

## Fund Objective

The investment objective of the fund is to provide its clients with medium to long-term capital appreciation with periodic returns by employing pro-active investment strategies in the Sri Lankan equities market. The fund is registered in the Cayman Islands and as a restricted foreign scheme with Monetary Authority of Singapore. The fund is managed by Guardian Fund Management Ltd., the managers of the largest private sector held equity fund in Sri Lanka.

## Fund Information

<b>Name</b>	The Sri Lanka Fund
<b>Fund Manager</b>	Guardian Fund Management Limited
<b>Promoters</b>	Ceylon Guardian Investment Trust PLC Group
<b>Custodian &amp; Administrator</b>	Deutsche Bank
<b>Fund Structure</b>	Open Ended Fund. Dealing days – First Tuesday of the month
<b>Legal Entity</b>	Limited Liability Company
<b>Domicile</b>	Cayman Island and registered as a restricted foreign scheme with the Monetary Authority of Singapore
<b>Date of Inception</b>	21st October 1993 (relaunched in August 2010)
<b>Regulated by</b>	The Cayman Island Monetary Authority
<b>Listing</b>	The fund is not currently listed
<b>Current Fund Size</b>	US\$ 2.54 Million
<b>Cost to the Investor</b>	Front End fee: US\$ 50,000 to US\$ 100,000 - 1.5%. Negotiable for subscriptions over US\$ 100,000.
<b>Costs to the Fund</b>	Management fee: 1.5 % of Net Asset Value p.a. annum  Custodian fees: 0.15% of NAV or Minimum of US\$ 6,000 + Fixed Charge of US\$ 10,000 for Fund Accounting  Legal, Audit & Other direct Expenses
<b>Minimum Initial Investment</b>	US\$ 50,000 (Mini. Subsequent Investment US\$ 10,000)
<b>Subscription and Redemption Frequency</b>	Every Tuesday in Sri Lanka shall be determined as a Valuation Day. The first Valuation Day of each month is a Dealing Day. Subscriptions and redemption of Shares are carried out on Dealing Days
<b>Redemption Notice Period</b>	5 clear business days prior to next dealing day
<b>Redemption Fee</b>	Maximum of 0.5% of the redeemed value
<b>Lock-up Period</b>	None
<b>Liquidity Constraints</b>	The Manager, on the Directors' behalf, may limit redemptions to 10 per cent. of the total outstanding Participating Shares in any Dealing Period

## Exposures In Different Sectors

Sector Exposure	As a % of Total Portfolio
Banking, Finance & Insurance	39.4%
Diversified Holdings	16.1%
Manufacturing/Construction	11.3%
Beverage, Food & Tobacco	10.4%
Telecommunications	7.9%
Footwear & Textiles	2.8%
Hotels & Travels	1.6%
Power and energy	0.0%
Cash and Cash Equivalent	10.5%

## Top 5 Holdings

Top 5 Holdings	As a % of Total Portfolio
Cargills (Ceylon) PLC	9.7%
Hatton National Bank PLC	9.5%
Dialog Telekom PLC	7.9%
Ceylinco Insurance PLC	7.3%
Commercial Bank of Ceylon PLC	6.9%

## Asset Allocation

Asset Allocation	As a % of Total Portfolio
Cash & Cash Equivalent	10.5%
Equity Investments	89.5%

## Fund Performance

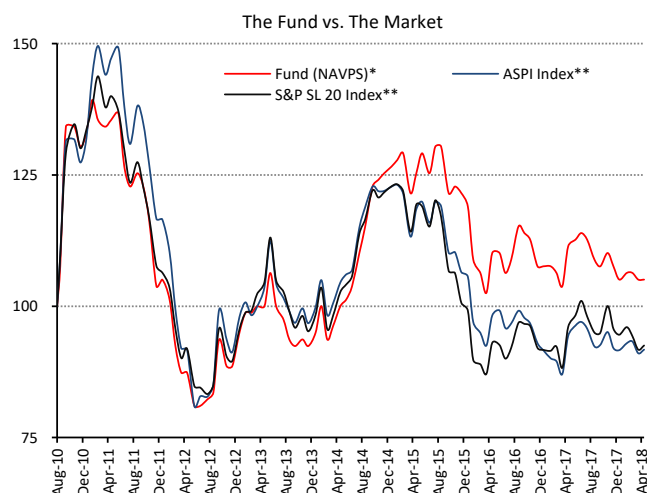
Period	Fund	ASPI**	S&P SL 20**
Month	0.00%	0.77%	0.86%
3 Months	-1.19%	-1.31%	-3.64%
YTD 2018	0.00%	0.11%	-2.17%
Since Relaunch (08/2010)	5.06%	-8.27%	-7.48%

## A look at April 2018

Bourse followed a volatile path during the month reasoned by political instability. The index started off in the negative territory ahead of the no-confidence motion against the Prime Minister early month, however the sentiments indicated some improvement as no-confidence motion was defeated despite in thin volumes as most investors stayed away amidst extended New Year holidays during the month. Towards end month index indicated some weakness as political woes continued amidst another cabinet reshuffle being announced. Accordingly the broader ASI closed with a 0.84% gain during the month at 6,531 points. Foreign buying interest continued recording a net inflow of Rs 1.7 bn, however was driven by a single strategic deal in Ceylinco Insurance where one of the existing shareholders increased its stake in the company by 10.5% at a consideration of Rs. 1.6 bn.

During the month fund movement was flat whilst ASPI returned 0.77% (dollar adjusted). Dialog Axiata, Hayleys Fabric and Commercial Bank contributed positively to the fund performance during the month, however was outweighed by drop in prices of fund's holdings in Chevron Lubricants, Melstacorp and Central Finance.

Despite being overshadowed by continuous political related developments, Sri Lanka has made significant progress in terms of monetary, fiscal & external sector reforms with a notable achievements being recent implementation of New Inland Revenue Act which is expected to enhance government revenue in the current year and also the introduction of fuel pricing formula which was a much debated and necessary step towards progressing on SOE reforms. Further as prerequisite to prepare the country for servicing sovereign bond maturities building up from mid-2019, the government passed Liability Management Act during March 2018 which will enable government to prepare ahead for the debt repayments falling due. Further the country's GDP growth is expected to recover during 2018 driven by a forecasted rebound in agriculture sector and improving external demand conditions. These developments point for a positive outlook for the Sri Lankan economy in the medium term horizon, despite short term challenges remaining in political front and economic growth amidst fiscal consolidation efforts. Therefore we remain invested with strong fundamentally backed companies which are expected to outperform the broad market in the medium term.



\* NAVPS - Net Asset Value Per Share

\*\*Adjusted for the movements in foreign exchange rates

All details are intended purely for information purposes and on no account may the information supplied be construed as investment recommendations. Interested persons should consult a qualified specialist before taking investment decisions

## Manager's Performance - 5 Year CAGR

Portfolio/Index	CAGR (Since 31/12/12)
Group Portfolios - Discretionary	7.78%
All Share Price Index	2.40%
S&P SL 20	3.55%