

## 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

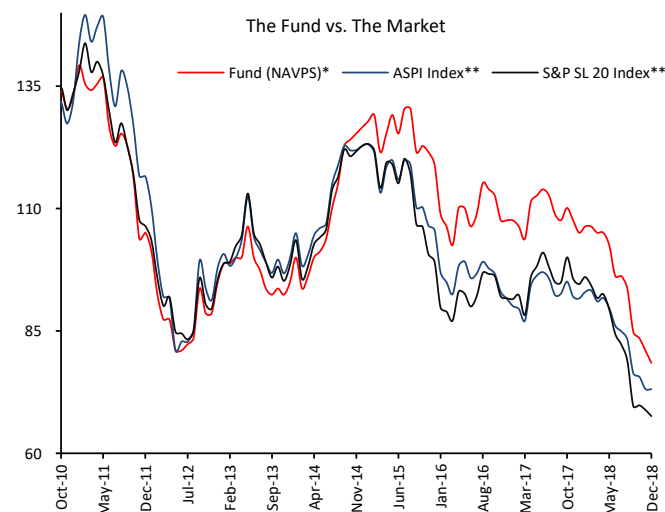
<b>Name</b>	The Sri Lanka Fund
<b>Fund Manager</b>	Guardian Fund Management Limited
<b>Promoters</b>	Ceylon Guardian Investment Trust PLC Group
<b>Custodian &amp; Administrator</b>	Deutsche Bank
<b>Fund Structure</b>	Open Ended Fund. Dealing days – First Tuesday of the month
<b>Legal Entity</b>	Limited 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\$ 1.82 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	40.9%		
Beverage, Food & Tobacco	10.1%		
Diversified Holdings	9.7%		
Manufacturing/Construction	8.5%		
Telecommunications	6.1%		
Footwear & Textiles	2.2%		
Hotels & Travels	1.5%		
Power and energy	0.0%		
Cash and Cash Equivalent	21.1%		
<b>Top 5 Holdings</b> <i>As a % of Total Portfolio</i>			
Cargills (Ceylon) PLC	9.6%		
Hatton National Bank PLC	8.6%		
Nations Trust Bank Plc	7.8%		
People's Leasing Company Limited	6.9%		
Sampath Bank PLC	6.4%		
<b>Asset Allocation</b> <i>As a % of Total Portfolio</i>			
Cash & Cash Equivalent	21.1%		
Equity Investments	78.9%		
<b>Fund Performance</b>			
Period	Fund	ASPI**	S&P SL 20**
Month	-3.13%	-0.11%	-1.86%
3 Months	-7.46%	-4.26%	-2.89%
YTD 2018	-25.30%	-20.24%	-28.53%
Since Relaunch (08/2010)	-21.52%	-26.92%	-32.41%

## A look at December 2018

Global equity markets, both developed and emerging, ended 2018 on a sour note. Markets were dominated by increasing US interest rates, slowdown in Chinese economic growth and rising geopolitical concerns including the US-China trade dispute. The negative investor sentiment across global markets extended to Colombo Bourse (CSE), draining Rs 23bn foreign investments during the year 2018. Weaker economic growth and volatility in political arena added further pressure to the performance of CSE. The broad market index, ASPI, dropped by 5.0% in the year while the more liquid S&P 20 index dropped by 14.6%. In December, the ASPI grew by 0.55% albeit the S&P 20 dropped by 1.36%. The main contributor to the ASPI growth was the exceptional 72% rise in AIA insurance's share price. Against this back drop, the fund recorded -25.3% dollar adjusted return compared with the ASPI dollar adjusted return of -20.2% for the year 2018. During the year 2018, LKR depreciated by 19.5% along with other emerging market currencies amidst strengthening of the USD. In December, the fund's return fell by 3.13% due to the significant price drop in the non-top holding such as Dialog (-10.6%), and the price drop in the holdings such as Central Finance (-3.4%) and Chevron Lubricants (-4.2%).



\* 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 31/12/13)
Group Portfolios - Discretionary	4.55%
All Share Price Index	0.47%
S&P SL 20	-0.80%