



ASSETLINE INCOME FUND

Explanatory Memorandum

V5.0 (Last updated on 28th March 2022)

Fund Description

The Assetline Income Fund is an open ended fund ("Fund") investing in corporate debt instruments and government securities for tenures of one year or less, and managed by Assetline Capital (Private) Limited ("the Manager" or "ACPL"). This Fund would operate under the license issued by the Securities and Exchange Commission of Sri Lanka ("SEC").

Investment Objective

The primary investment objective of the Fund would be to maximize the total return of the Fund and provide an investment vehicle for investors with short term investment horizon by carefully investing in fixed income securities which include fixed deposits, trust receipts, listed and unlisted corporate debt, government securities, Repurchase Agreements and other money market securities with tenures of 1 year or less.

Investment Strategy

The Fund will be focused on investing in fixed income securities to maximize the return to the Fund by understanding the investment horizons of the unit holders. Securities equal to 3% of the fund will be in cash or near cash instruments accepted under the Unit Trust Code 2011.

The investments undertaken by the Fund will adhere to the regulations of the Securities and Exchange Commission of Sri Lanka, the Trust Deed and the changes made to same from time to time would be on the approval of the Securities and Exchange Commission of Sri Lanka.

Investment Details

Investment Type	Investment Risk	Investment Allocation
Fixed Deposits, Trust Receipts, listed and unlisted corporate debt, Repurchase Agreements, Treasury Bills/ Bonds, other Money Market Securities with tenures of one year or less	Moderate	Maximum 97%
Bank/call deposits, repurchase agreements with maturities of less than 3 months, commercial paper endorsed or guaranteed by a Licensed Commercial Bank or Licensed Specialized Bank with maturities of less than 3 months and government securities including government bonds with maturities of less than one year.	Low	Minimum 3%

Fee Structure Charged to the Total Fund

Fee Category	Rate
Trustee Fee	0.225% p.a.
Management Fee	0.5% p.a.
Custodian Fee for the Total Fund	Rs. 25,000/- per month + applicable government taxes
Exit Fee	NIL

Risk Factors

This Fund is subject to market risk and volatility of:

- Counter Party Risk
- Default Risk

Investment Requirements

The minimum initial investment at the inception would be Rs. 1,000/-

Board of Directors

The Board of Directors to ACPL is comprised of:

Ms. Romany Parakrama – Chairperson

Mr. Dhanika De Silva

Mr. Sidath Kalyanaratne

Mr. Wishan Perera

Mr. Ramli Mohamed

Income Distribution

Dividend distribution will be at the discretion of the Manager.

Trustee

Deutsche Bank AG

Auditors

B. R. De Silva & Company

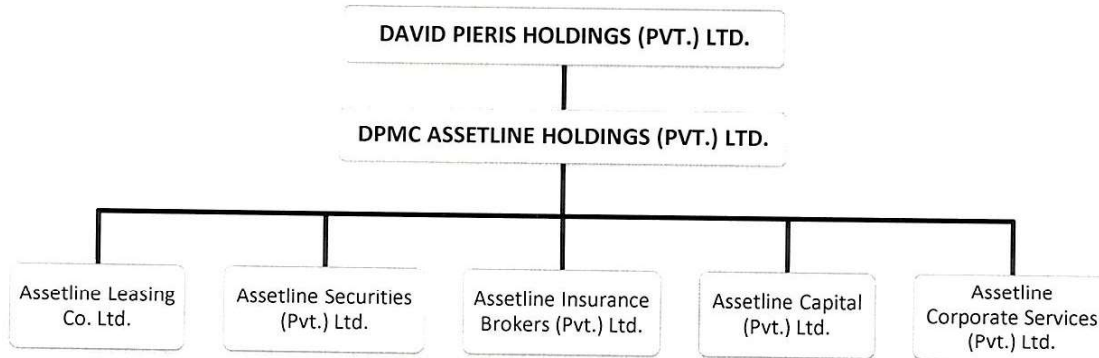
Bankers

1. Commercial Bank of Ceylon PLC
2. Deutsche Bank AG
3. Hatton National Bank PLC
4. National Development Bank PLC
5. Nations Trust Bank PLC
6. People's Bank
7. Sampath Bank PLC
8. Seylan Bank PLC

Corporate Information

Assetline Capital (Private) Limited (Company Registration No. PV 121) is a licensed Investment Manager approved by the Securities and Exchange Commission of Sri Lanka (SEC), specializing in providing portfolio management services to high net-worth individuals and corporate entities. ACPL is also a Securities and Exchange Commission of Sri Lanka licensed Unit Trust Managing Company.

ACPL is a fully owned subsidiary of DPMC Assetline Holdings (Private) Limited. The ultimate parent company of ACPL is David Pieris Holdings (Private) Limited (formerly David Pieris Motor Company Limited).



Application Process

a) Completing Application Forms and Account Opening

An account for each unit holder (under the Assetline Income Fund) will be opened, once the completed Account Opening Application Form is submitted. The mandatory fields in these Account Opening Application Forms are required to be completed. Unit holders are required to be fully compliant with all applicable Know Your Customer (KYC) requirements and Customer Due Diligence (CDD) requirements, in terms of the Financial Transactions Reporting Act No. 6 of 2006 and its amendments.

Copies of the relevant Account Opening Form (to be completed) along with this Memorandum can be obtained from ACPL (located at No. 120, 120A, Pannipitiya Road, Battaramulla) or our official website (<http://assetline.lk/product/mutual-funds/>).

All amendments to the initial applications need to be authorized by the unit holder. In the case of Joint holders, all amendments to the initial mandate need to be authorized by all of the joint holders

b) Payment Method

Account Payee Cheque drawn in favour of 'Assetline Income Fund' or Transfer of funds direct to the bank account of 'Assetline Income Fund'. Also, unit subscriptions to the Fund via cash can be submitted directly to Assetline Capital (Private) Limited located at No. 120, 120A, Pannipitiya Road, Battaramulla. Third Party Payments to Unit Subscriptions shall not be facilitated, unless prior approval by the managing company is obtained.

Offer

This Fund which is managed by ACPL will provide investors the option to continuously subscribe for units. ACPL shall manage the Fund in line with the Fund's Explanatory Memorandum and Trust Deed.

Eligibility for Application

The applicant should be;

- a) A Sri Lankan citizen above 18 years of age as of the application day.
- b) A company/institution incorporated in Sri Lanka.
- c) Incorporated legal bodies/ Trusts /Clubs and Associations in Sri Lanka.
- d) Sri Lankan non-residents approved by the Foreign Exchange Act
- e) A foreign citizen residing in or outside Sri Lanka subject to any approvals which may be required from the Controller of Exchange and the Securities and Exchange Commission of Sri Lanka.
- f) A limited liability company or established/incorporated corporate body outside Sri Lanka subject to any approvals which may be required from the Controller of Exchange and the Securities and Exchange Commission of Sri Lanka.
- g) Minors as the first holder when applied jointly with parent, legally appointed guardian or curator.

Initial Offer Period

The initial public offer period was from 11th July 2014 to 18th July 2014.

Number of Unit Holders

ACPL shall, at all times, maintain a minimum number of unit holders for the Fund, in accordance with the directives issued by the Securities and Exchange Commission of Sri Lanka.

Allotment of Units

Unit allotment will be conducted according to the timely receipt of cash, realized funds along with a submission of the duly completed application.

All duly received subscriptions requests informed prior to the cut off time of 10.30 am and realized before 3.00PM will be allocated units on the same day and will be priced based on the previous day's unit price. Subscription requests received after the cut-off time of 10.30am along with the realization of cash will be allotted units on the following day based on the current day unit price.

Valuation of Units

After the "initial public offer period" the subscription price and the redemption price of units is calculated, by dividing the Fund's net asset value which will be ascertained as at 5.00 p.m. on each subscription day, by the number of units in issue and considered to be in issue.



Furthermore, the afore-mentioned net asset value calculation will incorporate deductions for such sums that ACPL may deem as an appropriate representation for duties and charges which include but not limited to fees and expenses such as auditor fees, custodian fees, professional fees, legal fees, taxes and duties, registration charges, charges and expenses which are permitted by the Trust Deed or by Law.

The daily valuation for all investments in the Fund will be done on a cost plus accrued interest method.

Unit prices will be disclosed publicly through appropriate channels on each subscription day.

Switching

Each unit holder can instruct ACPL to switch the said unit holder's investments from among any Unit Trust fund under the management of ACPL. The switching shall be accounted as a redemption (from the outward remitting fund) and as a subscription (to the inward remitting fund) of units. Further, prior written notice is required to facilitate a smooth switch.

Redemption of Units

Units can be redeemed with a written request, addressed and sent to the Managers. Redemption requests received before the cut off time of 10.30am will be priced based on the previous days price and redemption requests received after the cut off time will be priced based on the current day's prices.

Where a unit holder wishes to redeem units which amount to Three per centum (3%) or more of the net asset value of the Fund, such holder shall give the Manager at least 14 days written notice in advance of the intention to redeem.

Where redemption requests on any dealing day exceed ten per centum (10%) of the total number of units in issue, redemption requests in excess of the 10% may be deferred to the next dealing day, provided the Securities and Exchange Commission of Sri Lanka is notified in writing of such deferral.

Payment of redemption proceeds will be made to the holder of the units or in the case of a joint holding, proceeds will be paid to the holder of the units as per the mandate given, by a bank fund transfer the day on which the relevant units are redeemed.

Where an authority in writing in that behalf shall have been received by the Managers from the unit holder or in the case of joint holders as per the mandate given in such form as the Managers shall consider sufficient, the Managers shall pay the amount distributable to the holder or joint holders as the case may be to his or their banker or other agent as specified in the said authority in the same manner and with the same effect as hereinbefore provided as though such banker or other agent were the sole Holder.



Investors have the option of requesting redemption payments via an electronic fund transfer system recognized by the banking industry in Sri Lanka. This service will attract a charge for the specific banking service as per the prevailing bank tariff. Redemption of units is subject to any restrictions imposed by the Unit Trust Code.

Reports and Accounts

In accordance with applicable regulations, Interim Reports, Annual Reports of the Fund would be made available to investors.

Rights of Unit Holders

As mentioned in the Trust Deed.

Suspension of Dealings

The Managers may suspend dealing with the approval of the Trustee and with the written consent of the Securities and Exchange Commission of Sri Lanka if any situation warrants.

Taxation

Fund will be subjected to taxation as per the current applicable laws. Prospective Investors are advised to consult their tax consultants vis-à-vis the implications of making an investment or holding and disposing of units and the income received.

Borrowing Powers of the Fund

The Trustee may at any time on the request of the Managers borrow on account of the trust for the purpose of financing any redemption requests of the Fund. The principal amount of all such borrowing outstanding at any given time shall not exceed fifteen *per centum* (15%) of the value of the Deposited Property.

Leverage by borrowing against securities or buying on margin is prohibited except in relation to investments with fixed and determinable future maturity dates. The percentage of such leverage will be determined with the approval of the Securities and Exchange Commission of Sri Lanka and as stated in the Trust Deed provided that the maximum gearing a Unit Trust may have outstanding, does not exceed fifteen per centum of the deposited property.

Disclaimer

Price of units and income derived from the units may vary from time to time and investors are advised to seek professional advice prior to investment.

General Information

Any inquiries can be directed to:
Assetline Capital (Private) Limited
120, 120A, Pannipitiya Road
Battaramulla
mutualfunds@assetline.lk
0114700100



Declaration by the Trustees and the Management Company

Declaration by the Trustees and Management Company as per Securities and Exchange Commission of Sri Lanka Circular 02/2009 on Guidelines for Trustees and Managing Companies of Unit Trust Funds.

DEUTSCHE BANK AG the Trustee and ASSETLINE CAPITAL (PRIVATE) LIMITED the Managers of Assetline Income Fund hereby declare that,

- a) the transactions will be carried out at an arms-length basis and on terms which are best available for the Fund, as well as act, at all times, in the best interest of the Fund's unit holders;
- b) the requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds set out by the Securities and Exchange Commission of Sri Lanka, will be complied with.



Signed

Director

Assetline Capital (Private) Limited



DEUTSCHE BANK AG
Colombo Branch

Signed
Authorized Signatories
Trustee

Deutsche Bank AG

Declaration by the Management Company

This Explanatory 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 and to the best of their knowledge and belief, there are no other facts, the omission of which, would make any statement herein misleading.



Signed

Director

Assetline Capital (Private) Limited



Signed

Director

Assetline Capital (Private) Limited