



**National Asset Management Ltd.**  
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## NAMAL Funds



Explanatory Memorandum

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# About **namal**

## **About NAMAL**

National Asset Management Limited (NAMAL) is the pioneer Unit Trust management company in Sri Lanka established in 1991. With 19 years of experience and a successful track record of investing in equity and fixed income markets, NAMAL launched the first Unit Trust to be licensed in Sri Lanka (National Equity Fund) and the first listed Unit Trust (NAMAL Acuity Value Fund). We operate eight Unit Trusts and offer private portfolio management services as well. A subsidiary of Union Bank of Colombo PLC, our shareholders include DFCC Bank and Ennid Capital (Pvt) Limited. We have a highly experienced and professional management team with widespread experience in domestic and international capital markets.

## **Our Investment Philosophy**

"Value Investing" is an in-grained investment philosophy at NAMAL. It is a rigorous and disciplined investment management process involving Fundamental Research and Valuations, Asset Allocation, Portfolio Implementation, Monitoring and Reallocation Strategies. The core investment team is guided by the Investment Committee which includes eminent independent investment professionals.

## **Our Unit Trusts**

Unit Trusts enable individual investors to benefit from professional fund management, investment performance, portfolio diversification, additional investment alternatives and risk management for a low minimum investment. In addition, investors have the ability to redeem their investments on a daily basis in the event of an emergency. Investing in Unit Trusts allows you to plan and invest for your future financial wealth, significant life milestones and your prosperous retirement while enjoying peace of mind.

All NAMAL Unit Trusts are licensed and regulated by the Securities and Exchange Commission of Sri Lanka.

### Share Holders



### Board of Directors

**Mr. Alexis Lovell - Chairman**

**Mr. Ajith Wijeyasekera - Deputy Chairman**

**Mr. Indrajit Wickramasinghe**

**Mr. Palitha Gamage**

**Mr. Tyrone de Silva**

**Mr. Malinda Samaratinga**

**Mr. Suren Madhanayake**

**Mr. Avancka Herat**

**Ms. Khoo Siew Bee**

# namal Funds

## National Equity Fund

**Fund Type** *Open ended balanced fund*

**Investment Objective** The primary objective of the Fund is to achieve long term capital appreciation and provide investors with current income through prudent investment in a portfolio of listed shares and fixed income securities.

**Investment Strategies** The Managers will seek to diversify the portfolio by investing in different industry sectors and in different companies listed on the Colombo Stock Exchange. They will endeavor to build up investments in equity securities or in a security which could be converted to equity and also in selected fixed income securities which give superior yields.

In selecting industry sectors, companies for equity investments, consideration will be given to their competitive position, profitability, growth prospects, quality of management and environmental factors.

It is the responsibility of the NAMAL to formulate the fund's investment policies in the light of changing policies and economic conditions in the country. However, all policy changes will be in the best interest of the fund in achieving its objectives.

**Asset Allocation**

Investment Category	Allocation	Risk
Equity	Maximum 80% / No minimum	High
Corporate debts, asset back securities and bank deposits	Maximum 95%	Moderate
Treasury bills / bonds / or other securities issued by the Government	Maximum 95%	Low to Moderate
Cash or near cash	Minimum of 5%	Low

**Fee Structure**

Front End Fee (included in the offer price)	Management and Trustee Fees (computed daily on the net asset value of the deposited property and paid quarterly in arrears)			Exit Fee
	Management Fee	Registrar Fee	Trustee Fee	
5%	1.5%	0.25%	0.20%	Nil

**Risk Factors** The Fund's investments will be subject to changes in prices of equity investments from time to time and the interest rate volatility in the market. Further, changes in the government law/policies, taxation, economic conditions and contributory environmental factors which may have an unfavorable effect on individual securities or specific sector/sectors.

As such the ability of the fund to achieve its investment objectives will depend to a great extent on the overall performance of equity investments and also market interest rates. Accordingly the unit price will also change from time to time.

**Approved Investments** Any investment permitted under the trust deed, the Unit Trust Code and any directions issues by SEC, from time to time and includes;

- ▶ Shares, debentures and other securities that are listed on a Stock Exchange in Sri Lanka
- ▶ Corporate bonds /debentures / asset backed securities / warrants / bank deposits in Commercial Banks
- ▶ Treasury bills / bonds / or other securities issued by the Government
- ▶ Repurchase agreements
- ▶ Any investments approved by the Trustee and SEC

**Investment Restrictions** Fund will make investments within the investment parameters set out by the SEC subject to section 10 of the Unit Trust Code, the Trust Deed and changes made from time to time by the directivities issued by SEC. The main investment restrictions that are applicable to this fund are;

- ▶ Any investment in unquoted equity securities
- ▶ A level of liquidity amounting to not less than 5% of the total value of the fund in the form of cash or near cash, shall be maintained at all time
- ▶ Any investment for the purpose of gaining management control of a company

Please refer to the Trust Deed or the circulars and/or directives issued by the SEC, Sri Lanka for further information on investment restrictions.



**Minimum Investment** The minimum initial subscription by an investor for Units, is Rs 1,000/- (inclusive of Front End Fee) and multiples of Rs 1,000/- thereof.

**Valuation** The prices at which investors may subscribe for and redeem Units are calculated on each subscription day by reference to the Value of the Deposited Property as at the close of business on the subscription day (as defined in the Trust Deed).

The subscription price of a unit as at any subscription day shall be determined by

- ▶ Ascertaining the Value of the Deposited Property as at 4.00 p.m. (Sri Lanka time) on the subscription day.
- ▶ Adding/deducting such sum that the Managers may consider as representing the appropriate provision for duties and charges.
- ▶ Adding the Front End Fee as applicable thereto
- ▶ Dividing the resulting sum by the number of units in issue and deemed to be in issue

(The exact method of calculating the price of issue and redemption of a unit is as provided for in the Trust Deed).

**Dividend Distribution** Fund distributes part of its realized income and realized gains in the form of dividends which are distributed annually, in the manner more fully described in the Trust Deed.

# namal Growth Fund

**Fund Type** Open ended growth fund

**Investment Objective** The main investment objective of the Fund is to achieve medium to long term capital appreciation through prudently investing in a portfolio of quoted shares.

**Investment Strategies** The Managers will seek to diversify the portfolio by investing in different industry sectors and in different companies. They will endeavor to build up investments in equity securities or in a security which could be converted to equity, amounting to a maximum of 90% of the fund's assets depending on market conditions. The balance will be invested in low risk interest bearing instruments, to meet the redemption requirements.

In selecting industry sectors, companies for equity investments, consideration will be given to their competitive position, profitability, growth prospects, quality of management and environmental factors.

**Asset Allocation**

Investment Category	Allocation	Risk
Equity	Maximum 90% / No minimum	High
Treasury bills / bonds / or other securities issued by the Government	Maximum 20%	Low to Moderate
Cash or near cash	Minimum of 10%	Low

**Fee Structure**

Front End Fee (included in the offer price)	Management and Trustee Fees (computed daily on the net asset value of the deposited property and paid monthly in arrears)			Exit Fee
	Management Fee	Registrar Fee	Trustee Fee	
5%	1.5%	0.25%	0.25%	Nil

**Risk Factors** The Fund's investments will be subject to changes in prices of equity investments from time to time. Further, changes in the government law/policies, taxation, economic conditions and contributory environmental factors which may have an unfavorable effect on individual securities or specific sector/sectors.

As such the ability of the fund to achieve its investment objectives will depend to a great extent on the overall performance of equity investments and also market interest rates. Accordingly the unit price will also change from time to time.

**Approved Investments** Any investment permitted under the trust deed, the Unit Trust Code and any directions issues by SEC, from time to time and includes;

- ▶ Listed shares and other securities.
- ▶ Treasury bills/bonds / or other securities issued by the Government
- ▶ Repurchase agreements
- ▶ Bank deposits in Commercial Banks
- ▶ Any investments approved by the Trustee and SEC

**Investment Restrictions** Fund will make investment within the investment parameters set out by the SEC subject to section 10 of the Unit Trust Code, Trust Deed and changes made from time to time by the directivities issued by SEC. The main investment restrictions would be as follow;

- ▶ Any investment if as a result more than 20% of the net asset value of the Fund would be invested in Treasury bills/bonds / or other securities issued by the Government
- ▶ A level of liquidity amounting to not less than 10% of the total value of the fund in the form of cash or near cash, shall be maintained at all time
- ▶ Any investment for the purpose of gaining management control of a company

Please refer to the Trust Deed or the circulars and/or directives issued by the SEC for further information on investment restrictions.

**Minimum  
Investment**

The minimum initial subscription by an investor for Units, is Rs 5,000/- (inclusive of Front End Fee) and multiples of Rs 1,000/- thereof.

**Valuation**

The prices at which investors may subscribe for and redeem Units are calculated on each subscription day by reference to the value of the fund as at the close of business on the subscription valuation day (as defined in the Trust Deed).

The subscription price of a unit as at any subscription day shall be determined by

- ▶ Ascertaining the value of the deposited property as at 4.00 p.m. (Sri Lanka time) on the subscription day.
- ▶ Adding/deducting such sum that the Managers may consider as representing the appropriate provision for duties and charges.
- ▶ Adding the Front End Fee as applicable thereto
- ▶ Dividing the resulting sum by the number of units in issue and deemed to be in issue

(The exact method of calculating the price of issue and redemption of a unit is as provided for in the Trust Deed).

**Dividend  
Distribution**

The fund may distribute at the discretion of the manager all or part of its realized income and gains to its unit holders.

# namal IPO Fund

**Fund Type** Open ended growth fund

**Investment Objective** To achieve growth of capital by investing primarily in equity securities at the initial offering stage and post IPO stage for a period of one year. To target preferential allocations, that may be mandated by the SEC, in IPO's thus enabling retail investors to benefit by being part of a large single application by the Fund.

**Investment Strategies** The strategy will be to maximise asset allocation to equity securities. In the initial portfolio construction phase it is anticipated that a high proportion of the Fund will be in fixed income securities. The Manager will liquidate equity investments and reallocate a high proportion of the Fund Assets to investments in fixed income government or corporate debt securities when equity markets are believed to be over-valued in order to preserve invested capital and generate distributable income whilst reducing market risk to the Fund

It is the responsibility of NAMAL to formulate the fund's investment policies in the light of changing policies and economic conditions in the country. However, all policy changes will be in the best interest of the fund in achieving its objectives.

**Asset Allocation**

Investment Category	Allocation	Risk
Equity	Maximum 95% / No Minimum	Moderate
Treasury bills / bonds / or other securities issued by the Government. Corporate debts, asset back securities and bank deposits	Maximum 95%	Low to Moderate
Cash or near cash	Minimum of 5%	Low

**Fee Structure**

Front End Fee (included in the offer price)	Management and Trustee Fees (computed daily on the net asset value of the deposited property and paid monthly in arrears)			Exit Fee
	Management Fee	Performance Fee	Trustee Fee	
2.50%	1.25%	1.5% if net return exceeds 15% in a quarter	0.20%	Nil

**Risk Factors** The Fund Assets will be invested mainly in quoted equities. Investment in equities carries the risk of capital depreciation especially in the event of fluctuations in the stock market. Although the Manager will endeavour to minimize the risk of permanent capital diminution, the possibility of capital losses arising as a result of adverse market conditions cannot be ruled out.

At present the SEC has mandated preferential allocation for the Unit Trust Investor Category. The SEC would have the right to remove or alter the basis of the preferential allocation. The Fund will only benefit from the preferential allocation if it can maintain the necessary number of retail unit holders. Although it is the intention of the Manager to maintain the minimum number of qualifying Unit Holders it is possible that this may not be possible due to future events outside the control of the Manager.

**Approved Investments** Any investment permitted under the Trust Deed and the Unit Trust Code and any directions given by the SEC of Sri Lanka from time to time and includes:

- ▶ Shares, stock bonds, debentures, debenture stock, warrants, options or other securities which are listed and quoted on a Recognized Stock Exchange
- ▶ Treasury bills/bonds and other securities issued by the Government
- ▶ Commercial paper, debentures, bonds, promissory notes, debt notes, asset backed securities, mortgage backed securities or other fixed income instruments issued by recognized corporate entities
- ▶ Repurchase agreements
- ▶ Deposits in Commercial Banks
- ▶ Any investment approved by the Trustee and SEC which is in line with objectives of the Fund

**Investment Restrictions**

The Fund shall make investments within the investment parameters set out by the SEC subject to Section 10 of the Unit Trust Code and changes made from time to time under the directives issued by the SEC.

The main investment restrictions would be as follows:

- ▶ A level of liquidity amounting to not less than five per centum (5%) of the total value of the Fund in the form of cash or near cash, shall be maintained at all times.
- ▶ Any investment for the purpose of gaining management control of a company.

Please refer to the Trust Deed or the circulars and/or directives issued by the SEC for further information on investment restrictions.

**Minimum Investment**

The minimum subscription by an investor for Units, is Rs 10,000/- (inclusive of Front End fee) and in multiples of Rs 10,000/- thereof.

**Valuation**

The prices at which investors may subscribe for and redeem Units are calculated on each subscription day by reference to the Value of the Deposited Property as at the close of business on the subscription day (as defined in the Trust Deed).

The subscription price of a unit as at any subscription day shall be determined by

- ▶ Ascertaining the Value of the Deposited Property as at 4.00 p.m. (Sri Lanka time) on the subscription day.
- ▶ Adding/deducting such sum that the Managers may consider as representing the appropriate provision for duties and charges.
- ▶ Adding the Front End Fee as applicable thereto
- ▶ Dividing the resulting sum by the number of units in issue and deemed to be in issue

(The exact method of calculating the price of issue and redemption of a unit is as provided for in the Trust Deed).

**Dividend Distribution**

The fund may distribute at the discretion of the manager all or part of its realized income and gains to its unit holders.

# namal Income Fund

**Fund Type** Open ended fixed income fund

**Investment Objective** The main investment objective of the Fund is to provide investors with a semi – annual income at low level of risk through prudently investing in fixed income securities.

**Investment Strategies** The Manager will seek to diversify the portfolio by investing in Government debt securities and corporate debt securities, issued by different companies. They will endeavor to increase the fund's exposure particularly in corporate debt securities to improve the overall return of the fund.

**Asset Allocation**

Investment Category	Allocation	Risk
Corporate debts, asset back securities and bank deposits	Maximum 90%	Moderate
Treasury bills / bonds / or other securities issued by the Government or Central Bank	Maximum 90%	Low to Moderate
Cash or near cash	Minimum of 10%	Low

**Fee Structure**

Front End Fee	Management and Trustee Fees (computed daily on the net asset value of the deposited property and paid monthly in arrears)			Exit Fee
	Management Fee	Registrar Fee	Trustee Fee	
Nil	1.25%	0.25%	Rs. 200,000 p.a.	1% (only for redemption made within 365 days from the date of investment)



**Risk Factors** The Fund's investments will be subject to changes in interest rates from time to time and also subject to default risk. Changes in the market interest rate structure may influence the income and the market value of the fund, since the reinvestment of matured proceeds and realized income may be subject to those new rates at the time of reinvestment.

Further, an issuer of a corporate bond or other fixed income security may not be able to pay interest or the principal when it is due. Thus value of a corporate bond/fixed income security can fall significantly. Changes in the rating of securities by a rating agency may influence the valuation of securities if those securities are held by the fund at the time of announcement.

The ability of the fund to achieve its investment objectives will depend to a greater extent on the overall performance of the economy.

**Approved Investments** Any investment permitted under the Trust Deed, the Unit Trust Code and any directions issued by SEC from time to time and includes;

- ▶ Treasury bills/bonds / or other securities issued by the Government
- ▶ Corporate bonds / debentures / Promissory Notes / Commercial Papers (if guaranteed / rated) / asset backed securities
- ▶ Repurchase agreements
- ▶ Deposits in Commercial Banks or Licensed Specialized Bank
- ▶ Any investments approved by the Trustee and SEC

**Investment Restrictions** Fund will make investment within the investment parameters set out by the SEC subject to section 10 of the Unit Trust Code, Trust deed and changes made from time to time by the directives issued by SEC. The main investment restrictions would be as follow;

- ▶ Any investment in shares and / or instruments that could be converted in to shares
- ▶ A level of liquidity amounting to not less than 10% of the total value of the fund in the form of cash or near cash, shall be maintained at all time

Please refer to the Trust Deed or the circulars and/or directives issued by the SEC for further information on investment restrictions.

**Minimum Investment**

The minimum initial subscription by an investor for Units, is Rs 10,000/- and multiples of Rs 1,000/- thereof.

**Valuation**

The prices at which investors may subscribe for and redeem Units are calculated on each subscription day by reference to the net asset value of the fund as at the close of business on the subscription day (as defined in the Trust Deed).

The subscription price of a unit as at any subscription day shall be determined by

- ▶ Ascertaining the Value of the Deposited Property of the Fund as at 4.00 p.m. (Sri Lanka time) on the subscription day.
- ▶ Adding/deducting such sum that the Managers may consider as representing the appropriate provision for duties and charges.
- ▶ Adding/deducting the Front end fee or Exit Fee as applicable thereto\*
- ▶ Dividing the resulting sum by the number of units in issue and deemed to be in issue

\*No front end fee will be charged in respect of this fund.

(The exact method of calculating the price of issue and redemption of a unit is as provided for in the Trust Deed).

**Dividend Distribution**

The Fund distributes all or part of its realized income at the discretion of management to its Unit holders semi-annually.

# namal Money Market Fund

**Fund Type** Open ended cash management fund

**Investment Objective** The main investment objective of the Fund is to provide investors with current income in the short term, consisting of interest income, by investing in money market instruments such as, Government securities, asset back securities, bank deposits, repurchase agreements and corporate debt having maturities within one year, while providing liquidity to the investors.

**Investment Strategies** The Fund's investment strategy would emphasize on investments that generate reasonable yields at low levels of risk while ensuring capital protection to all investments.

The investment team at NAMAL continually evaluates macroeconomic parameters and the interest rate structure in the economy to optimize the returns to the Fund.

**Asset Allocation**

Investment Category	Allocation	Risk
Treasury bills / bonds / or other securities issued by the Government (Less than 365 days maturity)	Maximum 95%	Low
Corporate debts, asset back securities and bank deposits (Less than 365 days maturity)	Maximum 95%	Moderate
Cash or near cash	Minimum of 5%	Low

**Fee Structure**

Front End Fee	Management and Trustee Fees (computed daily on the net asset value of the deposited property and paid monthly in arrears)				Exit Fee
	Management Fee	Registrar Fee	Trustee Fee	Custodian Fee	
Nil	0.25%	0.05%	0.15%	Rs. 240,000 p.a.	Nil

**Risk Factors** The Fund's investments will be subject to changes in interest rates from time to time.

An issuer of a security may not be able to pay interest or the principal when it is due. The value of the security can fall significantly. Changes in the rating of securities by a rating agency may influence the valuation of securities if those securities are held by the fund at the time of announcement.

**Approved Investments** Any investment permitted under the trust deed, the Unit Trust Code and any directions issued by SEC from time to time and includes securities with tenure less than 365 days;

- ▶ Treasury Bills or other securities issued by the Government
- ▶ Corporate bonds / debentures / promissory notes / commercial papers (if guaranteed / rated)/ asset backed securities
- ▶ Repurchase agreements
- ▶ Bank deposits in Commercial Banks
- ▶ Any investments approved by the Trustee and SEC

**Investment Restrictions** Fund will make investment within the investment parameters set out by the SEC subject to section 10 of the Unit Trust Code, Trust Deed and changes made from time to time by the directives issued by SEC. The main investment restrictions would be as follows;

- ▶ Any investment if having maturity period over one year (365 days)
- ▶ Any investment in shares
- ▶ A level of liquidity amounting to not less than 5% of the total value of the fund in the form of cash or near cash, shall be maintained at all time

Please refer to the Trust Deed or the circulars and/or directives issued by the SEC for further information on investment restrictions.

***Minimum Investment***

The minimum initial subscription by an investor for Units, is Rs 1,000,000/- and multiples of Rs 100,000/- thereof.

***Valuation***

The prices at which investors may subscribe for and redeem Units are calculated on each subscription day by reference to the net asset value of the fund as at the close of business on the subscription valuation day (as defined in the Trust Deed).

The subscription price of a unit as at any subscription day shall be determined by

- ▶ Ascertaining the Value of the Deposited Property as at 4.00 p.m. (Sri Lanka time) on the subscription day.
- ▶ Adding/deducting such sum that the Managers may consider as representing the appropriate provision for duties and charges.
- ▶ Dividing the resulting sum by the number of units in issue and deemed to be in issue

(The exact method of calculating the price of issue and redemption of a unit is as provided for in the Trust Deed).

***Dividend Distribution***

The Fund distributes all or part of its realized income at the discretion of management to its Unit holders quarterly.

# Investing in **namal Funds**

**HOW TO  
INVEST IN  
NAMAL  
FUNDS**

NAMAL Fund family is a series of unit trust funds comprising of

- 1. National Equity Fund    2. NAMAL Growth Fund    3. NAMAL IPO Fund  
4. NAMAL Income Fund    5. NAMAL Money Market Fund,**

which offer Investors with a diversified range of Unit Trusts depending on their different risks, return profiles and liquidity needs.

National Equity Fund, NAMAL Growth Fund, NAMAL IPO Fund, NAMAL Income Fund and NAMAL Money Market Fund are licensed by the SEC under the SEC Act.

**OFFER**

National Equity Fund, NAMAL Growth Fund, NAMAL IPO Fund, NAMAL Income Fund and NAMAL Money Market Fund are open ended funds and open for subscriptions on an on going basis.

National Asset Management Limited manages the investment of the Funds in accordance with the objectives and policies stated in this Explanatory Memorandum and subject to the conditions given in the respective Trust Deeds.

A common application form for each fund is available at NAMAL offices or designated sales points

**WHO CAN  
APPLY**

Applications for the issue of units in NAMAL funds will be entertained from the following:

1. Citizens of Sri Lanka, companies and institutions incorporated in Sri Lanka.
2. Pension Funds, Provident Funds and other legally constituted bodies incorporated in Sri Lanka.
3. Minors under the age of 18 years may apply for units, but the application should be made by a parent or guardian on behalf of such a minor
4. Non-resident Sri Lankans, under schemes approved by the relevant authority
5. Citizens of foreign states, whether resident in or outside Sri Lanka, companies with limited liability or bodies corporate established or incorporated outside Sri Lanka may apply for the purchase of units, subject to the approval of the Controller of Exchange, Central Bank and the Securities and Exchange Commission of Sri Lanka.

Applications are subject to the terms of this Explanatory Memorandum and the provisions of the respective Trust Deeds.

**HOW TO  
APPLY?**

**1. Application forms**

Copies of this Explanatory Memorandum and application forms can be obtained from NAMAL or any other sales agents appointed by NAMAL from time to time.

**2. Mode of Payment**

You may make payment for Units by cheque or bank draft crossed "A/C Payee Only" made payable to "National Asset Management Limited".

National Asset Management Limited **does not accept cash**. Cash deposits can be made direct to the following bank accounts:

A/C No. 0017731000 – Deutsche Bank

or

A/C No. 072541-00-022 – Union Bank of Colombo

Completed application forms together with the cheque/bank draft or deposit slip can be handed over to Union Bank Branches or sent by mail to:

National Asset Management Limited  
305 Union Place, Colombo 2

**Company Representatives are not authorized to accept Cash on behalf of National Asset Management Limited.**

**The creation of units is subject to the realization of monies.**



<b>ALLOTMENTS</b>	If an application duly made at the office of NAMAL is accompanied by cash, Units will be allotted on the day of receipt of the monies if it is a Subscription Day, if not, on the following Subscription Day. Allotments on all other Applications will be made only after the monies are realized or the Application is received at the office of NAMAL, whichever is later.
<b>REFUNDS</b>	Refunds of subscription monies to applicants, whose applications are invalid for any reason whatsoever, will be dispatched within 14 working days of the receipt of the application.
<b>REDEMPTION</b>	In general units can be redeemed on any subscription day at the Manager's buying price on that day subject to the conditions in the respective Trust Deeds.
<b>REINVESTMENTS</b>	Investors will have the option of investing their dividends in any fund, managed by NAMAL. Reinvestment of dividends can be made in other funds, based on the price applicable for the respective fund on that date. The Front End Fee will not be applicable in the case of dividends that are reinvested.
<b>TAXATION</b>	Prospective investors, who are in doubt as to their personal tax position, should consult their own professional advisors on the implications of making an investment or holding and disposing of units and the receipt of income.
<b>CURRENCY DENOMINATION</b>	Currency denomination will be Sri Lankan Rupees.
<b>VALUATION OF UNITS</b>	<p>Each Unit Trust will value its investments according to the valuation norms included in the respective Trust Deeds, Directives issued by the SEC and industry practice applied by the Unit Trust Association of Sri Lanka.</p> <p>NAMAL will calculate and disclose the Net Asset Value of the respective Funds at close of every Business Day. A Business Day will be any day on which the Colombo Stock Exchange is open for dealings.</p>
<b>SWITCHING</b>	<p>Unit holders of each Fund will have the option to transfer their investments to any other Unit Trust Fund managed by NAMAL by giving specific written notice. These transfers, however, will be subject to other requirements specified under <b>redemptions</b>. Investors making such transfers will enjoy a concession of having the usual Front End Fee applicable waived off for such transfers twice a year.</p> <p>However, this facility is not available to investors who are foreign nationals.</p>
<b>REPORTS AND ACCOUNTS</b>	Investors will be sent a report on the annual accounts and the performance of the fund annually. The accounts will be prepared up to 31st March in each year and sent to the investor within three months.

## GENERAL INFORMATION

### Rights of Investors

1. To inspect the Trust Deed at the office of the Managers during office hours free of charge. Copies of the Trust Deed priced at Rs. 500/- can be purchased from the Managers, between 9 a.m. and 3 p.m. on any working day.
2. To redeem subject to the conditions of the Trust Deed all or some Units registered in their name.
3. To receive periodical statements, annual accounts and reports of the Auditors.
4. To transfer the Units registered in the name of a holder on the payment of the fee of Rs. 100/-
5. To participate in meetings of the unit holders subject to the provision of the Trust Deed.

### Collateral

The Unit holders of NAMAL Funds may enjoy the benefit of pledging their Units with financial institutions as collateral for facilities allowed by them.

### Charges and Fees Payable by The Funds

- i. Manager's Fees.
- ii. Trustee's Fee and expenses.
- iii. Auditor's Fee and expenses.
- iv. Brokerage expenses for acquiring and disposing Investments of the fund.
- v. Legal costs incurred on safeguarding the deposited property.
- vi. Costs incurred to enable the Trust to comply with legislation or other official requirements.
- vii. All professional Fees incurred in connection with matters pertaining to the affairs of the Trust.
- viii. All taxes and other duties payable in the establishment, execution, management or termination of the Trust.
- ix. All other charges and Fees which are specifically provided for in the relevant Trust Deed.

\*Please note that the charges and fees payable by the funds are governed by the relevant Trust Deeds and the above is a general description of the different types of charges and fees that are payable by different funds.

# Corporate Information

## **Corporate Information**

### **Fund Manager & Registrar**

National Asset Management Ltd (NAMAL)  
305, Vauxhall Street, Colombo 02

### **Trustee & Custodian**

#### **Deutsche Bank AG**

No. 86, Galle Road, Colombo 03

### **Auditors**

#### **Ernst & Young**

201 De Saram Place, Colombo 10

#### **PricewaterhouseCoopers**

100, Braybrooke Place, Colombo 03

### **Tax Advisors**

#### **PricewaterhouseCoopers**

100, Braybrooke Place, Colombo 03

### **Lawyers**

#### **FJ & G de Saram**

#### **Attorneys-at-Law & Notaries Public**

216 De Saram Place, Colombo 10

## Definitions

<b>"Business Day"</b>	any day on which the Colombo Stock Exchange is open for trading
<b>"Central Bank" or "CBSL"</b>	Central Bank of Sri Lanka
<b>"Deposited Property"</b>	the amount subscribed to the Fund and accepted for allotment of Units by the Managing Company which shall be constituted out of the existing Deposited Property plus the proceeds of the Offering of Units at the Offer End Fee), which shall subject to the deduction of the Front End Fee be entrusted to the Trustee & Custodian to form the additional Deposited Property as may be further defined by the Unit Trust Code
<b>"Government"</b>	the Government of Sri Lanka
<b>"Explanatory Memorandum"</b>	this Explanatory Memorandum dated 7 <sup>th</sup> July 2011 issued by National Asset Management Limited (NAMAL)
<b>"Front-End Fee"</b>	the portion of proceeds from the Offering, paid to the Managing Company as a Fee.
<b>"Fund Manager" or "Managing Company"</b>	National Asset Management Limited ("NAMAL"), a fund Managing Company licensed by the SEC to operate Unit Trusts in Sri Lanka
<b>"LKR" or "rupees" or "Sri Lanka rupees"</b>	Sri Lankan Rupees, the legal currency of Sri Lanka
<b>"Net Asset Value" or "NAV"</b>	means the total asset value owned by the trust including any income minus its liabilities except on account of the Unit Holders.
<b>"Management Fees"</b>	means any sum to which the Managers may become entitled pursuant to the provisions of the Trust Deed
<b>"p.a."</b>	per annum
<b>"SEC"</b>	Securities & Exchange Commission of Sri Lanka
<b>"SEC Act"</b>	Securities & Exchange Commission of Sri Lanka Act No. 36 of 1987 as amended
<b>Subscription Day</b>	Any day on which NAMAL will create/redeem Units
<b>"Trustee"</b>	Deutsche Bank AG, Colombo Branch, or any successor appointed by the Managing Company with the approval of the SEC
<b>"Unit Holders"</b>	Holders of Units in the Fund
<b>"Unit Trust Code"</b>	Unit Trust Code of 2004 issued by the SEC

### **Important Information**

Units of the NAMAL Funds are offered solely on the basis of information contained in this Explanatory Memorandum and the documents referred to herein. Any information or representation (not contained herein) given or made by a dealer, salesman or other person should be regarded as unauthorized and accordingly not be relied upon.

It should be noted that circulation and distribution of this Memorandum in certain countries is restricted by law.

This Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorized 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 securities to which it relates by distributors as contemplated herein.

This Explanatory Memorandum is based on the law and practice currently in force in Sri Lanka and is subject to change therein.

“Deutsche Bank AG, the Trustee hereby declare that

- ▶ the transactions with the Management Company will be carried out at an 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
- ▶ the requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds issued by SEC have been complied with.”

“The Trustees further certify that they have read and agreed with the representations herein.

### **Deutsche Bank AG – Colombo Branch**

“The Directors of National Asset Management Ltd hereby declare that

- ▶ the transactions with the Trustee will be carried out at an 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

- ▶ the requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds issued by the SEC have been complied with.”

“This Explanatory Memorandum has been seen and approved by the Directors of National Asset Management Ltd and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other material facts, the omission of which, would make any statement herein misleading.”

**National Asset Management Limited**

**IMPORTANT:**

**READ AND RETAIN THIS MEMORANDUM FOR FUTURE REFERENCE. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS EXPLANATORY MEMORANDUM YOU SHOULD CONSULT YOUR BANK MANAGER, ATTORNEY-AT-LAW, ACCOUNTANT OR OTHER FINANCIAL ADVISER.**

**THE PRICE OF UNITS AND THE INCOME DERIVED FROM HOLDINGS MAY INCREASE OR DECREASE FROM TIME TO TIME AND THIS IS APPLICABLE TO INVESTMENTS MADE IN ALL FUNDS REFERRED TO IN THIS INFORMATION MEMORANDUM.**

All enquiries about the NAMAL Funds should be directed to:

**National Asset Management Limited,**  
64, Galle Road, Colombo 03.

Telephone : 011 5450450  
Fax : 011 244 5903

Email : [info@namal.lk](mailto:info@namal.lk)  
Web Site : [www.namal.lk](http://www.namal.lk)

This memorandum is dated 7th July 2011