.ceylonam.com](http://www.ceylonam.com)

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**TRUSTEE & CUSTODIAN**

Hatton National Bank PLC

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

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**AUDITORS**

Ernst & Young

201, De Saram Road, Colombo 10,  
Sri Lanka.

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**LAWYERS**

Julius & Creasy

Attorneys at Law

41, Janadhipathi Mawatha, Colombo 1,  
Sri Lanka.