

## 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 fund in Sri Lanka.

## Fund Information

<b>Name</b>	Sri Lanka Fund
<b>Fund Manager</b>	Guardian Fund Management Limited
<b>Fund Size</b>	US\$ 2.42 Million
<b>Promoters</b>	Ceylon Guardian Investment Trust PLC Group
<b>Administrator &amp; Custodian</b>	Deutsche Bank
<b>Fund Structure</b>	Open Ended Fund. Dealing days - Every Tuesday of the month
<b>Legal Entity</b>	Limited Liability Company
<b>Fund Jurisdiction</b>	Cayman Island
<b>Date of Inception</b>	21st October 1993 (relaunched in August 2010)
<b>Regulated by</b>	The Cayman Islands Monetary Authority & Registered as a restricted foreign scheme with the Monetary Authority of Singapore
<b>Subscription</b>	Minimum amount of US\$50,000
<b>Costs to the Investor</b>	Front End fee: US\$ 50,000 to US\$ 100,000 - 1.5%. Negotiable for subscriptions over US\$ 100,000. Redemption: 0.5% of NAV.
<b>Costs of the Fund</b>	Administration fee of 0.2% of the NAV per annum Management fee: 1.5 % of Net Asset Value per annum Incentive: 20% of the Amount by which fund value outperforms the high watermark (high watermark being the highest ever NAV achieved by the fund) 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

## Portfolio Holdings\*

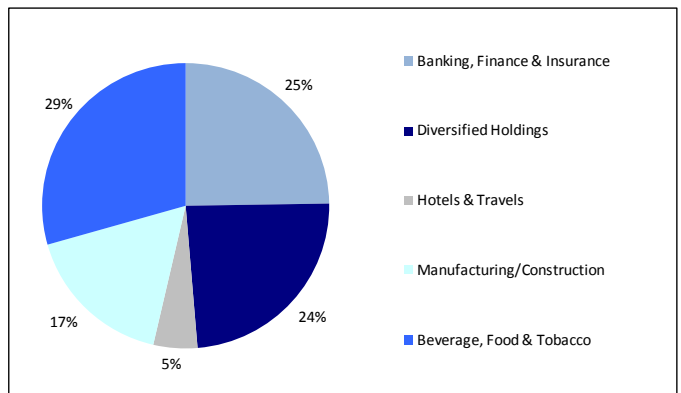
Sector Exposure	As a % of Total Portfolio Value
Banking, Finance & Insurance	24.75%
Diversified Holdings	23.92%
Hotels & Travels	4.97%
Manufacturing/Construction	16.98%
Beverage, Food & Tobacco	29.37%

## Top 5 Holdings

John Keells Holdings PLC	14.49%
Cargills (Ceylon) PLC	12.74%
Distilleries PLC	9.79%
Tokyo Cement Company (Lanka) PLC	8.62%
Lanka Floortiles PLC	8.36%

\*Portfolio was restructured after infusion of seed capital by the promoters in August 2010

## Exposures in Different Sectors

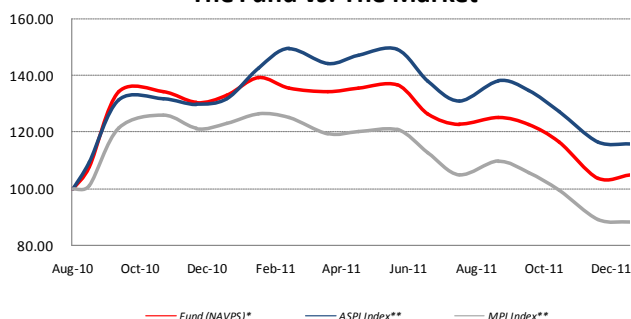


## Historic Performance

### Fund Performance

Period	Fund	ASPI	MPI
1 Month	1.22%	-0.62%	-1.08%
3 Months	-14.43%	-14.01%	-16.62%
YTD 2011	-20.95%	-12.07%	-28.28%
Since Relaunch	5.06%	15.91%	-11.81%

### The Fund vs. The Market



\* NAVPS - Net Asset Value Per Share

\*\* Source: www.cse.lk (adjusted for the movements in foreign exchange rates)

### A look at December, 2011

During the month of December, the market fell as shown by the decrease in both All Share Price Index and Milanka Price Index.

The fund managed to outperform the market by recording a growth of 1.22%.

This was due to the stocks in the portfolio recovering from a significant downward market correction as well as a higher cash exposure witnessed from the previous month.

### Manager's Performance

Variable	CAGR (Since 31/03/05)
Group Portfolios - Discretionary	19.08%
Group Portfolios - Total	26.91%
All Share Price Index	19.48%
Milanka Price Index	14.29%