



ArpicoAtaraxia Sri Lankan Bond Fund (Gilt Edge Fund)

Explanatory Memorandum



IMPORTANT NOTICES

Important Notice -

This Explanatory Memorandum ('EM') is for the ArpicoAtaraxia Sri Lankan Bond Fund (SBF) or the ('Fund') which offers interests in the Fund (interests being "Units").

ArpicoAtaraxia Asset Management (Pvt) Ltd ('ArpicoAtaraxia' or the 'Fund Manager') is the Fund Manager for the Fund.

References to 'we', 'our' or 'us' throughout this EM should be read as references to ArpicoAtaraxia as appropriate. A copy of this EM has been lodged with the Securities Exchange Commission of Sri Lanka ('SEC').

Trading Participants -

The offer in this EM is for Retail Investors, Stockbrokers and Institutional Market Participants.

For further details on the SBF please contact your financial adviser or your stockbroker or visit the ArpicoAtaraxia website. Website: www.arpicoataraxia.com Email: fundsinfo@arpicoataraxia.com

Electronic Explanatory Memorandum -

If you have received this EM electronically and would like a paper copy free of charge, please contact ArpicoAtaraxia.

Update of Information -

Information in this EM is subject to change from time to time and, provided the changes are not materially adverse to investors is subject to change from time to time and may be updated by the Fund Manager by publishing such information on the ArpicoAtaraxia website. www.arpicoataraxia.com

Any such changes will be subject to the consent of the SEC and the Trustee.

A paper copy of any updated information will be given upon request and is free of charge.

ArpicoAtaraxia, the Fund Manager is licensed by the Securities and Exchange Commission of Sri Lanka (SEC) under Act No. 36 of 1987 (as amended) to operate the ArpicoAtaraxia Sri Lankan Bond Fund (SBF).

Information available in relation to this is subject to regular reporting and disclosure obligations.

In its capacity as Fund Manager of the Fund and Fund Manager of the units, the following information can be obtained by visiting www.arpicoataraxia.com or by calling ArpicoAtaraxia.

- Details of the Net Asset Value (NAV) for each of the Funds units;
- The latest copy of the EM and the Trust Deed for the Fund;
- Details of any continuous disclosure notices required to be lodged with SEC;
- Details of distribution announcements given by ArpicoAtaraxia;
- Annual reports and financial statements for the Fund; and
- Details of the distribution reinvestment plan.

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SECTION 01 THE OFFER AT A GLANCE

Fund Manager	ArpicoAtaraxia Asset Management (Pvt) Ltd.
Custodian & Trustee	Hatton National Bank PLC.
Auditor of the Fund	Dinithway Partners (DP).
Legal Advisors	ArpicoAtaraxia Legal Division.
Strategy	The Fund aims to invest into Sri Lankan Government Treasury Bonds and Bills all the time.
Minimum Investment Amount	LKR 1,000/-.
Front End Fee	NIL.
Management Fee	Management fee at 0.50% per annum of the Net Asset Value of the Fund payable to the Fund Manager. The Fee will be calculated and accrued as at each market day.
Trustee & Custodian Fee	The Fund will pay Hatton National Bank PLC a Trustee Fee calculated as 0.2% from the Net Asset Value (NAV) of the fund, subjected to a minimum of LKR 20,000.00 per month, after deducting all the applicable government taxes per annum and the Custodian Fee included a flat rate of LKR 20,000/- per month after deducting all the applicable government taxes.
Exit Fee	NIL.
Distributions	Distributions may be paid bi-annually at 30 June and 31 December each year or at such other times as determined by the Fund Manager. Distributions can be reinvested directly into the Fund, through the Funds Dividend Reinvestment Plan (DRP) if available.
Taxation	You will have to seek your own tax advice as it may vary on your individual circumstances.
Foreign Investors	YES. This Fund actively welcomes participation from foreign retail and institutional investors.
Certificates of Holding	Every unit holder in the Fund will be provided with certificates as to their holdings in the Fund. The Certificates will provide investors with a record of their beneficial ownership of units in the Fund.
How to Apply	Please see the applications forms as found in the EM on page 16.

SECTION 02 OVERVIEW OF THE FUND

The ArpicoAtaraxia Sri Lankan Bond Fund (SBF) provides a more efficient way for investors to gain access to government treasury bonds and bills.

The fund invests in bonds of different maturities, often buying and selling according to market conditions and rarely holding bonds until maturity therefore it's an easier way to achieve diversification even with a small investment. Income payments may be made semi annually.

2.1 Fund Information

The ArpicoAtaraxia Sri Lankan Bond Fund ('SBF' or the 'Fund') will be structured as an open ended unit trust, as licenced by the Securities and Exchange Commission of Sri Lanka (SEC). The Fund provides investors with a means of pooling together their Funds into an investment vehicle that can potentially enhance their income.

The Fund is an open ended Unit Trust established as a contractual arrangement between the Fund Manager and the Hatton National Bank PLC (the 'Trustee') acting on behalf of the Investors. The Fund is licensed and regulated by the Securities & Exchange Commission (SEC) and managed by ArpicoAtaraxia.

ArpicoAtaraxia will utilise investor funds to invest in mainly government treasury bonds and bills. The investment strategy of the fund will be to collectively invest to provide a steady income stream to investors.

2.2 Minimum Subscription

The Minimum Subscription is represented by the number of Units equivalent to LKR 1,000/- at the daily Offer Price. Thereafter investors can additionally invest with no minimum subscription amount.

2.3 Fund Period / Term

The Fund is an open ended Fund, therefore investors can redeem their units for cash during the Fund's market hours at the net asset value price.

2.4 Fund Valuation

The Net Asset Value of the Fund shall be calculated on a daily basis, in the event that the day is not a trading day as outlined by the Colombo Stock Exchange, the next proceeding trading day shall be used to value units in the Fund.

2.5 Fund Fees and Charges

The costs of an investment in the Fund or the fees payable to the Fund Manager and the Trustee are as follows:

- Management Fees of 0.50% per annum based on funds under management paid out monthly.

Trustee fee included 0.2% from the Net Asset Value (NAV) of the fund after deducting all the applicable government taxes per annum and the Custodian Fee included a flat rate of LKR 240,000/- per annum after deducting all the applicable government taxes.

SECTION 03 FUND STRUCTURE

The structure of the Fund is an open ended unit trust which is licensed under the Securities and Exchange Commission of Sri Lanka. The Fund and units of the Fund are issued and managed by ArpicoAtaraxia.

3.1 Unit Trust Overview

Open Ended Funds are collective investment vehicles, where investors pool their Funds together under a unit trust structure in order to meet a common objective. Today there are more than 50,000 open ended Funds worldwide and we believe the SBF offers investors significant value and benefits. Some of the benefits of the fund are:

Diversification -

Bond funds typically own a number of individual bonds of varying maturities, so the impact of any single bond's performance is lessened. The SBF is also diversified across Sri Lankan government bonds, providing exposure to Sri Lankan government securities and cash & cash equivalents.

Low minimum Investment -

The minimum investment for the SBF is low enough that you can get significantly more diversification for

much less money than if you purchased individual bonds.

Professional Management -

Professional portfolio managers and analysts have the expertise and technology to and analyse market information before making investment decisions. Fund managers identify which securities to buy and sell through individual security analysis and yield curve evaluation.

Liquidity and Convenience -

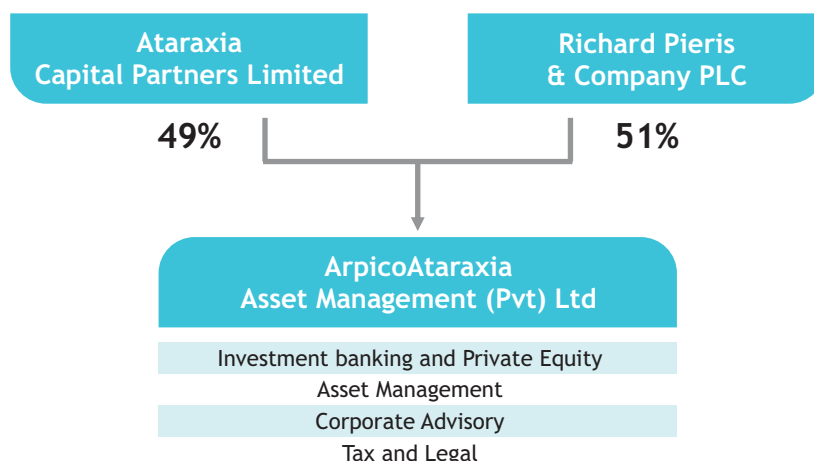
The Fund allows you to buy or sell your fund units each day. In addition, the Fund allows you to automatically reinvest income distributions and to make additional investments at any time.

Regular Income Stream -

The Fund may pay a regular semi annual income, although the amount may vary with market conditions. This feature makes the SBF an ideal choice for investors who desire stable, regular income. If you do not wish to receive the distribution, you can choose to have your dividends reinvested automatically.

3.2 About the Fund Manager

ArpicoAtaraxia is a joint venture between Richard Pieris & Company PLC and Ataraxia Capital Partners Limited. ArpicoAtaraxia's primary goal is to create Sri Lanka's leading Investment Banking and Asset Management Company.



3.3 Board of Directors of Arpico Ataraxia Asset Management (Pvt) Ltd

Mr. Viville Perera - Director

Mr. Viville Perera is a Science graduate from Kelaniya University with Second Class Honours and a Fellow Member of the Chartered Institute of Management Accountants and Associate Member of the Chartered Institute of Marketing in United Kingdom. Mr. Perera has over 30 years experience in senior managerial capacity in leading business organisations such as Associated Newspapers of Ceylon Limited, Middleway Ltd (Ceylinco Group) and Amico Group of Companies. He has served as a Treasurer and Vice President of Sri Lanka Institute of Packaging and a member of the lecture panel for SLIM and ABE Sri Lanka Branch for examinations leading to CIM and ABE (UK). He is a Director of Richard Pieris Exports PLC.

Mr. Savanth Sebastian - Director

Mr. Savanth is a B Com (Actuarial and Finance) from University of New South Wales, he responsible for the analysis of economic trends in the Australian and global economy, as well as the likely impact these have on equity markets. His reports and commentary are provided to staff, clients and the broader community through a variety of media commitments. He joined Commonwealth Bank in 2002 where his primary focus was on trading international equities and derivatives.

Mr. Sharad Sridharan - Director

Mr. Sharad Sridharan is a B Com (Economics & Finance)/LLB and Juris Doctorate from University of Sydney and the University of Technology, Sydney. Prior to entering the law, Sharad was an analyst at Goldman Sachs in Sydney as part of their Fixed Income and Commodities team, covering structuring advice on a broad range of products from spot FX sales through to derivative structures in commodities. Having worked across jurisdictions with leading law firms including DLA Piper & Allens Arthur Robinson, Sharad has advised a broad range of clients including the Government of Abu Dhabi, BHP Billiton, Xstrata, Ultra HNW individuals and private equity houses. At Ataraxia he is the head of investments, working with key stakeholders across the group including clients, joint venture partners and regulators.

3.4 Fund Sponsor

The Fund Manager has appointed Richard Pieris Securities (Pvt) Ltd as the Sponsor & Placement Agent for the Offering. Richard Pieris Securities (Pvt) Ltd is a member of the Colombo Stock Exchange and one of the premier brokers in Sri Lanka.

3.5 Investment Committee members of ArpicoAtaraxia Asset Management (Pvt) Ltd

Mr. Sharad Sridharan - Director

Mr. Asanth Sebastian - Head of Structured Products

Mr. Tharanga Gamage - Chief Investment Officer

Mr. Rajitha Wijesingha - Portfolio Manager

Asanth Sebastian - Head of Structured Products

Mr. Asanth has many years experience in financial markets having begun his career at UBS in equity derivatives and structured products. At UBS Asanth worked on the trading and structuring of many styles of structured products particularly in the listed space. In 2007 Asanth joined the Australian Stock Exchange as the Business Development Manager for their warrants and structured products business. With Ataraxia he heads our funds management and structured products team.

Tharanga Gamage - Chief Investment Officer

Mr. Tharanga has mastered corporate Equity/Debt listings procedures being attached to the Corporate Advisory and Capital Markets Division at Merchant Bank of Sri Lanka PLC. He has worked on many corporate advisory assignments in both private and public sectors. He holds a BBA in Accounting & Finance and a PG Dip in Treasury & Forex Management from ICFAI, India. He obtained his MSc in Applied Finance from the University of Sri J'Pura.

Rajitha Wijesingha - Portfolio Manager

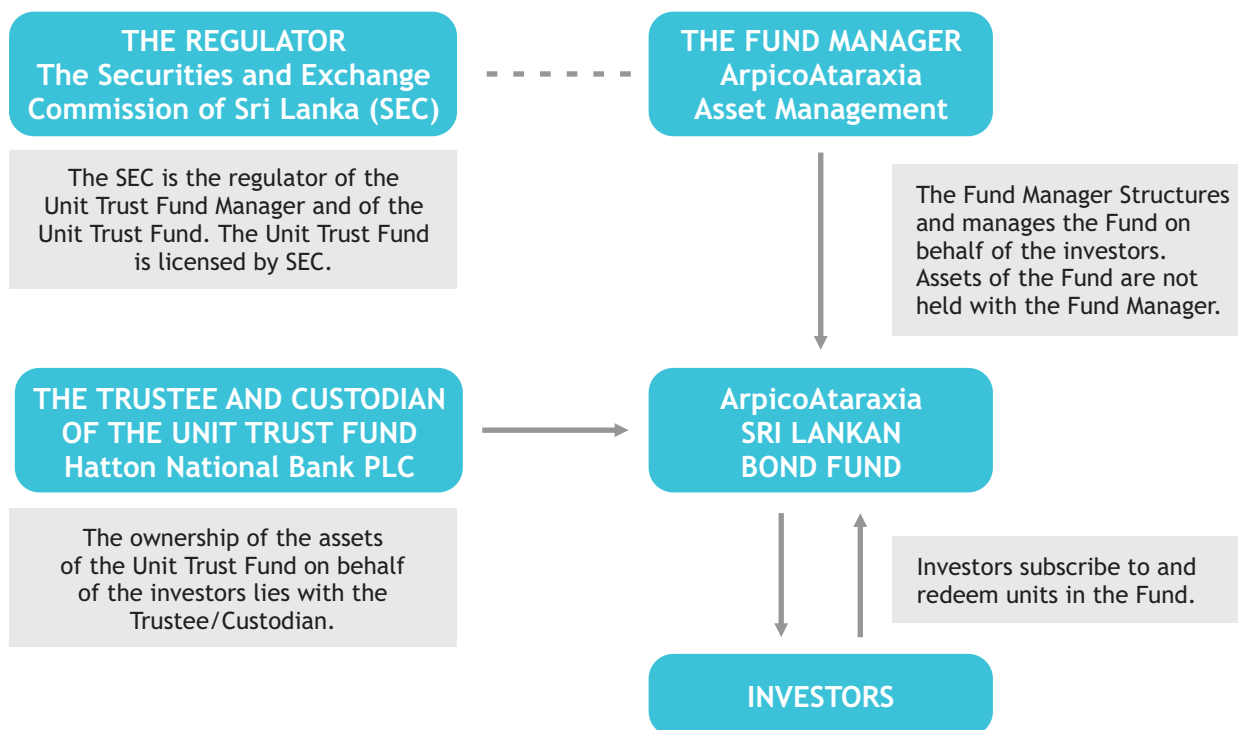
Mr. Rajitha is actively involved in Asset Management of ArpicoAtaraxia and possess in-depth knowledge in Portfolio Management and fixed income. He was also part of the team in placing funds for various corporates. Rajitha is a ACMA (UK)/ CGMA and holds a BCom specialized in Business Technology from the University of Kelaniya.

3.6 The Trustee and Custodian

Hatton National Bank is a premier private sector commercial bank operating in Sri Lanka with 251 branches spread across the island. The bank has been internationally recognized by the Asian Banker Magazine as the “Best Retail Bank in Sri Lanka” on ten occasions from 2007 to 2017.

The Banker Magazine of the UK named HNB as the Bank of the Year in 2012, 2013 and 2017. HNB is also placed

among The Banker’s Top 1000 banks in the world. HNB is actively involved in retail banking, corporate banking, international banking, treasury and project financing. In 2012 HNB became the 1st Sri Lankan bank to obtain an international credit rating and was assigned a foreign currency issuer rating of B1 on par with the sovereign rating by Moody’s Investors Service. The bank’s national long term rating by Fitch Ratings (Lanka) Ltd is AA-(lka).



3.7 Fund Auditor

The Trustee appoints an independent Auditor for the Fund. The Auditor will prepare audited annual financial reports and will submit its reports to the Fund Manager. Such reports will provide an opinion regarding the Fund’s financial statements and an assessment of the accounting principles used.

SECTION 04 INVESTMENT STRATEGY

The Fund's investment strategy is to invest in Sri Lankan government securities, Treasury Bills and Bonds, Repurchase Agreements and Cash.

It is designed for investors looking for income returns from a diversified portfolio of Sri Lankan government fixed interest securities which is actively managed to take advantage of interest rate movements in the Sri Lankan government fixed income market. The Fund's portfolio is comprised of range of risk free government securities and cash.

ArpicoAtaraxia uses multiple strategies such as duration, yield curve positioning and credit management to take advantage of opportunities in the Sri Lankan treasury market.

4.1 Key Investment Objectives of the Fund

The Fund aims to provide high yield to investors with a range of asset allocation into government securities and cash. The key objectives are to:

- Derive an effective income stream for investors;
- Provide an opportunity to invest into Government securities, such as Treasury Bonds & Bills;
- Manage inflation and interest rate risk of the investor; and

4.2 Investment Philosophy and Strategic Asset Allocation

The Fund Manager will identify and make sure the investing in following securities:

- Treasury Bills;
- Treasury Bonds; and
- Cash & Repurchase Agreements.

The Fund Manager will identify and make investments in Treasury securities in order to maximise the return of the fund. The Fund will maintain an approved level of liquidity in order to meet redemptions and gain sufficient interest income to be able to pay out a potential distribution. The primary objective of the Fund is to generate a return from interest income but will also take advantage of potential capital gains based on available opportunities.

4.3 Asset Allocation Selection Process

The Fund will invest only in government securities.

The Asset selection process across asset classes will be as follows:

Asset Class	Rating of the Instruments	Asset Allocation based on rating	Maximum Permissible	Minimum Permissible
Government Treasury Bond	Sovereign	70%	95%	0%
Government Treasury Bills	Sovereign	25%	95%	0%
Cash and Repurchase Agreements		5%	100%	5%

4.4 Borrowing Powers of the Fund

The Fund may borrow up to 15% of the value of the deposited property for working capital needs of the Fund.

4.4.1 Inter Funds Transfer

Unit holders in the Fund may have the option of transferring their investments to any other Unit Trust managed by ArpicoAtaraxia by providing such instructions in writing. Investors making use of the transferring facility shall not incur any switching costs.

4.5 Benchmark Investment Returns

The Fund aims to provide investors with a total return (after management costs) in excess of the 3 year Government bond rate over a 3 year rolling period.

Therefore, the Fund uses the 3 year treasury bond rate as a benchmark to measure the performance of the Fund, and the Fund Manager will monitor its competitor's comparable funds' performance on an ongoing basis to make sure the SBF performs over and above its competitors over a given time frame.

This section highlights the various fees payable by investors in the Fund. Given that the Fund is an absolute growth fund and the objective of the Fund is to achieve out performance, the fees that will be charged are as follows.

5.1 Management Fee

Management fees at 0.50% per annum of the Net Asset Value of the Fund are payable to the Fund Manager. The Fee will be calculated and accrued as at each market day.

5.2 Trustee and Custodian Fees

The Fund will pay Hatton National Bank PLC a Trustee Fee calculated as 0.2% from the Net Asset Value (NAV) of the fund, subjected to a minimum of LKR 20,000.00 per month, after deducting all the applicable government taxes per annum and the Custodian Fee included a flat rate of LKR 20,000/- per month after deducting all the applicable government taxes.

5.3 Other Expenses

The Fund is liable for, and must pay out of the Fund or reimburse the Fund Manager, the following fees, costs and expenses when properly incurred in connection with the investment and management of the Fund or the acquisition, disposal or maintenance of any investment:

- a. Dealing costs incurred by the Fund;
- b. Auditor's fees and expenses;
- c. Legal expenses incurred in relation to the Fund;
- d. Costs incurred or to be incurred in the preparation and modification of the Trust Deed;
- e. Expenses incurred to enable the Fund to comply with relevant regulations and legislation;
- f. All taxes and other duties payable in the establishment, execution, management or termination of the Fund;
- g. All other fees and charges mandated by the Securities and Exchange Commission of Sri Lanka and specified in Trust Deed;

- h. Any expenses or disbursements of the Trustee, which are authorised by the Trust Deed to be paid out of the Fund; and
- i. All costs incurred by the Fund Manager in respect of meetings with Unit holders, communicating with Unit Holders and the cost of producing and dispatching newsletters, periodicals, reports, dividends, etc.

5.4 Fees & Expenses to be borne by the Fund Manager

The fees & expenses set out below will be borne solely by the Fund Manager. Investors in the Fund and/or the Fund will not be liable for payment of the same.

5.4.1 Establishment and Marketing Expenses

The Fund Manager, marketing agents and distributors will bear all pre-incorporation and pre-operation expenses incurred for the establishment of the Fund. These include the cost of the offering including legal costs, the cost of printing and distributing the Explanatory Memorandum and related documents, registration fees, marketing expenses and other expenses associated with the setting-up of the Fund and making the offering.

5.4.2 Other Expenses

The Fund Manager is responsible for the charges and fees of any advisors, investment consultants, agents and investment counsellors retained by it.

SECTION 06 DETERMINATION OF NET ASSET VALUE

Upon the completion of the initial offer period, the Net Asset Value of the Fund will be determined by the Fund Manager on a day to day basis in accordance with the following principles:

6.1 How the Net Asset Value (NAV) of the Fund is Calculated

Add: Income

Interest Income; and

Realised capital gain (loss) from Treasury Bond trading.

Less: Expenses

Management fees, Trustee fees, other expenses and taxation.

Add: Unrealised appreciation (depreciation) from investments

Long Term Debt Instruments will be valued on a mark-to-market basis using an approved yield curve.

The Fund Manager may rely on any valuation provided to it by such person making a market in or otherwise dealing in the investment in question. For the purpose of making any valuation, the Fund Manager will be entitled, at the expense of the Fund, to obtain and rely on independent valuations. As part of the annual audit, the valuation of unlisted fixed income securities will be reviewed by the Fund auditor.

6.2 Fund Manager's Selling Price

The Fund Manager's Selling Price for subscriptions as at any dealing day shall be determined by:

- 1) Ascertaining the Net Asset Value of the Fund as at 4.00 pm (Sri Lanka Time) on that market day.
- 2) Adding such sum that the Fund Manager may consider as representing the appropriate provision for duties and charges.
- 3) Dividing the resulting sum by the number of Units on issue and deemed to be on issue on that market day.

6.3 Fund Manager's Buying Price

The Manager's Buying Price for redemptions as at any market day shall be determined by:

- Ascertaining the Net Asset Value of the Fund as at 4.00 pm (Sri Lanka Time) on that market day.
- Deducting such sum that the Fund Manager may consider as representing the appropriate provision for duties and charges.
- Dividing the resulting sum by the number of Units on issue and deemed to be on issue on that market day.

7.1 Subscription

The Fund will be open for fresh subscriptions on an ongoing basis and Units can be purchased at the Fund Manager's Selling Price on the Market Day by filling out the required application form. An application for subscription can be made at ArpicoAtaraxia.

Applications for subscription should be made before 9.00 am on the relevant market day. Any request for subscription after 9.00 am will be processed on the following market day.

The Fund Manager may from time to time determine the method of subscription for Units prior to accepting each subscription. The Registrar of the Fund has the right to request sufficient details to determine the source of funds and to have a record of the customer details.

7.2 Allotment

For applications that are accompanied by cash, Units will be allotted on the date of receipt of funds, subject to the condition that the payments are received on or before 9.00 am if it is a market day. Allotments in respect of banker's draft or cheque will be made only after the realisation of the remittances.

7.3 Who Can Apply?

The following persons are eligible to apply for the Units:

- (a) Citizens of Sri Lanka who are resident in Sri Lanka and are above 18 years of age;
- (b) Companies, corporations or institutions incorporated or established in Sri Lanka; and

- (c) Approved provident funds and approved contributory pension schemes registered / incorporated / established in Sri Lanka. In the case of approved provident funds and approved contributory pension schemes, the application should be made in the name of the Trustee / Board of Management.

7.4 Distributions

Distributions may be paid semi annually at 30th June and 31st December each year or at such other times as determined by the Fund Manager.

Distributions can be reinvested directly into the Fund, through the Fund's Dividend Reinvestment Plan (DRP) if available.

Payment of distributions will be made in LKR to the registered Unit Holders only. The payment will be sent by normal post to the address registered with the Registrar of the Fund, at the risk of the Unit Holders, by crossed cheques marked "Account Payee Only".

7.5 Redemption

Units may in general be redeemed on any market day at the Fund Manager's Buying Price on the day of the transaction, upon receipt of a request in writing (in the case of Joint Holders, both must sign). An application for redemption can be made at the offices of ArpicoAtaraxia by a request in writing addressed to the Registrar of the Fund. Provided however, no redemption applications will be entertained during the initial offer period and during any period in which the Fund is under suspension.

Unit Holders may redeem their Units on any market day in whole or in part provided the minimum holding is not less than 100 Units after such redemption is made. Applications for redemption should be made before 9.00 am on the relevant market day. Any request for redemption after 9.00 am will be processed on the following market day.

Payment of redemption proceeds will be made in Sri Lankan Rupees to the unit holder, by way of a direct transfer on the following day to the bank account indicated in the Redemption Request Form or by way of a crossed cheque, which will be dispatched by registered post within 14 business days from the date of receipt of a request for redemption.

Payment of redemption proceeds will be made in LKR to the registered Unit Holders only. The payment will be sent by normal post to the address registered with the Registrar of the Fund, at the risk of the Unit Holders, by crossed cheques marked "Account Payee Only".

If the total amount to be redeemed by a Unit holder is greater than or equal to 3% (three per cent) of the Net Asset Value of the Fund, the Unit holder will be required to give 14 (fourteen) days written notice prior to the date of redemption.

Risks to Consider

There are a number of factors, both specific to the Fund and general investment risks, which may affect the future performance of the Fund.

This section describes the significant risks associated with the Fund, namely:

8.1 Market Risk

The return on the investment is linked to the performance of the Government Security Market. Your returns above your initial capital will be based on the performance over the 3 year Treasury bond rate.

8.2 Interest Rate Risk

There is an inverse relationship between Bond Price and the Interest Rate. Therefore, the market value of the Bond Portfolio is adversely affected when the market interest rates are rising.

8.3 Inflation Risk

There is a risk that the Fund at Maturity will not have the same real value as the Issue Price due to the likely effect of inflation and the time value of money over the Investment Term.

8.4 Operational Risk

Your investment in this Fund relies on the processes described in this document undertaken by ArpicoAtaraxia in a timely and accurate manner. ArpicoAtaraxia is responsible for the operational risk of managing the Investment and ensuring capital protection at maturity.

8.5 Reliance on the Manager

The success and profitability of the Fund in part will depend upon the ability of the Fund Manager to invest in securities which have the ability to generate a return for the Fund.

8.6 Taxation

Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund, its investee companies or Investors. The tax laws in Sri Lanka may change, possibly with retroactive effect.

Investors should review carefully this Explanatory Memorandum and consult with their tax advisers regarding the specific tax and other consequences of investing in the Fund.

The foregoing is not a comprehensive list of investment risk factors, and potential Investors are urged to consult with their professional advisors as to the legal, tax and business risks involved in this Fund.

9.1 Investment Restrictions

The Fund will make investments within the investment parameters set out by the Commission, and changes made from time to time to the Unit Trust Code, the Trust Deeds and directives issued by the Commission from time to time.

The Unit Trust Code has restrictions and limits on investment. The Manager is precluded from making any investments in any of the following without the permission of the Commission.

- A) Investments in commodities, futures and options;
- B) Investments in real estate, other than investment in real estate investment companies or companies that have real estate investment activities;
- C) Investments for the purpose of gaining management control of a company in which the Fund has purchased share capital;
- D) Investment in foreign securities;
- E) Investment in any asset which involves the assumption of unlimited liability;
- F) Leverage by borrowing against securities or buying on margin except in relation to securities with fixed and determinable future maturity date and the percentage of such leverage will be determined with the approval of the Commission and stated in the Trust Deed provided that the maximum gearing a Fund may have outstanding, does not exceed fifteen per centum (15%) of the deposited property or such other percentage as the Commission may from time to time determine; and
- G) Such other investments as may be designated from time to time by the Commission as being investments that are not to be undertaken by a managing company.

9.2 Minimum Investments

Initial applications for units into the fund will be at a minimum of LKR 1,000/-. Once an investor is a registered Unit Holder of the Fund, there are no minimum investment amounts, unless agreed otherwise, other than that any new subscription must applied be for in multiples of LKR 1,000/- worth of Units.

9.3 Payment

Payments are to be made by cheque or bank draft crossed 'A/C Payee only' made payable to:

'ArpicoAtaraxia Asset Management (Pvt) Ltd'
(back side of the cheque please quote "SBF")

Hatton National Bank PLC - Colombo

Account Number -

Swift Code - HBLILKLXXXX

The Fund Manager shall accept cash directly. All cash payments are to be made directly into the account number provided above.

9.4 Reports and Accounts

The Fund Manager will provide investors with half yearly reports and accounts on the performance of the fund. The annual accounts will be prepared for the year ending 31 March.

SECTION 10 DECLARATION BY THE TRUSTEE AND THE FUND MANAGER

Declaration by Trustee and Fund Manager as per SEC Circular No: 02/2009 on Guidelines for Trustees and Managing Companies of Unit Trusts Fund.

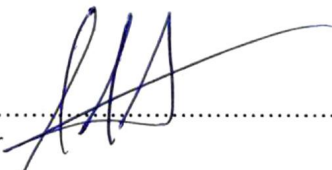
Hatton National Bank PLC, the Trustee and Arpico Ataraxia Asset Management (Pvt) Ltd, the Fund Manager of the Fund hereby declares that all transactions will be carried out on an arm's length basis and on terms which are best available for the Fund, as well as act, at all times, in the best interest of the Fund's unit holders.

Declaration by Trustee and Fund Manager as per Clause 17 (3) of the Unit Trust Code of 2011.

The Trustee hereby declares and certifies that it agrees with the representations contained herein.

This Explanatory Memorandum has been seen and approved by the Directors of the Fund Manager 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 on behalf of the Fund Manager:



.....
Director

Sharad Sri
.....
Name



.....
Director

Savanth Sebastian
.....
Name

Signed on behalf of the Trustee:


.....
Authorized Signatory

.....
Name **T. HANNAN**


.....
Authorized Signatory

.....
Name **C. J. Abeywickrema**

Important Information for Investors

The information contained in this Explanatory Memorandum is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read the Explanatory Memorandum carefully and in full before deciding whether to apply for unit. You should carefully consider the risks in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, or other professional adviser before deciding whether to invest in Units.

SECTION 11 APPLICATION/REDEMPTION FORM

ArpicoAtaraxia Asset Management (Private) Limited

Level 4, 67 A, Gregory's Road, Colombo 07, Sri Lanka.

Please either post, fax or send a scanned copy of the completed Application/Redemption Form to:

ArpicoAtaraxia Asset Management (Private) Ltd

Level 4, 67 A, Gregory's Road, Colombo 07, Sri Lanka.

Hotline: +94 115 882 865 E-mail: fundsinfo@arpicoataraxia.com Web: www.arpicoataraxia.com

Note: "SECTION E" is only Applicable to "Secondary Applicants".

We reserve the right to refuse applications if you do not provide relevant information requested.

SECTION A - PERSONAL DETAILS

Title	Rev.	<input type="checkbox"/>	Mr.	<input type="checkbox"/>	Mrs.	<input type="checkbox"/>	Ms.	<input type="checkbox"/>	
Name of Applicant	Initials	<input type="text"/>	First Name	<input type="text"/>					
	Last Name	<input type="text"/>							
Postal Address	<input type="text"/>								
	<input type="text"/>								
NIC/Passport/ Company Reg. No	<input type="text"/>								
Date of Birth/Incorporation	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
Nationality	<input type="text"/>								
Country	<input type="text"/>	District	<input type="text"/>					Postal Code	<input type="text"/>
Tel	<input type="text"/>	Mobile	<input type="text"/>					Fax	<input type="text"/>
E-mail	<input type="text"/>								

Bank Details:

Bank: Branch: Type of A/C A/C No

Investment Details:

Investment Amount	<input type="text"/>	Invested Unit Price	<input type="text"/>
Investment Date	<input type="text"/>	No. of Unit	<input type="text"/>

SECTION B - EMPLOYMENT DETAILS

Occupation

Company Name

Postal Address

Tel Fax

E-mail

SECTION C - NOMINEE DETAILS

Status Single ☐ Married ☐

Nominee's Name

Nominee's Address

Relationship to Nominee

SECTION D - SECONDARY APPLICANT'S DETAILS

Title Rev. ☐ Mr. ☐ Mrs. ☐ Ms. ☐

Name of Applicant

Postal Address

NIC/Passport/
Company Reg. No

Date of Birth/Incorporation Nationality

Country District Tel

Mobile E-mail

SECTION E - SIGNATURES

Applicant's Signatures

Each signatory below confirms that they have been duly authorised to execute this application on behalf of the applicant/s and that the signing authorities specified below have also been duly authorised.



Authorised Signatory

Name

Date



Authorised Signatory

Name

Date

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