

**KEY INVESTOR  
INFORMATION  
DOCUMENT (KIID)**

**OF**

**FIRST CAPITAL MONEY  
MARKET FUND**

## **IMPORTANT**

The following document (KIID) is issued to provide a general overview of the operations of the **FIRST CAPITAL MONEY MARKET FUND (FCMMF)**, an Open-ended Money Market Fund managed by **FIRST CAPITAL ASSET MANAGEMENT LIMITED**, a company duly licensed as a Managing company of Collective Investment Scheme (CIS) by Securities and Exchange Commission of Sri Lanka (SEC), by operating in view of investing its Unit holder's Funds exclusively in fixed income securities.

FCMMF is approved by the SEC under the CIS Code 2022 which was issued under the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021.

This KIID 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.

The operations of FCMMF will be carried out solely based on the information contained in this KIID and the documents referred to herein. The Unit Holders are thus advised that any information or representation given or made by any person or by any other documents, that are not contained herein, should be deemed as unauthorized and accordingly not be relied on, accepted, or acted upon.

**IMPORTANT: READ AND RETAIN THIS KIID FOR FUTURE REFERENCE. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS KIID YOU SHOULD CONSULT YOUR ATTORNEY AT LAW, ACCOUNTANT, FUND MANAGER, OR OTHER FINANCIAL ADVISORS.**

**THE PRICES OF UNITS AND INCOME DERIVED FROM INVESTMENTS IN UNITS MAY INCREASE OR DECREASE FROM TIME TO TIME DUE TO THE MOVEMENTS OF MARKET CONDITIONS.**

All inquiries about the **FIRST CAPITAL MONEY MARKET FUND** should be directed to:

First Capital Asset Management Limited  
2, Deal Place  
Colombo 3

Direct: +94 112 639 898

Fax: +94 112 639 819

Sri Lanka

Email: [fcam@firstcapital.lk](mailto:fcam@firstcapital.lk)

Web site: [www.firstcapital.lk](http://www.firstcapital.lk)

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## 1. INTRODUCTION TO THE FUND

### 1.1 Introduction

<b>Fund Name</b>	<b>First Capital Money Market Fund</b>
<b>Type of Fund</b>	The fund (FCMMF) is structured as an “Open ended Money Market Fund” where the investments made by Unit Holders are placed exclusively in a portfolio of corporate debt, fixed deposits and government securities
<b>Fund Category</b>	Money Market Fund*
<b>Date of Inception</b>	24 <sup>th</sup> September 2014
<b>Regulatory Background</b>	The fund is approved by the Securities and Exchange Commission of Sri Lanka (SEC) under the Collective Investment Scheme (CIS) Code 2022 under the SEC Act No.19 of 2021 to issue units to the public on an ongoing basis
<b>Investment Objective</b>	To yield attractive returns while minimizing the risk through investments in short-term fixed-income securities. The Fund intends to be a secure and highly liquid investment vehicle that offers stable returns over the short term.
<b>Asset Allocation</b>	Combination of Tenors: <ul style="list-style-type: none"> <li>➤ short (0-3 months), medium (3-6 months), long term (6-13 months corporate debt, fixed deposits and government securities</li> </ul> Corporate debts instruments: <ul style="list-style-type: none"> <li>➤ Commercial papers, securitized papers, fixed deposits with a low-risk profiles</li> </ul>
<b>Minimum Investment</b>	LKR 1,000
<b>Fees</b>	No front-end or exit fees applicable. Management fees and Trustee fees are 0.5% p.a. and 0.15% p.a. respectively.
<b>Trustee</b>	Bank of Ceylon

\*Note on category definition:

Investment Objective - To provide investors with regular short-term returns and liquidity by investing in a portfolio of diversified short-term debt securities and money market instruments.

Investment Strategy - The fund may invest a minimum of 90% of the NAV in money market instruments permissible as stated under Appendix 5 of the CIS Code.

## 1.2 Corporate Information

- 1.2.1 Fund Manager  
First Capital Asset Management Limited (FCAM)  
Date of incorporation: 26 October 1998  
No. 2, Deal Place, Colombo 3
- 1.2.2 Trustee and Custodian  
Bank of Ceylon  
BOC Square, No. 1, Bank of Ceylon Mawatha, Colombo 1
- 1.2.3 Registrars  
Janashakthi Corporate Services Limited  
No. 2, Deal Place, Colombo 3
- 1.2.4 Auditors  
M/s. B R De Silva  
Chartered Accountants  
No.22/4, Vijaya Kumaratunga Mawatha, Colombo 05
- 1.2.5 Bankers  
Bank of Ceylon  
BOC Square,  
No. 1, Bank of Ceylon Mawatha, Colombo 1
- 1.2.6 Lawyers  
M/s. Nithya Partners  
Attorneys-at-Law  
No. 97A, Galle Road, Colombo 3
- 1.2.7 Tax Advisors  
M/s. Amarasekera and Company  
Chartered Accountants  
No. 12, Rotunda Gardens, Colombo 3

### 1.3 Managing Company

#### First Capital Asset Management Limited

First Capital Asset Management Limited is licensed by the Securities and Exchange Commission of Sri Lanka (SEC) to operate as an Investment Manager and Managing Company of a CIS. CIS shall be managed by the managing company in accordance with the provisions of the Securities and Exchange Commission of Sri Lanka Act No 19 of 2021, the provisions of CIS Code, Trust Deed, the latest published KIID of such scheme, and the directives issued by the Securities and Exchange Commission of Sri Lanka from time to time.

As part of the First Capital Group, which has high visibility and understanding of the financial markets, the Company is able to avail clients of investment options which would otherwise not be available to them. In doing so, First Capital Asset Management Limited secures attractive returns on funds entrusted to them for management.

First Capital Group comprises Six (6) subsidiary companies as listed below.

1. First Capital Asset Management Limited
2. First Capital Limited – Immediate parent of the Group
3. First Capital Treasuries PLC – Primary Dealer in Government Securities appointed by the Central Bank of Sri Lanka.
4. First Capital Markets Limited – Investment Company
5. First Capital Equities Private Limited– Licensed Stockbroker.
6. First Capital Trustee Services Private Limited – engaged with Trustee Services for asset-backed securitizations and listed debentures
7. First Capital Advisory Services (Pvt) Limited - Licensed Corporate Finance Advisory

#### 1.3.1 Board of Directors of the Company

Name	Directorship	Address	Principal employment
Dr. Nishan de Mel	Chairman Non-Executive Independent	441/4 1/1 Longden Hill, off Thimbirigasyaya Road, Colombo 5	Director: Verité Research (Pvt) Ltd
Mr. Kuda Herath	Non-Executive Independent	No. 31/4C, Sulaiman Terrace, Colombo 05	None
Mr. Dilshan Wirasekera	Non-Executive Non- Independent	68/2, G.H. Perera Mawatha, Rathanapitiya, Borelasgamuwa	None

Mr. Karunamoorthy Kavin Kannan	Executive Director / CEO	Expo Grand Towers – 3, Apartment Number 20/06, 132C, New Chetty Street, Colombo 13	None
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### 1.3.2 Members of the Investment Committee

Name	Position
Nishan de Mel	Chairman
Dilshan Wirasekara	Member

#### Profiles of the members of the Investment Committee

##### Nishan de Mel - Non-Executive Independent

Nishan de Mel is an Economist (Harvard, Oxford). He is the Executive Director of Verité Research, a think tank providing analytical research and advisory services on economic, political and legal issues. He has extensive experience in academia, public policy and the private sector. In Sri Lanka, he has been a Member of the Presidential Task Force on Health Sector Reform, Presidential Committee on Tobacco, Alcohol and Dangerous Drug Regulation and the National Steering Committee on Social Security and has served on a range of private sector boards. Internationally, Nishan has held several governing, teaching and research positions, including as Lecturer in Economics at Oxford University.

##### Other Principal Appointments:

Director: Eureka Technology Partners (Pvt) Ltd

Verité Research (Pvt) Ltd

Hideaway Homes (Pvt) Lt

24/7 Techies (Pvt) Ltd

##### Dilshan Wirasekera – Non-Executive Non-Independent

Dilshan Wirasekera, Managing Director of First Capital Holdings PLC is an experienced professional with a career spanning over 26 years, comprising diversified expertise in financial services including banking, treasury and investment management, capital market strategy, and corporate finance advisory services.

Having joined First Capital in 2013, Dilshan steered the Company, a full-service investment and advisory services provider in Government Securities, Corporate Finance and Advisory, Asset Management, and Stock brokering complemented by an industry-leading Research unit, to establish itself as a significant contributor to the local capital market industry. He spearheaded the formation of key debt structuring deals with internationally based development financial

institutions as well the signing of strategic partnerships with foreign institutions focusing on emerging markets such as Sri Lanka.

He was the former General Manager of Softlogic Capital PLC guiding investment and trading portfolio management across subsidiaries inclusive of the Group's Licensed Finance Company, Composite Insurer, and Equity Brokerage; prior to which he was the Head of Treasury at Nations Trust Bank PLC.

He specializes in Asset and Liability Risk Management having secured the accolade of leading and representing two Sri Lankan companies in winning the International Bank Asset and Liability competition organized annually by the Netherlands Development Finance Company (FMO), German Investment Corporation (DEG) and Proparco – a subsidiary of the Agence Française de Development (AFD).

Dilshan is an Alumnus of INSEAD having successfully completed his Executive Professional Education at INSEAD Business School, Fontainebleau, France. He is also an Alumnus of the Association for Overseas Technical Cooperation and Sustainable Partnerships, Tokyo, Japan.

### Other Principal Appointments:

Deputy CEO – Janashakthi Limited (JXG Group)

### 1.3.3 Details of Portfolio Managers, and the Compliance Officer

Name	Experience	Academic/professional qualifications
Kanagasoorier Kumaravaran – AVP	Counts over 9 years in portfolio management in the FCAM	Bachelor of Business Administration (specializing in Finance) from University of Colombo Chartered Financial Analyst by CFA Institute Chartered Management Accountant by CIMA
Shalomi Gunasekara – Senior Executive	Over 6 years of experience in the fields of Investment Banking and Asset Management	Pearson Assured Managerial Diploma in Business Administration Master of Business Administration
Rahul Samarakoon – Senior Associate	Over 5 years of experience in the fields of Investment Banking and Asset Management	M.Sc. Business Analytics from the University of Robert Gordon - Aberdeen CIMA Pass Finalist Certificate in Capital Markets (SEC)
Kavindi Wijayaweera - Senior Associate	Over 3 years of experience in the fields of Investment Banking and Asset Management	Diploma of Business - Monash College Bachelor of Business and Commerce - Monash University Malaysia Postgraduate Diploma in Professional Marketing - Chartered Institute of Marketing Certificate in Unit Trusts - Securities and Exchange Commission of Sri Lanka
<b>Compliance Officer</b>		
Kapila Perera - Deputy General Manager	Counts over 15 years of experience in Accounts, Operations	Master of Business Administration from University of Colombo B.Com (SP) Degree from University of Sri

	and Risk and Compliance	Jayewardenepura Fellow Member of Sri Lanka Institute of Credit Management Member of the Institute of Chartered Professional Managers of Sri Lanka Diploma in Treasury and Risk Management from the Institute of Bankers Sri Lanka
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#### 1.3.4 Shareholders

Shareholder name	Number of shares	% holding
First Capital Limited	15,339,999	98.71%
3i Infotech Limited	200,000	1.29%
First Capital Holdings PLC	01	0.00%

#### 1.4 Trustee and Custodian

The Bank of Ceylon (BOC) performs the functions of Trustee and Custodian for the FCMMF. The Trustee's responsibilities are mainly to exercise due diligence and vigilance over the Fund with the objective of safeguarding the interests of Unit Holders. The Trustee is the legal owner of the Fund's assets and will hold them on behalf of the Unit Holders. It is also responsible for ensuring that the Manager performs its obligations of all payments on behalf of the Fund and for appointing the Fund's auditors. The liability of the Trustee and the Manager is limited to the NAV of the fund and the outstanding investment amount of the Unit holder. The trust deed is binding on the Managing Company, Trustee, Custodian, and each Unit holder.

The Bank of Ceylon is the leading Commercial Bank in Sri Lanka owned by the Government of Sri Lanka. The Bank is firmly entrenched as Sri Lanka's premier financial services organization offering a broad range of services consisting of commercial banking, trade finance, development financing, mortgage financing, lease financing, investment banking, corporate financing, dealing in Government securities, credit card facilities, off-shore banking, foreign currency operations and other financial services through a wide network of branches connected online. BOC diversified its operations in the United Kingdom by upgrading its first overseas branch, the London branch to a fully-fledged bank operating as a subsidiary of BOC named Bank of Ceylon UK Ltd Bank of Ceylon operates in 03 overseas locations namely Maldives, Chennai, and Seychelles.

#### 1.5 Investment Objectives and Strategies

The objective of the FCMMF is to yield attractive returns to Unit Holders while minimizing their risk through investments in short-term fixed-income securities placed according to the parameters

stated in the CIS Code and any other Directive/Circulars/Rules issued by SEC. The Fund intends to be a secure and highly liquid investment vehicle that offers stable returns over the short term. The management and operational teams of First Capital Group will employ risk management tools to accommodate the various risk and liquidity considerations attached to different types of securities.

The manager will seek to diversify the portfolio by investing in government debt securities and corporate debt securities, issued by different companies spread over different industries for eligible tenors. FCMMF will only invest the funds in short-term investment opportunities which will mitigate the counterparty risk. Furthermore, the investments will be diversified to further reduce the counterparty risk and to achieve attractive returns to the investors under calculated risk.

The Fund is exposed to the following key risks:

- **Reinvestment Risk**

The risk of having to reinvest proceeds from maturing securities at a lower prevailing rate than the original investment.

- **Credit/Default Risk**

The risk that an issuer of a debt security may default on interest or principal payments. This was mitigated through investing in rated entities and products.

- **Liquidity Risk**

The risk that the Fund may not be able to sell securities when needed. A portion of the portfolio will remain invested in highly liquid and short term securities as required by regulations.

- **Reinvestment Risk**

The risk of having to reinvest proceeds from maturing securities at a lower prevailing rate than the original investment.

## 1.6 Permissible investments

The investments considered by FCMMF will include the following as per the CIS Code, 2022:

- (a) treasury bills and repurchase agreements on government securities with a maturity of less than 397 days
- (b) Treasury bonds with a remaining term to maturity of less than 397 days
- (c) Deposits with banks and finance companies licensed by the Central Bank of Sri Lanka with a maturity of less than 397 days
- (d) Commercial papers issued by listed corporate entities with a maturity of less than 397 days
- (e) Listed corporate debentures with a remaining term to maturity of less than 397 days
- (f) Asset-backed securities issued by a listed or rated corporate entity with a remaining maturity of less than 397 days
- (g) Repurchase agreements on listed corporate debt securities and unlisted short-term corporate debt securities, such as commercial papers and asset back securities, where

such agreements can have a maximum tenure of 91 days. (No rollovers are permitted beyond 91 days). The corporate debt securities related to such repurchase agreements should be transferred to the custody of the Trustee on the trading day of the transaction.

Note :

“listed” refers to the listing of the entity or instrument at an Exchange licensed by the SEC.

“rated” refers to ratings issued by any Credit Rating Agency licensed by the SEC.

## 1.7 Investment Restrictions

Investments that will be made by FCMMF will be in line with the CIS Code, 2022 and any directive issued from time to time by the SEC, at all times. The fund will not make any investments that are restricted through the said code, or any directive issued from time to time by the SEC.

<b>Instrument</b>	<b>Description</b>	<b>Minimum rating</b>	<b>Risk factors</b>
Government Securities	Short-term debt instruments (TBills or TBonds) issued by the Govt. of Sri Lanka	N/A	Reinvestment risk Liquidity risk Default risk (Generally it carries zero default risk subject however to any decision taken by the Government to restructure local debt) Policy, political, and other macro-economic risks
Repurchase agreements (Repo) on Govt. Securities	Repo on TBills and TBonds	N/A	Default risk Policy, political, and other macro-economic risks
Commercial Papers	Short-term debt instrument issued by a Body of Corporate in Sri Lanka	BB	Default risk Credit-rating migration risk Reinvestment risk Liquidity risk Policy, political, and other macro-economic risks
Corporate Debentures	Long-term debt instrument issued by a Body of Corporate in Sri Lanka	BBB-	Default risk Credit-rating migration risk Reinvestment risk Liquidity risk Policy, political, and other macro-economic risks

Repurchase agreements (Repo) on Corporate Debt Securities	Repo on Corporate Debt instruments listed above	As mentioned above	Default risk Policy, political, and other macro-economic risks
Asset-Backed Securities	A Corporate Debt security that is based on a receivable or any other security portfolio	BB	Default risk Credit-rating migration risk Reinvestment risk Liquidity risk Policy, political, and other macro-economic risks
Deposits with Finance Companies and Banks	Fixed or any other deposit made with a Bank or Finance Company licensed by CBSL	BBB-	Default risk Policy, political, and other macro-economic risks

## 1.8 Instruments and Risk Factors

The funds' investments will be broadly subject to the above-mentioned risks. The manager cannot eliminate these risks but will employ its resources towards minimizing such risks while pursuing the fund's objective of achieving attractive yields for Unit Holders. The mix of investments will differ from time to time at the discretion of the manager with adequate liquidity maintained in the form of near-cash investments at all times.

The fund will make investment decisions to manage risk and return to a calculated level. Liquidity levels stipulated by the CIS Code will be maintained by taking appropriate portfolio re-balancing decisions.

## 1.9 Liquidity requirement

FCMMF is a short-term fund and there could be a flow of redemptions that the fund may have to facilitate with the changes that occur in economic conditions in the country. Hence, the fund will take appropriate actions to maintain the liquidity levels stipulated by the CIS Code. The liquidity of the Corporate debt market in Sri Lanka is at a lower level. However, the manager is in a position to dispose of such instruments, if a contingency situation occurs, using the market reach possessed within the First Capital Group.

As per the CIS Code, FCMMF shall maintain the following liquidity levels

- 5% of its NAV maturing on an overnight basis;
- 10% of its NAV maturing on a weekly basis;
- 20% of its NAV maturing on a monthly basis.

### **1.10 Limitation on borrowing**

FCMMF may require borrowing funds in order to facilitate redemption requests by the clients. However, as per the CIS code, 2022, FCMMF shall not borrow by any method whatsoever except where the borrowing;

- is temporary and is for a period not exceeding three (3) calendar months;
- does not exceed the percentage of the NAV of the Scheme as may have been determined by the SEC by way of its directives; and
- is not used to leverage investment returns.

### **1.11 Transfer of Units**

The Unit Holders may instruct the Manager to transfer their investments to any other CIS managed by the Manager (if any). Unit holders are required to tender specific written instructions for the transfer of Units, and it will be subject to “Redemption of Units” under 2.11 herein this document. A transfer of units will be treated as a redemption and a new investment. Any applicable fees or charges associated with redemption or new subscriptions will apply accordingly. No transfer fee applicable in this regard.

### **1.12 Currency Denomination of Units**

All pricing and transactions of the Fund will be denominated in Sri Lankan Rupees (LKR).

## **2 INVESTMENT IN UNITS**

### **2.1 Issue of new Units under this KIID**

Eligible investors are hereby invited to invest in Units of FCMMF on a continuous basis by this KIID. No upper limit has been set to the number of Units the Fund can issue.

### **2.2 Investment Scheme**

Investors can purchase Units at the prevailing market price.

The initial issue price on 24<sup>th</sup> September 2014 was LKR 1,000/- per unit.

### **2.3 Eligibility to Invest**

- a. Citizens of Sri Lanka, Companies, and Institutions incorporated in Sri Lanka.
- b. Pension Funds, Provident Funds, and other legally constituted bodies incorporated in Sri Lanka.
- c. 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 minors

- d. Non-citizens/institutions incorporated outside Sri Lanka based on the rules stipulated through the Foreign Exchange Act from time to time.

FCAM follows the regulatory directions issued by the Central Bank of Sri Lanka, Customer Due Diligence (CDD) Rules No.01 of 2016 when conducting the KYC and account opening processes. Any eligible client can open an account through face-to-face or non-face-to-face methods.

## 2.4 Allotment of Units

Units are allotted to an investor when funds are received (realized), subject to the cutoff times imposed by the Bankers, in support of an application for the purchase of Units duly made to the managing company via

- written instructions (in writing or through e-mail)
- through online portal
- mentioning NIC or Customer reference number as the deposit/transfer reference

All allotments in respect of investments where payment is made by Banker's drafts and cheques will be made only after the realization of funds subject to the cutoff times imposed by the Bankers

## 2.5 Dividends and Reinvestment of Dividends

The Managing company may decide to distribute the whole or part of the earnings as dividends to the unit holders in line with the guidelines of the CIS Code. Generally, the dividend is decided by the managing company at the end of the financial year (31<sup>st</sup> March).

Unit Holders of the FCMMF are given the option of re-investing declared dividends in fresh Units at the existing selling price offered by the Manager.

The fund has not distributed dividends during the last three financial years.

## 2.6 Minimum Subscription

The minimum initial subscription by an investor for Units is LKR 1,000/-.

## 2.7 Mode of Payment

Payment for Units should be made;

- **Cheque/ banker's draft:** in favor of "First Capital Money Market Fund Collection Account" crossed Account Payee only and sent to First Capital Asset Management Limited, 2, Deal Place, Colombo 03, Sri Lanka or deposited to the Bank accounts mentioned below.

- **Direct Deposits/Transfers:**

Account Name : First Capital Money Market Fund – Collection account  
Bank : Bank of Ceylon – Corporate Branch

Number : 76544894

Account Name : First Capital Money Market Fund – Collection account

Bank : Sampath Bank – Corporate Branch

Number : 002930031383

## **2.8 Issue of transaction receipts**

Investor will receive a transaction receipt upon each investment which is not required to be submitted at the next subscription or redemption.

## **2.9 Bank Account Details**

The clients must specify a bank account number (authorized account) in the mandate form to which redemptions are to be remitted. Where the bank account details of a client have subsequently changed, proof of account ownership must be submitted by the client at the time of redemption or before.

## **2.10 Refunds**

Refunds of subscription monies to applicants whose applications are invalid for any reason whatsoever, will be dispatched within 14 working days of receipt of the application.

## **2.11 Redemption of Units**

Unit Holders may, in general, redeem the Units on any subscription day at the Manager's buying price relevant to that subscription day, subject to the following conditions.

- a. A written request, fax, or email (subject to submission of a duly signed email/fax indemnity), redemption request through First Capital Online Portal must be submitted to the Manager by the Unit holder.
- b. In the case of joint holders, signatures should be placed based on the method of providing instructions stated initially at the point of account opening.
- c. Applications for redemption should be submitted to the Manager before 8.30 a.m. on the settlement day. Any request received after 8.30 a.m. will be processed on the following settlement day.
- d. Clients who opt not to have a transaction receipt instead of a unit certificate should surrender the original unit certificate to make their redemptions at all times and those who fail to surrender the original unit certificate should be supported by a valid indemnity/affidavit.
- e. The proceeds on redemption of Units will be transferred to an authorized account (refer to 2.9) or made by a cheque. If the client requires the funds to be transferred to a different Bank account owned by the client, details of the same should be properly mentioned in the instructions.

- f. Payment to third-party Bank accounts will be made under the “Third-party payment procedure” followed by FCAM. A call-back process will be followed to ensure the authenticity of the instructions provided.
- g. Charges related to Redemption will be accounted to the Fund and not be charged by the client. However, all charges related to obtaining, subscribing, and using the facilities related to the integrated Bank account will be deducted from the client’s investment by way of redemption.
- h. Where applicable, redemption requests on any dealing day exceed ten (10) per centum of the total number of units in issue, redemption requests in excess of ten (10) per centum may be deferred to the next dealing day provided the SEC is notified in writing of such deferral.
- i. Redemption requests to withdraw the total investment held by a client will only be facilitated on the next dealing day in order to comply with Section 36.4 of the CIS Code.

## **2.12 Pledging the Units**

Unit Holders are provided with the facility of pledging their Units with financial institutions as collateral at the request of the Unit Holders and subject to the approval of the Trustee.

## **2.13 Application/Mandate Forms**

An eligible client can open a Unit investment account prior to purchasing Units. Account opening forms can be obtained from the main office of FCAM or the client can open the account through the non-face-to-face method by using the e-onboarding facility provided through the website (<https://firstcapital.lk/digifirst/>) and/or mobile application of the manager or the facility provided by the Colombo Stock Exchange.

## **3. VALUATION OF UNITS**

The offer price and the redemption price are calculated daily by the Manager as follows;

### **3.1 Selling/Offer Price**

This is the price at which fresh Units are offered to investors on that particular subscription day.

The selling price/offer price on any subscription day is determined by;

- a. Ascertaining the value of the net asset of the Fund as of 4.00 p.m. (Sri Lankan Time) on the day the buying/subscription request was received.
- b. Adding such sums as the Manager may consider as representing the appropriate provision for duties and charges.
- c. Dividing the result sum by the number of units in issue.

### **3.2 Buying or Redemption Price**

This is the price that the Manager will offer to existing Unit Holders on a particular subscription day for the redemption of Units.

The buying price or the redemption price on any subscription day is determined by;

- a. Ascertaining the value of net assets of the Fund as of 4.00 p.m. (Sri Lankan Time) on the day the selling/redemption request was received.
- b. Deducting there from such sum that the Manager may consider as representing the appropriate duties and charges which would have been incurred if all the securities and other assets of the Fund would have been realized on that date at the prices equal to their respective value as at 4.00 p.m. (Sri Lankan Time) on the day the selling/redemption request was received.
- c. Dividing the resulting sum by the number of units in issue.

### **3.3 Valuation Policy**

All investments shall be valued on a cost-plus accrued interest basis.

### **3.4 Number of Unitholders**

The minimum number of unit holders is Fifty (50) and no limit on the maximum number of unit holders.

## **4. FEES AND CHARGE**

### **4.1 Front End Fee**

There is **NO** Front-End Fee applicable for this Fund.

### **4.2 Management Fee**

0.50% per annum of the net asset value of the Fund will be calculated daily and paid monthly.

### **4.3 Trustee Fee**

0.15% per annum of the net asset value of the fund. This is all-exclusive and will be calculated daily and paid monthly.

### **4.4 Exit Fee**

There is **NO** Exit Fee applicable for this Fund.

### **4.5 Other Fees to be paid out of Deposited Property**

- (i) Any expenses or disbursements of the custodian that are authorized by the trust deed of the Scheme to be paid out of the assets of the Scheme

- (ii) the cost of dealing with the assets of the Scheme
- (iii) interest in borrowing permitted under the Scheme and charges incurred in effecting or varying the terms of such borrowings
- (iv) the costs and expenses incurred in obtaining a listing of the shares of the Scheme on any licensed securities exchange
- (v) the fees and expenses of the auditor of the Scheme
- (vi) the costs incurred in respect of the distribution of income to investors
- (vii) the costs reasonably incurred in respect of the publication of prices of units and in respect of the publication and distribution of the Scheme KIID or trust deed, annual and interim reports, and accounts
- (viii) any costs incurred in the preparation or the modification of the trust deed of the Scheme
- (ix) any other costs, incidental to its operation that may be charged to the Scheme
- (x) any change in annual charges of the Managing Company
- (xi) any expenses or disbursements of the Trustee, which are authorized by the trust deed to be paid out of the assets of the Scheme
- (xii) fees payable to the Commission in respect of obtaining approval for a Scheme
- (xiii) legal expenses incurred in safeguarding the assets of the Scheme
- (xiv) any other fee approved by the Commission and specified in the trust deed.

\*Commissions paid to agents will not be paid out of the assets of the Scheme.

## **5. TERMINATION OF FCMMF**

FCMMF shall be terminated or wound up upon the occurrence of any of the following events:

- (a) the approval granted by the Commission to operate the funds is canceled
- (b) the Unit Holders representing at least seventy-five percent (75%) of the total Units in issue (excluding those held by the Managing Company) pass a special resolution to terminate or wind up the fund
- (c) the fund has completed its tenure, or circumstances exist that warrant the termination/winding up of a fund as specified in the trust deed /KIID
- (d) The managing Company and the Trustee are of the view that the value of the assets of the fund has fallen below an operationally viable level
- (e) the SEC, in consultation with the Trustee and the Managing Company, has directed the Trustee to wind up the fund since the value of the deposited property has fallen below an operationally viable level
- (f) upon an order made by a competent court

When a decision to terminate/wind up has been made, the Managing Company shall:

- (a) cease all operational activities of the fund and cease the issuance, cancellation, sale redemption, or transfer of units
- (b) prepare annual audited and interim unaudited accounts and reports up to the completion of the winding-up process of the fund;
- (c) ensure that no changes are made to the register of Unit Holders without the agreement of the Trustee and Custodian or as directed by a competent court;
- (d) immediately notify all Unit Holders and the SEC of the commencement of proceedings to terminate/wind up the fund and the circumstances leading to such termination/winding up; and

- (e) publish a notice with the approval of the Trustee in three (3) daily newspapers in three (3) languages within (5) five days upon completion of such winding up and through the Trustee submit a report to the SEC setting out in detail the steps taken in such process.

When a decision to terminate/wind up has been made, the Trustee shall:

- (a) liquidate all the assets of the fund remaining in its custody
- (b) after paying all liabilities or retaining adequate amounts to meet such liabilities and the cost of winding up, distribute to Unit Holders the net cash proceeds available for the purpose of such distribution in proportion to the number of units held by the Unit Holders respectively in accordance with these Rules
- (c) arrange for the auditor of the fund to conduct a final review and audit of the fund accounts and shall submit a copy of such report and accounts to the Unit Holders and the SEC within one (1) week upon the Trustee receiving such report and accounts.

Any unclaimed net proceeds or other cash held by the Trustee after the expiration of (12) twelve months from the date on which the same becomes payable shall be paid by the Trustee to the Public Trustee subject to the right of the Trustee to retain there from any expenses incurred by the Trustee in making such payment.

## **6 GENERAL INFORMATION**

### **6.1 Rights of Unit Holders**

- a. Inspect the Trust Deed and latest KIID
- b. To redeem subject to the conditions of the Trust Deed all or part of the Units registered in their name.
- c. To receive periodical statements, annual accounts, and reports of Auditors.
- d. To participate in meetings of the unit holders subject to provisions of the Trust Deed.

### **6.2 Liability of Unit Holders**

- a. The liability of a Unit Holder of a Scheme is limited to the amount, which, at the time when any debts fall due, is equal to the NAV of the Units held by such Unit Holder.
- b. A Unit Holder in a Scheme is not liable for acts or omissions of the Managing Company, Trustee or of the Custodian of that Scheme.

### **6.3 Periodic Reports and Accounts**

Subject to the SEC approval, interim financial statements shall be published on the website of FCAM (<https://firstcapital.lk/unit-trusts/>) within 3 calendar months from the end of an interim accounting period (30<sup>th</sup> September). This will be published by way of newspaper advertisement within the period mentioned.

Subject to the SEC approval, annual reports, and audited financial statements shall be published on the website of FCAM (<https://firstcapital.lk/unit-trusts/>) within 4 calendar months from the

end of the accounting period (31<sup>st</sup> March). This will be published by way of newspaper advertisement within the period mentioned to make it available to the current unit holders.

Any other reports (Fact sheets, KIID, etc.) will also be made available on the website of FCAM (<https://firstcapital.lk/unit-trusts/>).

The trust deed of the scheme can be accessed by the client through the website of FCAM (<https://firstcapital.lk/unit-trusts/>).

#### **6.4 Suspension of Dealing**

The Manager may suspend the deal during the following instances with the approval of the Trustee and the SEC.

- a. The existence of any state of affairs which in the opinion of the Manager constitutes an emergency.
- b. Any period when there is a breakdown in communication is normally employed by the Manager in determining or ascertaining the price of their investments.
- c. Any period when remittance of monies which will or may be involved in the realization of their investments or in the payment of such investments cannot be carried out within a reasonable time.
- d. Any other contingent situation that might occur due to natural or man-made disasters.

The Manager shall inform all unit holders once approval of the Trustee and the Commission has been obtained and explain the reasons for such suspension.

The suspension of dealing will be lifted immediately after the Manager is satisfied with the situation/situations mentioned above cease to exist.

#### **6.5 Taxation**

The scheme will be liable to pay any taxes charged by the issuers, service providers, or any other stakeholders which may be stipulated by the Government from time to time. The impact of the scheme and the method of passing on the same to the Unitholders may vary based on such tax laws.

It is advised that Investors consult their tax advisors/professionals before investing in Units of FCMMF.

Net income realized from the unit investments is subject to income tax as per the current tax law.

#### **6.6 Conflicts of interest related to services offered by Group companies**

FCAM and First Capital's other Group companies are engaged in a broad spectrum of activities in the financial services sector. Conflict may arise in the following areas:

- portfolio trading transactions (outright sales and purchases)
- portfolio management
- corporate finance

- corporate debt, structuring, placement, and debt-related services

The Company carries out transactions with parties who are defined as related parties as per the Sri Lanka Accounting Standard (LKAS 24), CIS Code and SEC Rules applicable for Managing Companies in the ordinary course of its business. The details of such transactions are reported to the Related Party Transactions Review Committee of FCH for the purpose of review and approval. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Further, investment transactions with related parties of the FCAM will only be conducted after obtaining prior approval from the Trustee. Related party transactions stated in Rules applicable to Managing Companies will be disclosed in the interim and annual reports of the managing company and FCMMF.

## 6.7 Transactions of the Scheme and Personal Trading

FCAM accepts its fiduciary duty to ensure that client welfare is not subordinated to the Company's interests or any of its personnel.

Employees are permitted to personally invest their own monies in securities, which can also be, from time to time, recommended to clients, within certain limitations. In order to ensure fiduciary integrity, staff authorized to perform investment management duties must follow these guidelines if engaging in personal trading:

- No employee acting as a portfolio manager or who has discretion over a client account shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his/ her employment, unless the information is also available to the investing public on reasonable inquiry
- No employee shall prefer his or her own interest to that of a client
- Personal trade is reviewed and approved by the Compliance officer who monitors all transactions executed by the employees to ensure they are without any conflict and in line with the market
- Employees are required to follow the compliance procedures established in line with regulatory requirements and any individual employee not in observance will be subject to disciplinary action as may be determined by the Compliance Officer.

## 6.8 Third-party service providers

The following services related to core operations of the business are provided by third-party service providers. Details of such service providers are mentioned.

Service outsourced	Service provider	
	Name	Address
Core application and maintenance	SasiaNet (Pvt) Limited	24, Torrington Ave, Colombo 07
Lawyers	M/s. Nithya Partners	No. 97A, Galle Road, Colombo 3
Tax Advisor	M/s. Amarasekera and	Chartered Accountants

	Company	No. 12, Rotunda Gardens, Colombo 3
Document management service	Techone Global	435/16, Arangala Kottawa Road, Hokandara North Arangala, Hokandara
Server maintenance services	Data Management Systems	159, Dharmapala Mawatha, Colombo 07

Managing Company is responsible for all actions of commissions and omissions of the third party to whom services are delegated.

## 7 DISCLAIMER

The purpose of this KIID is to provide essential information about the FCMMF in a manner that assists and enables the client to make an informed decision relating to the services offered.

The information contained in this KIID is not intended and should not be used or construed as an offer to form a valid contract between the Scheme and the client. A definitive Account opening process will be followed upon the execution of formal documents.

The risks mentioned in this Investment Manager Services Guide are not an exhaustive list of investment risks.

Prospective clients should carefully read the entirety of this KIID prior to making a decision to avail of the service offering of the Scheme.

## KIID

This KIID is dated 20<sup>th</sup> April 2026 and can be inspected on our website (<https://firstcapital.lk/unit-trusts/>) and free of charge at First Capital Asset Management Limited, No 2, Deal Place, Colombo 3.

## Disclosures

This document 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 an offering of units to which it relates by distributors as contemplated herein.

## Declaration by the Trustee

The Trustee hereby declares that it will carry out the transactions with the Managing Company 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.

The Board of Directors of the Trustee also hereby declares that they have complied with the requirements of the guidelines issued by the SEC. The Trustee further certifies that it has read and agrees with the representation contained herein.

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**Authorized Officers on behalf of the Board of Directors of the Trustee**

### **Declaration by the Board of Directors of the Managing Company**

“The Board of Directors of the Managing Company hereby declares that it will carry out the transactions with the Trustee 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.

The Board of Directors of the Managing Company hereby declares that they have complied with the requirements of the guidelines issued by SEC.

The Board of Directors of the Managing Company hereby declares that the Managing Company is responsible for all actions of commissions and omissions of the third parties (mentioned under Section 2.7) to whom such function is delegated.

This KIID has been seen and approved by the Board of Directors of the Managing Company and we 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 our knowledge and belief, there are no facts, the omission of which, would make any statement herein misleading.

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**On Behalf of the Board of Directors of the Managing Company**

## DEFINITIONS

“**Act**” means the Securities and Exchange Commission of Sri Lanka Act No.19 of 2021 and any amendments made thereto.

"**Accounting Date**" means in the case of any final Accounting Period, the date on which the moneys required for the final distribution are transferred to the Distribution Account, and in any other case, 31st day of March in each year, provided that the Managers may, with the prior written consent of the Trustees, change the Accounting Date to any other date approved by the Trustees upon giving not less than twenty one days (21) notice to the Trustees and the Holders.

"**Accounting Period**" means a period ending on and including an Accounting Date and commencing (in the case of the first such period) on the date on which the Deposited Property is first paid or transferred to the Trustees or (in any other case) from the date immediately after the end of the preceding Accounting Period.

“**Auditors**” mean auditors of the Trust appointed by the Trustee with the approval of the Commission in terms of the CIS Code.

"**Authorized Investment**" means any Investments generally or specifically permitted by this Deed, the CIS Code and any directions given by the Commission from time to time

"**Business Day**" means a day on which Commercial Banks are generally open for business in Sri Lanka.

“**Collective Investment Scheme Code (CIS Code)**” shall mean the CIS Code issued by the Commission and published in the Gazette and applicable to all Collective Investment Schemes established in terms of the SEC Act.

“**Commercial Banks**” shall mean Commercial Banks licensed in terms of the Banking Act No.30 of 1988 and any amendments thereto.

“**Commission**” means the Securities and Exchange Commission of Sri Lanka established by the Securities and Exchange Commission of Sri Lanka Act No.19 of 2021.

“**Dealing Day**” means a day on which subscription for Units and redemption of Units can be effected as specified in relevant schemes, introduced under this Trust Deed.

"**Deposited Property**" means all the assets (including cash and earnings on cash deposits) for the time being held or deemed to be held by the Trustee on behalf of the Scheme and subject to the provisions of this Deed, excluding any amount for the time being standing to the credit of the Distribution Account.

“**Directors**” shall have the same meaning as in the Companies Act No.7 of 2007 as amended.

"**Distribution Account**" means an account which has been set up by the Trustees to hold income for distribution to Unit holders.

“**Fund / Scheme**” means the Scheme formed pursuant to this Deed.

**"Holder"** means the person for the time being entered in the Register as the Holder of a Unit and includes persons so entered as joint Holders.

**"Initial Offer Period"** means the initial period in which units are offered to the public and indicated in the KIID of the Fund

**Key Investor Information Document / KIID** means a written statement that discloses in detail the terms of the offering of a Scheme

**"Key Management Person"** means directors (executive or otherwise) and shall include alternate directors, a chief executive officer, a compliance officer and persons having authority and responsibility for planning, directing and controlling the activities of a company/entity either directly or indirectly

**"Management Fee"** means any sum to which the Managers may become entitled for the service provided.

**"Managers"** shall mean a managing company approved by the Commission to operate a CIS

**"Net Asset Value (NAV)"** means the aggregate value of the assets of a Scheme as determined by the market value of its underlying securities holdings specified by this Code or the trust deed as the case may be including any cash in the portfolio less liabilities, computed at the close of the trading hours of the Exchange

**"Offer Price / Selling Price"** is the price which may be charged by the Managers from the Holders for the issue of an Unit and which shall be published in at least one (1) leading Sri Lankan daily newspaper or on the web site of the Managing Company.

**"Redemption"** means the purchase of Units from the Holders by the Manager as principal and 'redeem' shall be construed accordingly.

**"Redemption Date"** means the day on which Redemption takes place.

**"Redemption Price / Buying Price"** is the price which may be payable by the Managers to the Holders on the redemption of an Unit and which shall be published in at least one (1) leading Sri Lankan daily newspaper or on the web site of the Managing Company.

**"Register"** means the register of the Holders

**"Related Person"** in relation to the Manager or Trustee means-

(a) a person owning twenty per centum (20%) or more of the ordinary share capital of the Trustee or the Managing Company directly or indirectly.

(b) a person exercising twenty per centum (20%) or more of the total votes of the Trustee or the Managing Company voting rights directly or indirectly

(c) a corporate entity where twenty per centum (20%) or more of the ordinary share capital of the corporate entity is held by the Trustee or the Managing Company directly or indirectly

- (d) a corporate entity where twenty per centum (20%) or more of voting rights of the total votes exercised by the Trustee or the Managing Company directly or indirectly
- (e) a corporate entity where twenty per centum (20%) or more of the ordinary share capital of the corporate entity is held together by the Trustee and the Managing Company directly or indirectly
- (f) a corporate entity where twenty per centum (20%) or more of voting rights of the total votes are exercised together by the Trustee and the Managing Company directly or indirectly
- (g) a Key Management Person of the Trustee or the Managing Company of a CIS

**"Rupees"** or **"Rs"** mean rupees and **"cents"** or **"cts"** mean cents in Sri Lankan currency, unless otherwise stated

**"Subscription Day"** means every Business Day during which the Managers issue Units provided that the Managers may with the prior written consent of the Trustees decide as they deem appropriate, any particular Business Day not to be a Subscription Day upon giving not less than seven days (07) notice to the Trustees.

**"Transaction Receipt"** means any notification or confirmation or acknowledgement receipt issued by the Managers which may be computer generated and/or which may be transmitted or delivered by wire, telephone, satellite, cable or any other such electronic, magnetic or optical media.

**"Trust"** means the said Scheme constituted by this Trust Deed as modified or added to from time to time with the approval of the Commission and called by the name "" or such other name as the Trustees and the Managers may mutually agree upon from time to time.

**"Trustees"** means Bank of Ceylon or such other person or persons for the time being duly appointed trustee or trustees hereof in succession to Bank of Ceylon under the provisions of Clause 25.

**"Trustee Fee"** means any sum to which the Trustees may become entitled for the services provided.

**"Unit"** means one of the equal proportionate participations into which the beneficial interests in the assets of a Scheme are divided and includes shares

**"Value"** means with reference to:

- (1) Investments related to Financial Securities should be valued at cost plus accrued interest basis using the discounting method
- (2) Investments related to deposits should be valued at cost plus accrued interest basis

Provided however that the 'Value' shall at all times be computed in accordance with any directions given by the Commission and the guidelines issued by the Unit Trust Association of Sri Lanka

**"Year"** means calendar year and **"Month"** means calendar month