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MARKET UPDATE AND FUND REVIEW

2018
JUNE

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MARKET BRIEF BY NDB WEALTH

INFLATION CONTINUES TO INCREASE

Inflation as measured by the CCPI continued to increase for the third consecutive month in June 2018 to 4.40% on a year on year basis from 4.00% May 2018. Inflation was mainly driven by non food categories, while food inflation was broadly under control. Core inflation, which excludes the more volatile aspects of price movements (food, energy and transport), increased on a year on year basis to 3.4% during June 2018 from 3.20% in May 2018. We expect inflation to be in the range of 6% - 7% in 2018, mainly as a result of higher taxes, and increased fuel prices.

SRI LANKAN RUPEE TO DEPRECIATED SLIGHTLY IN JUNE

The Sri Lankan Rupee has depreciated by 0.11% against the US Dollar in June 2018, while it appreciated against other hard currencies such as the Sterling Pound, Euro and the Japanese Yen, by 1.61%, 0.65% and 1.59% respectively, during the month. For the first time in 15 months, the Central Bank was a net seller of USD 190 million in the forex market in May 2018. The gross official reserve dipped to USD 8.8 in May 2018 from USD 9.9 billion recorded in April 2018. We expect the Sri Lankan rupee to depreciate by a further 3% - 4% in 2018, due to foreign outflows and increasing trade deficit expected in 2018.

DECREASE IN BENCHMARK ONE YEAR TREASURY BILL RATE

The benchmark 364-day Treasury bill rate declined to 9.39% in June 2018, mainly due to the lower quantities auctioned by the Central bank. Despite the drop in one year Treasury bill rate, the longer term Treasury bond rates continued to hover at similar levels as the previous month. Increasing interest rates in the US has continued to exert pressure on the exchange rate and in turn on interest rates. In this backdrop foreign sales of LKR denominated securities continued and total foreign holding of LKR denominated securities decreased further in June to 5.90%.

The secondary market rates on the sovereign bonds issued by Sri Lanka continued to increase, depicting the impact of increasing interest rates in the US. Considering Sri Lanka's heavy maturity profile of foreign debt over the next four years, it may be difficult to raise foreign funds at the levels raised in 2018. Heavy maturities and foreign selling on LKR denominated debt may lead to higher interest rates in Sri Lanka in the medium term.

HEAVY SELLING OF CSE

The All Share Price Index and S&P SL 20 continued to record sharp declines in June 2018, declining by 3.19% and 4.99% respectively. CSE witnessed heavy selling on market heavy weights leading to negative returns during the month. Negative sentiment on frontier and emerging markets may have impacted the CSE to trigger such volumes of selling by foreign investors towards the latter weeks of June. We expect the investor sentiment on stock market to continue to be weak in the backdrop of events taking place globally.

Indika De Silva
Fund Manager

EQUITY OUTLOOK

	Past month Performance (1st Jun - 30th Jun 2018)	Past 12 months Performance (Jun 2017 - Jun 2018)	Year to Date Performance (1st Jan 2018 - 30th Jun 2018)
All Share Price Index	-3.19%	-8.19%	-2.74%
S&P SL 20	-4.99%	-13.85%	-7.70%
MSCI Frontier Markets Index	-3.51%	1.97%	-10.70%
MSCI World Index	-0.05%	11.09%	0.43%
MSCI Emerging Markets	-4.15%	8.20%	6.66%
MSCI Asia Ex Japan	-4.79%	9.90%	-4.76%

Source: www.cse.lk and www.msci.com

- The All Share Price Index (ASPI) and S&P SL 20 index, the two main indices of Colombo Stock Exchange, continued to decline significantly during June 2018. During the last three months alone, the ASPI and S&PSL20 have declined by 4.36% and 7.16% respectively.

- Overall weak investor sentiment towards frontier markets may have been the main cause for the losses in the CSE.

- With foreign investor fund outflows accelerating further in June, emerging-market stocks and currencies saw significant declines; the highest since 2015 in the three months through June.

- Emerging markets are being negatively affected due to rising tensions globally. The threat of a global trade war, a stronger US dollar, higher borrowing costs and risk aversion are taking its toll on asset allocation and investors were seen taking a backseat on emerging market trades.

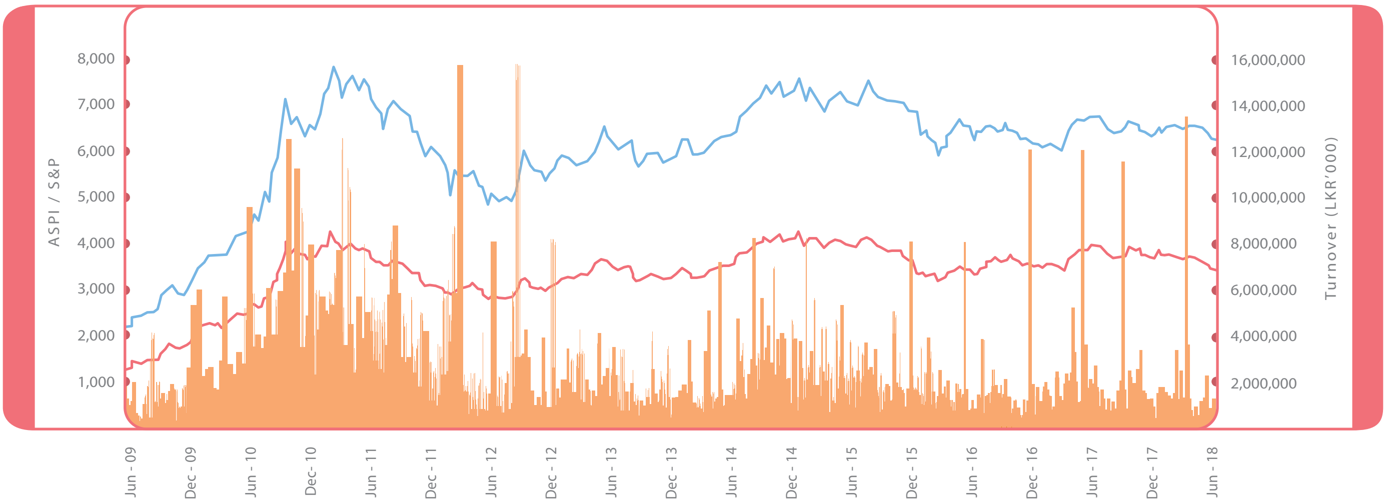
- According to Institute of International Finance, foreign portfolio outflows from emerging markets rose to USD 8 billion in June 2018, following an outflow of USD of 6.3 billion in May. Outflows were evenly split between debt markets (which recorded a net outflow of USD 4.2 billion) and equity markets (recording a net outflow at USD 3.8 billion).

- In the past, cheap money generated following the global super stimulus channeled a wave of buying into emerging market assets, with investors encouraged by better-looking fundamentals and much-improved risk-taking conditions in 2016 and 2017. Emerging and Frontier markets were considered by investors for long-term growth, above-average returns, and superior yields despite the higher political and economic risks compared to developed markets.

- The escalating trade tensions have already seen the Yuan, which has been an anchor of stability during the emerging-market sell-off in recent months, weaken. Trade frictions and concerns about whether the economy is slowing down further have sent Chinese stocks into a bear market.

- The recently resurgent U.S. dollar could be another major reason for investors retreating from emerging markets equities as a stronger dollar raises external financing costs for developing economies.

Colombo Stock Exchange Performance



Turnover *S&P* *ASPI*

Source: www.cse.lk

		Jun 2018	Jun 2017
CSE	Market PER	10.39 X	11.48 X
	Market PBV	1.25 X	1.51 X
	Market DY	3.12%	2.58%
MSCI Frontier Market	Market PER	13.71 X	14.58 X
	Market PBV	1.89 X	1.72 X
	Market DY	3.88%	3.76%

Source: www.cse.lk

Despite marginal net foreign buying witnessed in June 2018, mainly as a result of the purchases witnessed during the first week of June, on a year to date basis foreign investors were net sellers on the CSE.

Colombo Stock Exchange	Jan - Jun 2018	Jan - Jun 2017
Foreign Inflows	LKR 49.26 Billion	LKR 62.89 Billion
Foreign Outflows	LKR 50.57 Billion	LKR 41.15 Billion
Net Foreign Inflows/(Outflows)	**(LKR 1.31 Billion)**	**LKR 21.74 Billion**

Source: www.cse.lk

> “GREAT OPPORTUNITIES COME AROUND WHEN EXCELLENT COMPANIES ARE SURROUNDED BY UNUSUAL CIRCUMSTANCES THAT CAUSES THE STOCK TO BE MISAPPRAISED”

— Warren Buffet —

FIXED INCOME OUTLOOK

INTEREST RATES IN SRI LANKA

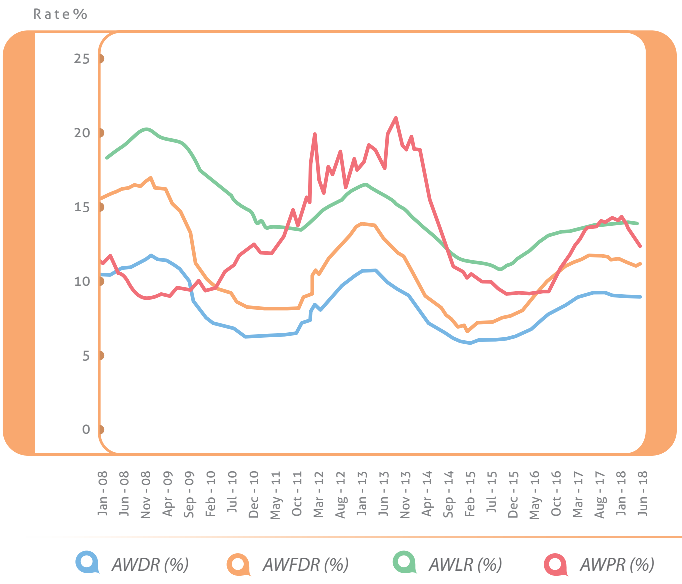
The Central Bank of Sri Lanka (CBSL) maintained its key policy rates stable in June holding the Standing Lending Facility Rate (the rate CBSL lends to commercial banks) and the Standing Deposit Facility Rate (the rate which commercial banks place their excess cash with CBSL) at 8.50% and 7.25% respectively.

	Jun 17	Dec 17	May 18	Jun 18
364 Day T-bill	10.73%	8.90%	9.59%	9.62%
5-Year Bond	11.54%	9.97%	10.04%	10.36%
1-Year Finance Company Fixed Deposit (A+)*	12.50%	11.50%	11.50%	11.50%

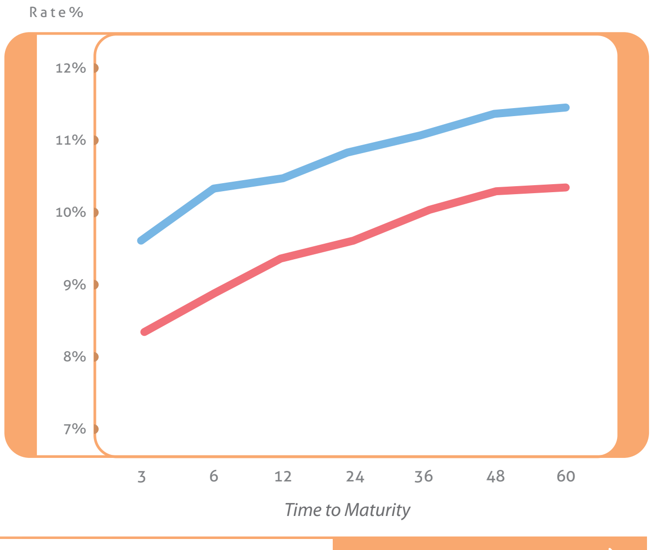
**Net returns earned on Government Securities would vary depending on the individual's tax bracket while Fixed Deposits will be subject to a final WHT of 5%.*

Source: Central Bank of Sri Lanka

AVERAGE LENDING & DEPOSIT RATES



YIELD CURVE - LKR TREASURIES



Source: Central Bank of Sri Lanka

AWDR: Average Weighted Deposit Rate | AWFDR: Average Weighted Fixed Deposit Rate | AWLR: Average Weighted Lending Rate | AWPR: Average Weighted Prime Lending rate

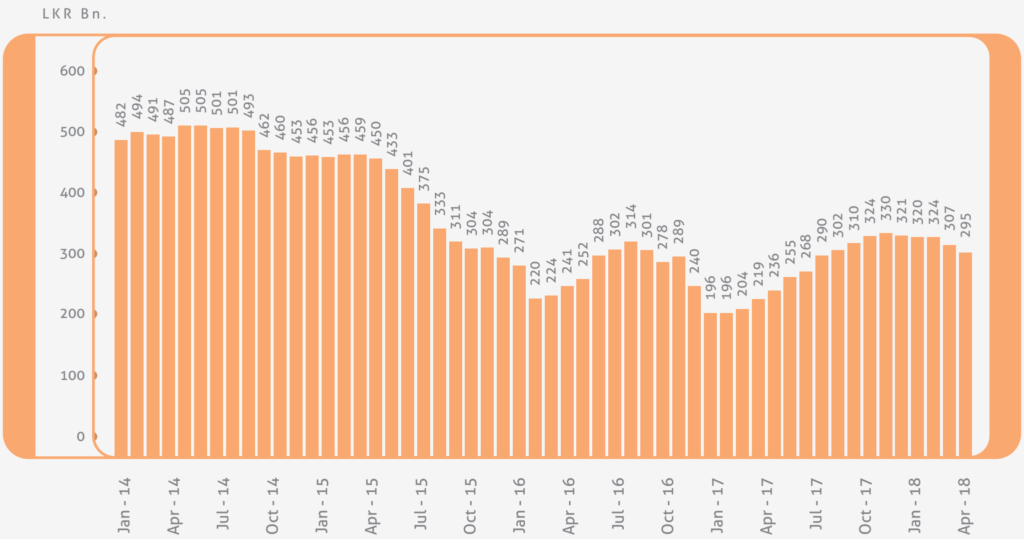
Treasury Bill rates decreased across the board with the 364-day T-Bill rate falling to 9.39% and the 182-day and 91-day Treasury Bills closing the month at 8.85% and 8.32% respectively.

Broad money (M2b) growth picked up to 16.4% year-on-year in March, from 16.2% in the previous month whilst credit extended to the private sector also expanded growing by 15.3% year-on-year in March on account of festive demand. The monthly increase in private sector credit disbursements was LKR 122 Bn. (2.5% m-o-m).

Outstanding LKR Govt. Securities LKR 5,022 Billion / USD 32.11 Billion	
T Bills (Total)	T Bonds (Total)
LKR 833 Billion	LKR 4,189 Billion
Domestic (Bills & Bonds)	Foreign (Bills & bonds)
LKR 4,727 Billion	LKR 295 Billion
Total Foreign Holding of Bills and Bonds - 5.88%	

Source: Central Bank of Sri Lanka

FOREIGN HOLDING OF LKR G-SEC



Source: Central Bank of Sri Lanka

Foreign holding of government securities continued on its declining trend, falling by LKR 11.94 billion (net) in June to 5.88%, with foreign investors selling out of local government securities. On a year-to-date basis too foreigners remained net sellers amounting to LKR 28.97 billion.

1 Year FD Rates – Sri Lankan Banks		
	Jun 2018	May 2018
NSB	10.50%	10.50%
COMB	10.50%	10.50%
SAMP	10.75%	10.75%
HNB	10.50%	10.50%
NDB	10.75%	10.50%

Rates on Credit Cards	Jun 18
HSBC	28.00%
SCB	28.00%
Sampath	28.00%
NDB	28.00%
AMEX	28.00%

Source: Respective Commercial Banks

NDB increased its fixed deposit rates during the month of June.

NDIB CRISIL Fixed Income Indices Total return as at 29/06/2018	3 Month Return	1 Year Return	3 Year Return
NDBIB-CRISIL 91 Day T-Bill Index	2.06%	8.91%	8.21%
NDBIB-CRISIL 364 Day T-Bill Index	2.55%	10.10%	7.93%
NDBIB-CRISIL 3 Year T-Bond Index-TRI	2.45%	13.30%	9.29%
NDBIB-CRISIL 5 Year T-Bond Index-TRI	1.74%	14.71%	8.53%

Source: www.crisil.com

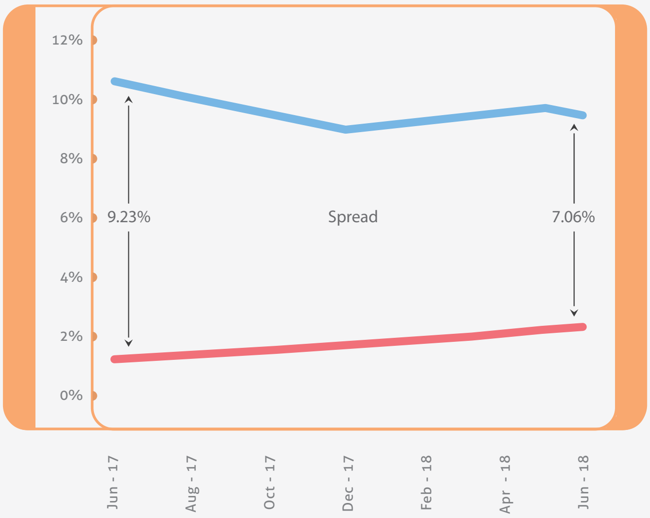
Central Bank Policy Rates	2015	2016	2017	Latest
Sri Lanka	6.00%	7.00%	7.25%	7.25%
US	0.25% - 0.50%	0.50% - 0.75%	1.25% - 1.50%	1.75% - 2.00%
Euro Zone	0.05%	0.00%	0.00%	0.00%
Australia	2.00%	1.50%	1.50%	1.50%
India	6.75%	6.25%	6.00%	6.25%

Source: www.cbrates.com

The US Federal Reserve hiked its benchmark 'funds rate' by 0.25% pushing its funds rate target range between 1.75% to 2.0% and indicated that two more increases are likely this year. The rate hike comes in the backdrop of economic growth picking up, unemployment rates falling and household spending improving in the US.

The Reserve Bank of India increased its Policy Repo rate by 0.25% to 6.25% in June after more than 4 years on account of the sharp increase in crude oil prices over the last few months, increases in other global commodity prices, spiraling inflation and recent global financial market developments.

1 YEAR TREASURY RATE - USD Vs. LKR



Source: Central Bank of Sri Lanka / US Department of the Treasury

364 Day Treasury Bill Rate	Jun 17	Dec 17	May 18	Jun 18
Sri Lanka	10.47%	8.90%	9.62%	9.39%
India	6.38%	6.42%	6.93%	7.13%
US	1.24%	1.76%	2.23%	2.33%
Euro Zone	-0.65%	-0.74%	-0.72%	-0.71%

Source: Respective Central Banks

	Rates on Savings Accounts - Jun 2018
Sri Lanka	4.00%
US	0.03%
Euro Zone	0.01%
Australia	1.65%
India	3.50%

Source: Respective Commercial Banks

“ THINK BIG - START SMALL
AND YOU WILL BE SETTING
YOURSELF UP FOR SUCCESS ”

— NDB Wealth —

INFLATION RATES

Country	Jun 17	Dec 17	May 18	Jun 18
Sri Lanka	6.10%	7.15%	3.98%	4.41%
US	1.63%	2.11%	2.80%	2.80%*
Euro Zone	1.26%	1.35%	1.87%	1.87%*
India	1.54%	5.21%	4.87%	4.87%*

Source: Department of Census and Statistics - Sri Lanka http://www.inflation.eu/, https://tradingeconomics.com/

* May 2018

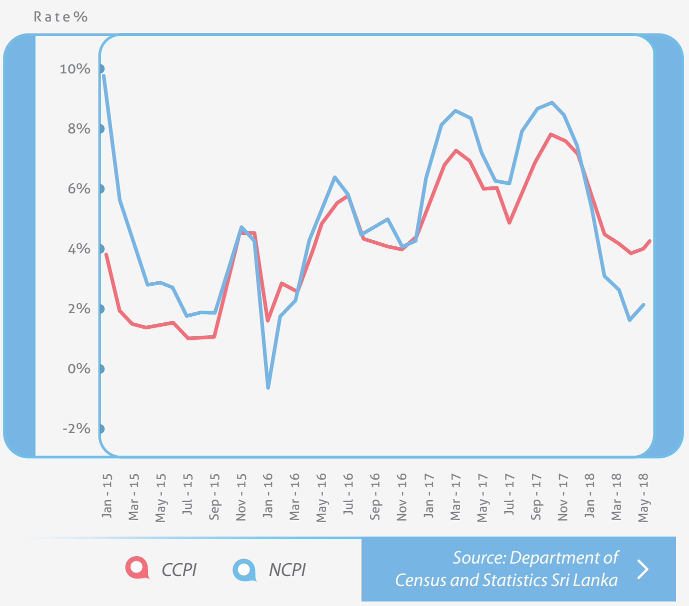
- Inflation as measured by the CCPI (2013=100), accelerated to 4.4% in June 2018 on a year-on-year basis from the previous month's 4.0% mainly on account of rising non-food prices following the fuel price revisions that took place in May. On an annual average basis however inflation slowed to 5.6% in June.

- Core inflation, which excludes the more volatile aspects of price movements (food, energy and transport) too increased to 3.4% year-on-year in June from the previous month's 3.2%. However on an annual average basis core inflation decreased to 4.4% from 4.5% in May.

- We are of the view that inflation will hover at mid-single digit levels this year mainly on account of the base effect of higher prices in 2017, however the expected administered price revisions could exert pressure on overall price levels.

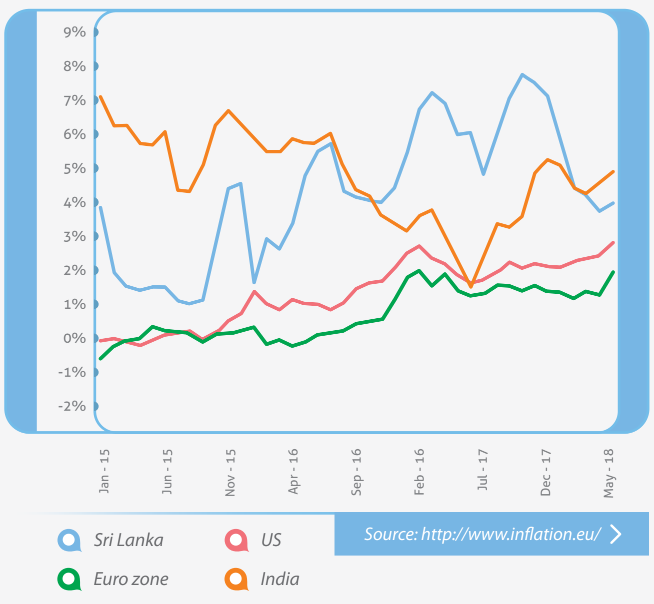
- On the global front, both U.S. and Euro Zone inflation increased to 2.80% and 1.87% respectively.

INFLATION - POINT TO POINT CHANGE - CCPI VS. NCPI



Source: Department of Census and Statistics Sri Lanka

GLOBAL INFLATION RATES



Source: http://www.inflation.eu/

FOREX OUTLOOK

Exchange Rates Vs. LKR	Jun 17	Dec 17	Jun 18	1 Year App/(Dep) LKR	YTD App/(Dep) LKR
USD	153.51	152.85	158.26	-3.00%	-3.41%
GBP	199.93	205.54	206.91	-3.37%	-0.67%
EURO	175.62	182.49	183.10	-4.09%	-0.34%
YEN	1.37	1.36	1.43	-4.15%	-5.33%
AUD	118.20	119.10	116.25	1.68%	2.46%
CAD	118.28	121.61	119.32	-0.88%	1.92%
INR	2.37	2.39	2.30	3.27%	3.76%
BHD	406.92	405.36	418.67	-2.81%	-3.18%
CNY	22.68	23.45	23.84	-4.89%	-1.63%

Source: Central Bank of Sri Lanka

The Sri Lankan Rupee depreciated 0.11% against the US Dollar (USD) in June to close the month at LKR 158.26 per 1 USD and gained 1.61% against the Sterling Pound. Year-to-date depreciation against the USD stood at 3.41%.

US Dollar gained against a basket of currencies with trade tensions and political developments in Europe reducing investors' risk appetite and money flows to the US Dollar increasing with it being considered a safe-haven currency.

Asian currencies led by the Chinese Yuan also weakened against the USD on concerns of a possible global trade war. The US is now edging towards a possible trade war with the EU which could have damaging consequences for the global economy.

The Sterling Pound rose against the Euro owing to better than expected Services sector results (UK's largest economic sector), which also makes a policy interest rate hike in August by the Bank of England all the more likely.

USD PER 1 EURO MOVEMENT

Source: http://www.x-rates.com/

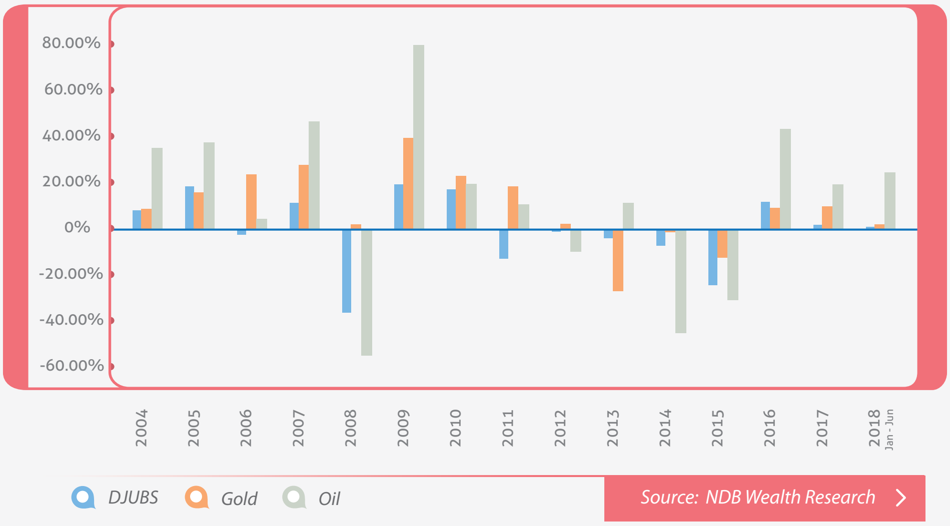
COMMODITY OUTLOOK

	Past month Performance (1st Jun - 30th Jun 2018)	Past 12 months Performance (Jun 2017 - Jun 2018)	Year to Date Performance (1st Jan 2018 - 30th Jun 2018)
Bloomberg Commodity Index	-3.65%	5.82%	-0.86%
Gold	-1.72%	1.65%	1.31%
Oil (Brent)	3.64%	69.42%	23.72%

Source: www.worldbank.com, Bloomberg and NDB Wealth Research

- The Bloomberg Commodity (BCOM) recorded a sharp decline during June 2018 resulting in year to date returns of -0.86% for the first half of 2018.
- Worries about the trading relationship between the US and China have been rising in the last couple of months along with increasingly aggressive rhetoric between the two most powerful economies in the world.
- Copper has shown some of the largest losses in the recent commodities sell-off because the metal tends to reflect broad sentiment towards global economy.
- During the last quarter gold has dropped in value by 3.30% as the recent rally of the US currency has pushed the yellow metal below USD 1,300 an ounce.
- Oil prices climbed on Tuesday after Libya declared force majeure on significant amounts of its supply, but rising overall output from OPEC as well as the United States moderated the potential increase
- The probable slowdown in demand for oil has become a concern for producers. In Asia, the world's biggest oil consumption region, seaborne oil imports have been falling since May, as higher costs turned off consumers and the escalating trade dispute between the United States and China start to impact the economy.

Commodity Price Movements



Source: NDB Wealth Research

PROPERTY OUTLOOK

Residential Property Market

- According to the IMF, the real estate market expansion has continued and credit to construction is currently the highest contributor to overall credit growth (real estate market makes up of 11.2% of total outstanding loans), which could lead to rising financial risks.

- IMF states that an oversupply in the real estate market, lower prices and a slowdown in construction activity would likely follow and trigger stress among the often-leveraged builders.

- However, according to industry experts, 90% of luxury condominium purchases are equity based, and on average, 65% of purchases are by resident Sri Lankans, 27% by expatriate Sri Lankans and 8% by foreigners

- Further, contrary to popular perception, apartments currently account for only 1.7% of Colombo's residential market and once apartments currently under construction are completed over the next three to four years, this figure would only rise to about 4% to 5%. This could be considered low when compared to 70% in central Kuala Lumpur, 80% in central Bangkok and 90% in central Mumbai.

- As per global real estate firms such as JLL and RIU, 98% - 99% of completed luxury condominium projects in Colombo are sold out, while on average, 47% - 49% of projects under construction are sold out.

ISLAMIC FINANCE INDUSTRY

Islamic Financing is finance activity that is consistent with principles of Islamic law (Shari'ah) which prohibits the payment or acceptance of interest.

NDB WM provides our client's discretionary management services on a shari'ah compliant basis for portfolio values above Rs. 100.0 million.

The Islamic Money Plus Fund is a unit trust fund offered by NDB Wealth Management and approved by the Securities Exchange Commission of Sri Lanka, investing in a diversified portfolio of Shari'ah compliant short term securities issued by corporates and in Mudharabah deposits and savings accounts. The fund provides reasonable liquidity and tax free income to its investors and would be an ideal substitute for direct investments in Mudharabah savings accounts and deposits. (Trustee: Deutsche Bank)

Mudharabah Deposit Rates of Selected Service Providers

	Savings	1 month	3 month	6 month	1 Year+	2 Year+	3 Year+	4 Year+	5 Year+
Amana Bank - As of May 2018									
*Profit Sharing Ratio**	30:70	-	60:40	65:35	75:25	80:20	85:15	-	90:10
Distributed Profit	3.47%	-	6.94%	7.52%	8.68%	9.26%	9.84%	-	10.41%
Bank of Ceylon Islamic Business Unit - As of May 2018									
*Profit Sharing Ratio**	45:55	-	-	-	-	-	-	-	-
Distributed Profit	4.00%	-	-	-	-	-	-	-	-
Commercial Bank of Ceylon PLC-Al Adalah Islamic Banking unit - As of May 2018									
*Profit Sharing Ratio**	45:55	-	55:45	65:35	75:25	-	-	-	-
Distributed Profit	5.76%	-	7.04%	8.46%	9.60%	-	-	-	-
Hatton National Bank PLC-"Hnb Al- Najah" Islamic Banking unit - As of March 2018 (Released Quarterly)									
*Profit Sharing Ratio**	30:70	-	55:45	60:40	70:30	-	-	-	-
Distributed Profit	3.85%	-	8.50%	9.50%	10.50%	-	-	-	-
National Development Bank PLC-"Shareek" Islamic Banking unit - As of May 2018									
Profit Sharing Ratio* (3Mn - 50Mn)	40:60	60:40	65:35	40:60	65:35	65:35	-	-	-
Distributed Profit	5.00%	5.25%	7.00%	7.50%	10.50%	10.50%	-	-	-
Citizen Development Business Finance PLC- Islamic Banking unit - As of May 2018									
*Profit Sharing Ratio**	32:68	52:48	52:48	52:48	55:45	62:38	62:38	-	-
Distributed Profit	6.45%	9.68%	10.49%	10.49%	11.09%	12.50%	12.50%	-	-
Commercial Leasing & Finance PLC- Islamic Finance – As of April 2018									
*Profit Sharing Ratio**	35 :65	50:50	53:47	55:45	55:45	59:41	60:40	64:36	65:35
Distributed Profit	5.00%	10.62%	11.26%	11.68%	11.68%	12.53%	12.74%	13.59%	13.80%
LB Al Salamah (LB Finance PLC - Islamic Business Unit) - As of May 2018									
*Profit Sharing Ratio**	20:80	26:74	28:72	30:70	31:69	-	-	-	-
Distributed Profit	7.20%	9.37%	10.09%	10.81%	11.17%	-	-	-	-
LOLC Al-Falaah (Lanka Orix Finance PLC - Islamic Business Unit) - As of May 2018									
*Profit Sharing Ratio**	30:70	60:40	62:38	66:34	66:34	67:33	69:31	70:30	74:26
Distributed Profit	4.28%	8.56%	8.56%	9.42%	9.42.%	9.56%	9.84%	9.99%	10.56%
Peoples Leasing Islamic Business Unit - As of May 2018									
*Profit Sharing Ratio**	45:55	-	60:40	65:35	75:25	-	-	-	-
Distributed Profit	5.74%	-	7.65%	8.29%	9.56%	-	-	-	-

Source: Respective Company Data

* Profit sharing ratio provides profit ratio for Customer: Financial Institution; * Profits distributed at Maturity

The white list of shari'ah compliant stocks provides investors a means of ethical investing. The Core business is screened to ensure that corporate dealing in conventional banking, conventional insurance, alcoholic drinks, tobacco, pork production, arms manufacturing, pornography or related activities are excluded. Companies are also screened in terms of levels of debt, illiquid assets and non compliant investments.

WHITE LIST AS OF APRIL 2018

Finance and Insurance	Healthcare	Laxapana Batteries PLC	Namunukula Plantation PLC
Amana Takaful PLC	Asiri Surgical Hospitals PLC	Piramal Glass Ceylon PLC	Talawakelle Tea Estates PLC
Amana Takaful Life PLC	Ceylon Hospitals PLC (Durdans)	Printcare (Ceylon) PLC	Udapussellawa Plantations PLC
Amana Bank PLC	Singhe Hospitals PLC	Regnis(Lanka) PLC	Watawala Plantations PLC
Beverages and Food	Investment Trust	Royal Ceramic Lanka PLC	Hapugastanne Plantations PLC
Bairaha Farms PLC	Ascot Holdings PLC	Samson International	Power & Energy
Dilmah Ceylon Tea Company PLC	Lanka Century Investments PLC	Sierra Cables PLC	Lanka IOC PLC
Harischandra Mills PLC	Renuka Holdings PLC	Singer Industries (Ceylon) Plc	Lotus Hydro Power PLC
Nestle Lanka PLC	Land and Property	Swadeshi Industrial Works PLC	Panasian Power PLC
Raigam Wayamba Salterns PLC	Colombo Land & Development Company PLC	Swisstek Ceylon PLC	Vallibel Power Erathna PLC
Renuka Agri Foods PLC	Serendib Engineering Group PLC	Teejay Lanka PLC	Vidullanka PLC
Renuka Foods PLC	Manufacturing	Tokyo Cement (Company) PLC	Services
Tea Smallholder Factories PLC	Abans Electricals Plc	Richard Pieris Exports PLC	Lake House Printing & Publishers PLC
Three Acre Farms PLC	ACL Cables PLC	Motors	Paragon Ceylon PLC
Chemicals and Pharmaceuticals	ACL Plastics PLC	Autodrome PLC	Stores & Supplies
Chemanex PLC	Agstar Fertilizers PLC	C M Holdings PLC	Gestetner of Ceylon PLC
Haycarb PLC	Alufab PLC	Diesel & Motor Engineering PLC	Hunter & Company PLC
Industrial Asphalts (Ceylon) Plc	Alumex PLC	Sathosa Motors PLC	Telecommunications
J.L. Morison Son & Jones (Ceylon) PLC	B P P L Holdings PLC	United Motors Lanka PLC	Dialog Axiata PLC
Union Chemicals Lanka Plc	Bogala Graphite Lanka PLC	Plantations	Sri Lanka Telecom PLC
Construction & Engineering	Central Industries PLC	Aitken Spence Plantation Managements PLC	Trading
Access Engineering PLC	Ceylon Grain Elevators PLC	Balangoda Plantations PLC	C. W. Mackie PLC
Lankem Developments PLC	Chevron Lubricants Lanka PLC	Bogawantalawa Tea Estates PLC	Eastern Merchants PLC
Diversified Holdings	Dankotuwa Porcelain PLC	Elpitiya Plantations PLC	Office Equipment PLC
Expolanka Holdings PLC	Dipped Products PLC	Horana Plantations PLC	
Sunshine Holdings Plc	Kelani Cables PLC	Kahawatte Plantation PLC	
Footwear & Textiles	Lanka Aluminium Industries PLC	Kelani Valley Plantations PLC	
Ceylon Leather Products PLC	Lanka Ceramic PLC	Madulsima Plantations PLC	
Hayleys Fabric PLC	Lanka Tiles PLC	Malwatte Valley Plantations PLC	
Odel PLC	Lanka Walltiles PLC	Maskeliya Plantations PLC	

Source: www.icp.lk (I Capital Partners - former Amana Capital Limited)

NOTE 1: The White List has taken to consideration the latest company financials and September 2017 Management Accounts

NOTE 2: No changes from the previous month's list

UNIT TRUST FUNDS OFFERED BY NDB WM

- NDB Wealth Growth Fund
- NDB Wealth Growth & Income Fund
- NDB Wealth Income Fund
- NDB Wealth Income Plus Fund
- NDB Wealth Money Fund
- NDB Wealth Money Plus Fund
- NDB Wealth Islamic Money Plus Fund
- NDB Wealth Gilt Edged Fund

NDB | WEALTH

Fund Overview

NDB Wealth Growth Fund

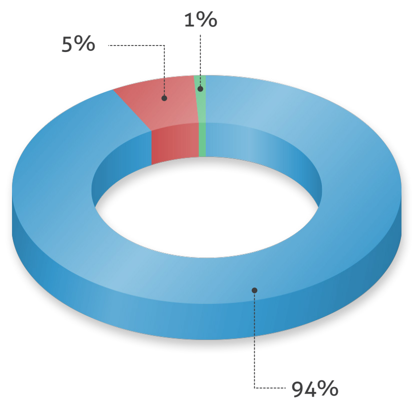
Type: Open Ended | **Investments:** Listed Equities
Currency: LKR | **ISIN:** LKNWGRU00005

NDB Wealth Growth Fund is an open-ended equity fund incorporated in Sri Lanka, invested in listed shares of the Colombo Stock Exchange. The Fund aims to achieve capital growth on a medium to long term basis by investing in a diversified portfolio of stocks of stable companies with a proven track record.

Fund Snapshot — 31-May-18

YTD Yield	1.23%
NAV per unit	11.1105
AUM (LKR Mn.)	262.94
Fund Currency	LKR
Fund Inception	1-Dec-97
Expense Ratio	2.77%
Max Equity Allocaiton	97.00%
Current Equity Allocaiton	59.90%
Fund Leverage	0.00%

Equity Allocation



Top 5 Portfolio Holdings (In Alphabetical Order)

- CENTRAL FINANCE COMPANY PLC
- HATTON NATIONAL BANK PLC
- PEOPLES INSURANCE LTD
- SAMPATH BANK PLC
- SEYLAN BANK PLC

Historical Returns

Period	Fund Returns *	ASPI Returns
Last Month	-1.57%	-2.03%
Last 3 months	-1.15%	-2.34%
Last 6 months	0.63%	-0.21%
Last 12 months	3.51%	-4.13%
Year 2017	7.09%	2.26%
Year 2016	-0.92%	-9.66%

* After fees, excluding front end and back end loads

Fixed Income Allocation

Minimum Fixed Income Allocation	3.00%
Current Fixed Income Allocation	40.10%
Average Duration	0.45

Maturity	% Holding
Under 1 Month	38.00%
6 Months - 1 Year	33.70%
1 Year - 5 Years	28.30%

Other Features

Valuation	Daily Valuation Instruments less than one year - cost plus accrued basis. Instruments greater than one year - n/a.
Investment/Withdrawal	Any Time A notice period of 07 working days may be required prior to large redemptions. However, the time period can be discussed with potential investors prior to the investment.
Exposure Restrictions	Maximum exposure restrictions to listed equity 15% of NAV; maximum exposure restrictions on fixed income investments depend on the features of each security, (Ex: Rated, Guaranteed, etc.), and are regulated by the Trustee and the SEC.
Fee Details	Management Fee : 2.25% p.a. of NAV. Trustee fee : 0.10 - 0.19% p.a. of NAV. Custodian fee : 0.05% p.a.of NAV, depending on fund size Front-end fee : 2% / Exit fee : 1% if less than 1 year ; 0 if greater than 1 year.
Fund Manager	NDB Wealth Management Ltd.
Trustee & Custodian	Bank of Ceylon

Fund Overview

NDB Wealth Growth and Income Fund

Type: Open Ended
Currency: LKR

Investments: Listed Equities and Corporate Debt
ISIN: LKNWGIU00004

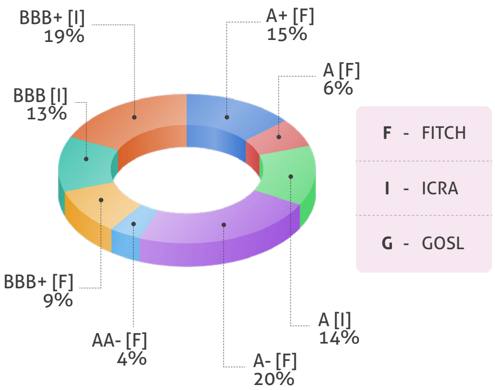
NDB Wealth Growth and Income Fund is an open-ended balanced fund incorporated in Sri Lanka, invested in a combination of listed shares in the Colombo Stock Exchange and LKR based corporate debt instruments and government securities. The Fund aims to achieve income on a medium to long term basis by investing in a diversified portfolio of stocks of stable companies with a proven track record.

Fund Snapshot 31-May-18

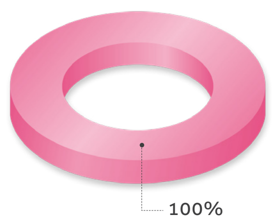
YTD Yield	4.06%
NAV per unit	34.1916
AUM (LKR Mn.)	187.36
Fund Currency	LKR
Fund Inception	1-Dec-97
Expense Ratio	2.14%
Max Equity Allocaiton	97.00%
Current Equity Allocaiton	2.12%
Fund Leverage	0.00%

Portfolio Allocation

By Credit Rating



By Equity Sector



Top 2 Portfolio Holdings (In Alphabetical Order)

SINGER FINANCE (LANKA) PLC

SAMPATH BANK PLC

Historical Returns

Period	Fund Returns*	ASPI Returns
Last month	0.67%	-2.03%
Last 3 months	2.55%	-2.34%
Last 6 months	4.90%	-0.21%
Last 12 months	9.17%	-4.13%
Year 2017	10.10%	2.26%
Year 2016	4.13%	-9.66%

* After fees, excluding front end and back end loads.

Fixed Income Allocation

Minimum Fixed Income Allocation	3.00%
Current Fixed Income Allocation	97.88%
Average Duration	0.85

Maturity	% Holding
Under 1 Month	6.60%
1 Month - 3 Months	25.30%
3 Months - 6 Months	34.40%
6 Months - 1 Year	6.80%
1 Year - 5 Years	26.90%

Other Features

Valuation	Daily Valuation Instruments less than one year - cost plus accrued basis. Instruments greater than one year - marked to market.
Investment/Withdrawal	Any Time A notice period of 07 working days may be required prior to large redemptions. However, the time period can be discussed with potential investors prior to the investment.
Exposure Restrictions	Maximum exposure restrictions to listed equity 15% of NAV; maximum exposure restrictions on fixed income investments depend on the features of each security, (Ex: Rated, Guaranteed, etc.), and are regulated by the Trustee and the SEC.
Fee Details	Management Fee : 1.5% p.a. of NAV. Trustee fee : 0.25% p.a. of NAV. Custodian fee : 0.10% p.a.of NAV. Front-end fee : 1.5%.
Fund Manager	NDB Wealth Management Ltd.
Trustee & Custodian	Deutsche Bank

Fund Overview

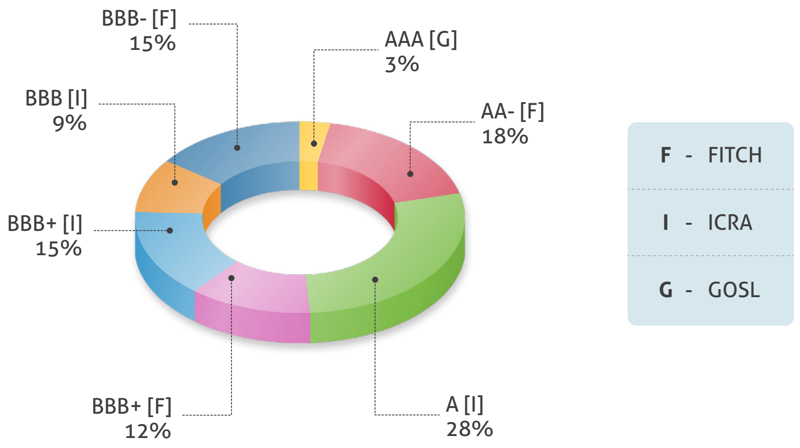
NDB Wealth Income Fund

Type: Open Ended
Currency: LKR

Investments: Corporate Debt Instruments
ISIN: LKNWINU00000

NDB Wealth Income Fund is an open-ended fixed income fund incorporated in Sri Lanka, invested in LKR based corporate debt instruments including commercial paper, securitized paper, quoted and unquoted debentures as well as Sri Lanka Treasury Bills, Bonds and government securities backed Repurchase transactions. The Fund aims to enhance returns by investing in a diversified portfolio of corporate debt securities.

Portfolio Allocation By Credit Rating



Fund Snapshot

Fund Snapshot	31-May-18
YTD Yield	4.69%
YTD Yield (Annualized)	11.34%
NAV per unit	11.8625
AUM (LKR Mn.)	351.42
Fund Currency	LKR
Fund Inception	1-Dec-97
Expense Ratio	1.33%
Average Maturity (Yrs)	2.21
Average Duration	1.58

Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	3.00%	8.00%
3 Months - 6 Months	10.50%	11.80%
6 Months - 1 Year	15.50%	11.30%
1 Year - 5 Years	53.50%	12.20%
Over 5 Years	17.50%	12.10%

Historical Returns

Period	Fund Returns	Annualized Return	Equivalent Gross Return (Annualized) *
Year to Date	4.69%	11.34%	11.94%
Last month	0.62%	7.36%	7.74%
Last 3 months	2.82%	11.17%	11.76%
Last 6 months	5.87%	11.77%	12.39%
Last 12 months	13.32%	13.32%	14.02%
Year 2017	14.34%	14.34%	15.10%
Year 2016	8.00%	8.00%	8.43%

* Reflects the equivalent return from a similar investment prior to deducting WHT of 5%

Other Features

Valuation	Daily Valuation All Instruments are marked to market.
Investment/Withdrawal	Any Time A notice period of 07 working days may be required prior to large redemptions. However, the time period can be discussed with potential investors prior to the investment.
Exposure Restrictions	Maximum exposure restrictions on investments depend on the features of each security, (Ex: Rated, Guaranteed, etc), and are regulated by the Trustee and the SEC.
Fee Details	Management Fee : 1.00% p.a. of NAV. Trustee fee : 0.10 - 0.19% p.a. of NAV, based on fund size. Custodian fee : 0.05% p.a.of NAV.
Fund Manager	NDB Wealth Management Ltd.
Trustee & Custodian	Bank of Ceylon

Fund Overview

NDB Wealth Income Plus Fund

Type: Open Ended
Currency: LKR

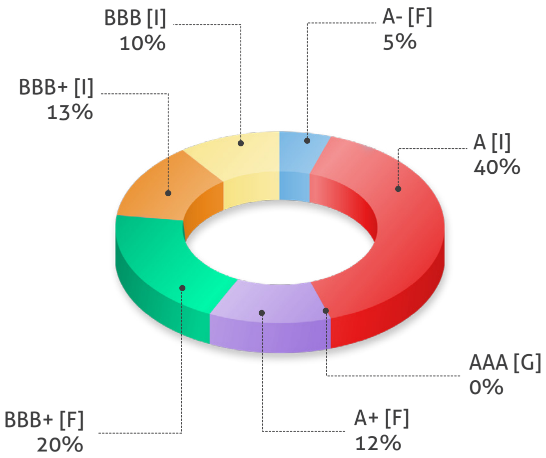
Investments: Fixed Income Securities
ISIN: LKNWIPU00005

NDB Wealth Income Plus Fund is an open-ended fixed Income fund incorporated in Sri Lanka, invested in LKR based corporate debt instruments including commercial paper, securitized paper, quoted and unquoted debentures,bank deposits as well as Sri Lanka Treasury Bills, Bonds and government securities backed Repurchase transactions.
The Fund aims to provide higher returns by investing in a portfolio of Gilt Edged and Corporate Debt securities.

Fund Snapshot

Fund Snapshot	31-May-18
YTD Yield	4.95%
YTD Yield (Annualized)	11.96%
NAV per unit	12.6112
AUM (LKR Mn.)	733.58
Fund Currency	LKR
Fund Inception	7-Apr-16
Expense Ratio	0.77%
Average Maturity (Yrs)	0.61
Average Duration	0.56

Portfolio Allocation By Credit Rating



F - FITCH
I - ICRA
G - GOSL

Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	0.20%	8.00%
3 Months - 6 Months	67.10%	12.00%
6 Months - 1 Year	7.30%	11.40%
1 Year - 5 Years	25.40%	12.60%

Historical Returns

Period	Fund Returns	Annualized Return	Equivalent Gross Return (Annualized)*
Year to Date	4.95%	11.96%	12.59%
Last month	0.98%	11.55%	12.16%
Last 3 months	3.03%	12.01%	12.65%
Last 6 months	5.97%	11.97%	12.60%
Last 12 months	12.12%	12.12%	12.76%

* Reflects the equivalent return from a similar investment prior to deducting WHT of 5%.

Other Features

Valuation	Daily Valuation Cost plus accrued basis
Investment/Withdrawal	Any Time A notice period of 07 working days may be required prior to large redemptions. However, the time period can be discussed with potential investors prior to the investment.
Fee Details	Management Fee : 0.50% p.a. of NAV. Trustee and Custodian fee : 0.065 - 0.1% p.a. of NAV, based on fund size. Exit fee : 2% if less than 1 year ; 0 if greater than 1 year
Fund Manager	NDB Wealth Management Ltd.
Trustee & Custodian	Bank of Ceylon

Fund Overview

NDB Wealth Money Fund

Type: Open Ended
Currency: LKR

Investments: Short Term Government Securities
ISIN: LKNWMNU00002

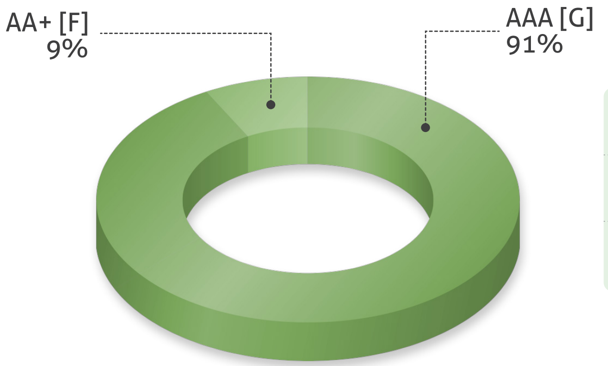
NDB Wealth Money Fund is an open-ended money market fund incorporated in Sri Lanka,invested in Government of Sri Lanka Treasury Bills, government securities backed Repurchase transactions and short term bank deposits.

The Fund aims to provide liquidity to investors by investing in short term high quality instruments with maturities less than 365 days which include government securities, government guaranteed securities and short term bank deposits with credit ratings of AA- and above.

Fund Snapshot

Fund Snapshot	31-May-18
YTD Yield	3.46%
YTD Yield (Annualized)	8.36%
NAV per unit	16.3859
AUM (LKR Mn.)	349.74
Fund Currency	LKR
Fund Inception	1-Jun-12
Expense Ratio	0.83%
Average Maturity (Yrs)	0.12
Average Duration	0.12

Portfolio Allocation By Credit Rating



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G - GOSL

Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	46.00%	8.80%
1 Month - 3 Months	36.10%	9.10%
3 Months - 6 Months	17.90%	9.70%

Historical Returns

Period	Fund Returns	Annualized Return
Year to Date	3.46%	8.36%
Last month	0.70%	8.21%
Last 3 months	2.16%	8.55%
Last 6 months	4.18%	8.38%
Last 12 months	8.98%	8.98%
Year 2017	9.50%	9.50%
Year 2016	8.94%	8.94%

Other Features

Valuation	Daily Valuation Instruments less than one year - cost plus accrued basis, Instruments greater than one year - n/a.
Investment/Withdrawal	Any Time A notice period of 07 working days may be required prior to large redemptions. However, the time period can be discussed with potential investors prior to the investment.
Fee Details	Management Fee : 0.55% p.a. of NAV. Trustee fee : 0.11 - 0.16% p.a. of NAV, depending on fund size.
Fund Manager	NDB Wealth Management Ltd.
Trustee & Custodian	Deutsche Bank

Fund Overview

NDB Wealth Money Plus Fund

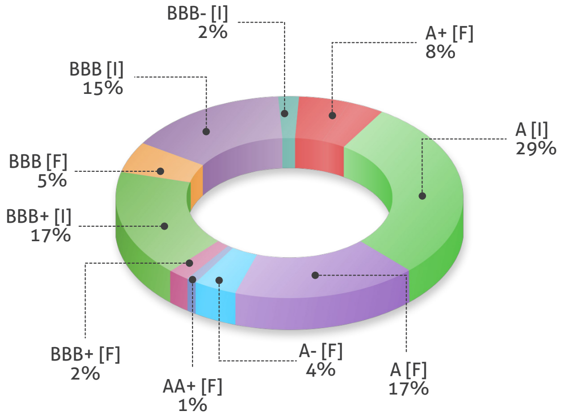
Type: Open Ended
Currency: LKR

Investments: Money Market Corporate Debt Securities
ISIN: LKNWMPU00007

NDB Wealth Money Plus Fund is an open-ended money market fund incorporated in Sri Lanka, invested in short term LKR based corporate debt instruments including commercial paper, securitized paper, bank deposits as well as Sri Lanka Treasury Bills, Bonds and government securities backed Repurchase transactions.

The Fund aims to provide liquidity to investors while enhancing returns by investing in a diversified portfolio of short term corporate debt securities with maturities less than 365 days

Portfolio Allocation By Credit Rating



F - FITCH	
I - ICRA	
G - GOSL	

Fund Snapshot

Fund Snapshot	31-May-18
YTD Yield	4.65%
YTD Yield (Annualized)	11.24%
NAV per unit	17.9919
AUM (LKR Mn.)	12,059.22
Fund Currency	LKR
Fund Inception	1-Jun-12
Expense Ratio	0.86%
Average Maturity (Yrs)	0.28
Average Duration	0.27

Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	13.70%	9.40%
1 Month - 3 Months	32.30%	11.30%
3 Months - 6 Months	48.70%	11.50%
6 Months - 1 Year	5.30%	12.40%

Historical Returns

Period	Fund Returns	Annualized Return	Equivalent Gross Return (Annualized) *
Year to Date	4.65%	11.24%	11.84%
Last month	0.90%	10.62%	11.18%
Last 3 months	2.92%	11.59%	12.20%
Last 6 months	5.59%	11.21%	11.80%
Last 12 months	11.49%	11.49%	12.10%
Year 2017	11.38%	11.38%	11.98%
Year 2016	8.81%	8.81%	9.27%

* Reflects the equivalent return from a similar investment prior to deducting WHT of 5%

Other Features

Valuation	Daily Valuation Instruments less than one year - cost plus accrued basis, Instruments greater than one year - n/a.
Investment/Withdrawal	Any Time A notice period of 07 working days may be required prior to large redemptions. However, the time period can be discussed with potential investors prior to the investment.
Exposure Restrictions	Maximum exposure restrictions on investments depend on the features of each security, (Ex: Rated, Guaranteed, et) and are regulated by the Trustee and the SEC.
Fee Details	Management Fee : 0.65% p.a. of NAV. Trustee fee : 0.11 - 0.16% p.a. of NAV, depending on fund size.
Fund Manager	NDB Wealth Management Ltd.
Trustee & Custodian	Deutsche Bank

Fund Overview

NDB Wealth Islamic Money Plus Fund

Type: Open Ended
Currency: LKR

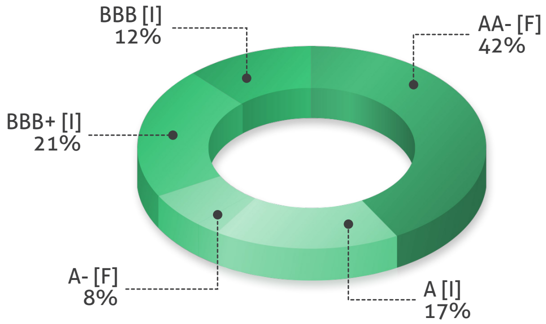
Investments: Short Term Shariah Compliant Investments
ISIN: LKNWISU00009

NDB Wealth Islamic Money Plus Fund is an open-ended money market fund incorporated in Sri Lanka, invested exclusively in short term LKR based Shariah compliant investments including Mudharabah term deposits, Mudharabah savings deposits, Wakala investments and sukuk investments less than 366 days.
The Fund aims to provide investors with liquidity and regular income through investing in a portfolio of short term shariah compalaint securities.

Fund Snapshot

Fund Snapshot	31-May-18
YTD Yield	3.95%
YTD Yield (Annualized)	9.54%
NAV per unit	12.66
AUM (LKR Mn.)	393.71
Fund Currency	LKR
Fund Inception	1-Jun-15
Expense Ratio	1.13%
Average Duration	0.11

Portfolio Allocation By Credit Rating



F - FITCH
I - ICRA

Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	46.44%	9.24%
1 Month - 3 Months	51.75%	10.70%
3 Months - 6 Months	1.74%	11.00%
6 Months - 1 Year	0.07%	10.90%

Target Asset Allocation

Investment Type	Asset Allocation
Shariah compliant money market investments up to 366 days	Max 90%
Shariah compliant money market investments less than 15 days	Min 10%

Shariah Supervisory Board

Shafique Jakhura	Mufti
Muhammed Huzaifah	Maulana

Approved Investments

	Investment Type
Shariah compliant money market investments up to 366 days	Mudharabah term deposits and Wakala Investments in Commercial Banks / Specialised Banks / Finance Companies or any other authorized deposit taking Institution Sukuk / Wakala / Mudharabah securities issued by corporate entities subject to Shariah council approval.
Shariah compliant money market investments less than 15 days	Mudharabah savings deposits

Historical Returns

Period	Fund Returns	Annualized Return	Equivalent Gross Return (Annualized)*
Year to Date	3.95%	9.54%	10.04%
Last month	0.75%	8.85%	9.32%
Last 3 months	2.43%	9.65%	10.16%
Last 6 months	4.86%	9.75%	10.27%
Last 12 months	10.04%	10.04%	10.57%

* Reflects the equivalent return from a similar investment prior to deducting WHT of 5%

Other Features

Valuation	Daily Valuation Instruments less than one year - cost plus accrued basis, Instruments greater than one year - n/a.
Investment/Withdrawal	Any Time A notice period of 07 working days may be required prior to large redemptions. However, the time period can be discussed with potential investors prior to the investment.
Fee Details	Management Fee : 0.80% p.a. of NAV. Trustee fee : 0.10% - 0.20% p.a. of NAV, based on the fund size.
Fund Manager	NDB Wealth Management Ltd.
Trustee & Custodian	Deutsche Bank

Fund Overview

NDB Wealth Glit Edged Fund

Type: Open Ended
Currency: LKR

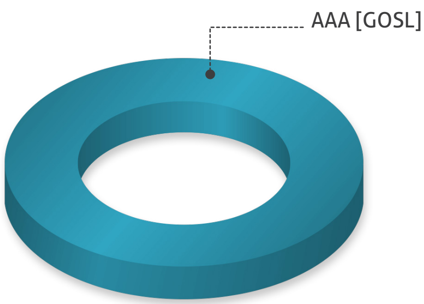
Investments: Government of Sri Lanka Securities
ISIN: LKNWGEU00003

NDB Wealth Gilt Edged Fund is an open-ended unit trust fund incorporated in Sri Lanka, invested in Government of Sri Lanka Treasury Bills, Bonds and government securities backed Repurchase transactions. The Fund aims to maximize returns from investments by investing the fund exclusively in government securities and government guaranteed securities.

Fund Snapshot

Fund Snapshot	31-May-18
YTD Yield	3.18%
YTD Yield (Annualized)	7.68%
NAV per unit	13.1607
AUM (LKR Mn.)	53.74
Fund Currency	LKR
Fund Inception	1-Dec-97
Expense Ratio	0.92%
Average Maturity (Yrs)	0.08
Average Duration	0.08

Portfolio Allocation By Credit Rating



G - GOSL

Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	100.0%	9.30%

Historical Returns

Period	Fund Returns	Annualized Return
Year to Date	3.18%	7.68%
Last month	0.66%	7.77%
Last 3 months	1.97%	7.80%
Last 6 months	3.93%	7.88%
Last 12 months	10.24%	10.24%
Year 2017	10.41%	10.41%
Year 2016	20.19%	20.19%

Other Features

Valuation	Daily Valuation All Instruments are marked to market.
Investment/Withdrawal	Any Time A notice period of 07 working days may be required prior to large redemptions. However, the time period can be discussed with potential investors prior to the investment.
Fee Details	Management Fee : 0.65% p.a. of NAV Trustee fee : 0.10-0.19% p.a. of NAV, depending on fund size Custodian fee : 0.05% p.a.of NAV.
Fund Manager	NDB Wealth Management Ltd.
Trustee & Custodian	Bank of Ceylon

DISCLAIMER

NDB WEALTH MANAGEMENT LTD
NDB Capital Building, Level G, No: 135, Bauddhaloka Mawatha, Colombo 4, Sri Lanka
Tel (+94) 77 744 8888 | (+94) 11 230 3232
E-mail : contact@ndbinvestors.com | Web : www.ndbwealth.com