

## Media Release

October 17, 2017

Colombo:

### US investor community hears a strong case for Sri Lanka in New York



- *Macroeconomic stabilization of the economy broadly on track*
- *Better, more facilitative capital market regulation across the board*
- *CSE ready to play its part in the national growth agenda*
- *Foreign speakers offer a compelling endorsement of Sri Lanka*

The “Invest Sri Lanka Investor Forum” organized by the Colombo Stock Exchange (CSE) and the Securities and Exchange Commission of Sri Lanka (SEC) in association with CSE Member Firms, Listed Companies and supported by Asia Securities (Event Sponsor) and the Oxford Business Group (Exclusive Publication Partner) drew a strong interest among the investor community in New York. A Sri Lankan delegation including senior representatives of the CSE, SEC, Stock Broker Firms and Listed Companies attended the Forum to make a collective case on the Sri Lankan capital market as an investment destination. Remarks made by policy makers and capital market leaders on the economic outlook for the country and investment opportunities surrounding progressive reforms were well received by participants, who expressed their confidence in the way forward for Sri Lanka.

One-on-one/group discussions between investors which included representatives of the largest frontier and emerging market funds and Sri Lankan listed companies, were well attended and featured John Keells Holdings PLC, Commercial Bank PLC, Sampath Bank PLC, Tokyo Cement (Lanka) PLC, Teejay Lanka PLC, Dialog Axiata PLC, People's Leasing & Finance PLC, MTD Walkers PLC and Sunshine Holdings PLC.

Addressing the forum as the keynote speaker and at the backdrop of the IMF reaching a staff-level agreement on the third review of Sri Lanka's Extended Fund Facility, the Governor of the Central Bank of Sri Lanka Dr. Indrajit Coomaraswamy stated that the macroeconomic stabilization of the economy is broadly on track and that the structural reforms implemented over the past two years are showing signs of gaining traction. The Governor added that the Central Bank is well advanced in putting in place a flexible inflation targeting regime and added "The narrative is that the macroeconomics are improving, you have a tremendous location, you have a shift to a growth model which is capable of giving you more sustainable growth and the policies are being put in place to support that growth model. The growth framework is being strengthened through action in terms of the investment climate, investment promotion, trade facilitation and trade policy complemented by a pipeline of very ambitious projects. Sri Lanka has raised its ambition because it is now getting support from all corners of the world."

### **CSE ready to play its part in the national growth agenda**

Commenting on the capital market's role in contributing to the national agenda, CSE Chairman Mr. Ray Abeywardena stated that the CSE is fully geared to creating capital raising opportunities for both the public and private sector, which is set to make a vital contribution to the Government's Vision 2025 and empowerment of private investment based growth. He added that providing a platform for state-owned enterprise reform through the stock market, facilitating the growth of SMEs through the introduction of an SME Board and providing other equity and debt capital raising opportunities to spur growth among Sri Lankan corporate entities remains to be a key priority at the CSE. A development drive focused on all investor segments, product diversification, improvements to governance and market infrastructure and further improvements to risk management were presented by Mr. Abeywardena as key facets of the way forward for the Sri Lankan stock market.

Presenting on the opportunities in the Sri Lankan capital market, CSE CEO Mr. Rajeeva Bandaranaike pitched investment in the CSE as a sound diversification opportunity with attractive valuations and returns backed by strong market fundamentals for equities. The presentation offered a broad perspective on the unique opportunity offered through the Sri Lankan stock market for foreign investors, to take part in a transformative economy through an exchange that on average performed better than most global indices in recent years. Further inducement offered in the form of relaxed repatriation of returns and regulations on capital gains also drew the interest of investors present at the event.

### **Better, more facilitative capital market regulation across the board**

Discussing the salient features of the new SEC Act, SEC Commission member Ms. Dilshani Wijayawardana stated that the new securities law is set to usher in an era of stability, transparency and efficacy to the capital market, adding that "The new securities law will be a pillar of strength in making the capital market of Sri Lanka attractive to both international and local investors."

Director General of the SEC Mr. Vajira Wijegunerwardane speaking on the reformist agenda of the capital market expressed the SEC's continued commitment to better, more facilitative regulation across the board. "The SEC Strategy 2020, which consists of a set of regulatory and developmental initiatives, maps an integrative growth plan for the capital market to create a robust regulatory framework which in turn facilitates sustainable development" he added.

### **Strong endorsement for Sri Lanka's economic direction and capital market**

Outlining that May 2009 was a turning point for the country and for foreign investors, Senior Portfolio Manager at TimesSquare Capital Management and investor in Sri Lankan equities for over ten years Mr. Caglar Somek stated that the country is now on a sustainable growth path after going through a significant transition, adding that present growth and future estimates could further improve if the government continues its reform process beyond the IMF programme and attracts additional foreign direct investors. "The investment case for Sri Lanka is getting stronger with the support of the IMF. Sri Lanka has domestic avenues for growth, according to third party estimates such as the Economic Intelligence Unit, over 70% of long term sustainable growth will likely come from the consumption and investment side of the economy, which is encouraging." he noted.

Commenting on the key attractions of Sri Lanka as a frontier market, he noted that Sri Lanka offers a more diversified economy, compared to other oil and commodity heavy frontier markets. A fully functioning democracy, an improving balance of payments situation, independent institutions, the rule of law, promising social aspects, the absence of capital controls and Sri Lanka's strategic location and external growth opportunities surrounding it were identified as key factors that could pursue foreign investors to consider Sri Lanka going forward.

Adding to the positive sentiments expressed, NASDAQ Vice Chairman Mr. Meyer "Sandy" Frucher said "We believe in the Sri Lanka story, which is why we are represented here at this forum. I have viewed and watched Sri Lanka for a long time and I think that the record and story is getting out there."

The Invest SL event in New York was hosted on the back of a considerable level of foreign activity in the stock market in 2017 where foreign purchases during the first half of 2017 established a record for the highest foreign purchases recorded in the first half of a calendar year. Investors from the US have consistently been the leading contributors to foreign turnover in the Sri Lankan stock market, and have contributed to 40% of the total foreign turnover since the year 2013.

---

#### **About CSE**

The Colombo Stock Exchange (CSE) operates the only stock market in Sri Lanka and is responsible for providing a transparent and regulated environment where companies and investors can come together. The CSE is a company that is limited by guarantee established under the Laws of Sri Lanka. The CSE is licensed by the Securities and Exchange Commission of Sri Lanka (SEC) and is a mutual exchange consisting of 15 Members and 19 Trading Members. All Members and Trading Members are licensed by the SEC to operate as Stockbrokers. For more information, please visit: [www.cse.lk](http://www.cse.lk).

For more information:

**Niroshan Wijesundere**

**Head of Market Development**

Colombo Stock Exchange

Level 4, West Block,

World Trade Center, Echelon Square,

Colombo 01.

Sri Lanka.

Direct +94 112356510  
Mobile +94 777 819999  
Fax +94 112445279