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MARKET UPDATE AND FUND REVIEW

2018 FEBRUARY

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MARKET BRIEF BY NDB WEALTH

INFLATION TO MARGINALLY INCREASE

Inflation as measured by the CCPI (2013=100), slowed down to 4.50% in February 2018 on a year-on-year basis from last month's 5.8% mainly on account of falling food prices. During the month prices declined by 0.7% mainly due to decreases in prices within the food category which declines overall by 2.9% despite the non-food prices edging up by 0.1%. We expect inflation to hover within the mid single digit levels during the remainder of 2018 althoughnot ruling out the possibility of weather related supply-side disruptions, and the introduction of the pricing formula for fuel and electricity, which could exert pressure on overall price levels.

RUPEE DEPRECIATED DURING THE MONTH

The Sri Lankan Rupee depreciated 0.71% against the US Dollar (USD) in February to close the month at LKR 154.87 per US Dollar. However, most emerging Asian currencies edged up on the US Dollar weakness, after the US President announced new import tariff proposals.

INTEREST RATES TO EDGE UP

Treasury Bill rates edged up with the 364-day T-Bill rate increasing to 9.45% and the 182-day and 91-day Treasury Bills closing the month at 8.52% and 8.24% respectively. Foreign investor interest has reversed with foreign holdings of government securities declining by LKR 9.51 billion (net) in February. As at the end of Feb 2018, foreign holdings in Government securities stand at 6.49% of total outstanding local debt stock. Upward pressures on rates still remain probable due to weak macro-economic fundamentals and expected global rate increases.

FOREIGN PARTICIPATION CONTINUES

The Equity market continues to capture foreign interest recording a net foreign inflow of LKR 6.0 Bn during the first two months. The two main indices of the Colombo Stock Exchange (CSE), depicted mixed results in February 2018, as the All Share Price Index (ASPI) gained 1.16% while S&P SL 20 index (consisting of the large market cap stocks) recorded a negative return of 0.99%. We expect the market to slow down due to current macro-economic fundamentals been weak, coupled with prevailing political uncertainty.

Ranuka De Silva
Research Analyst

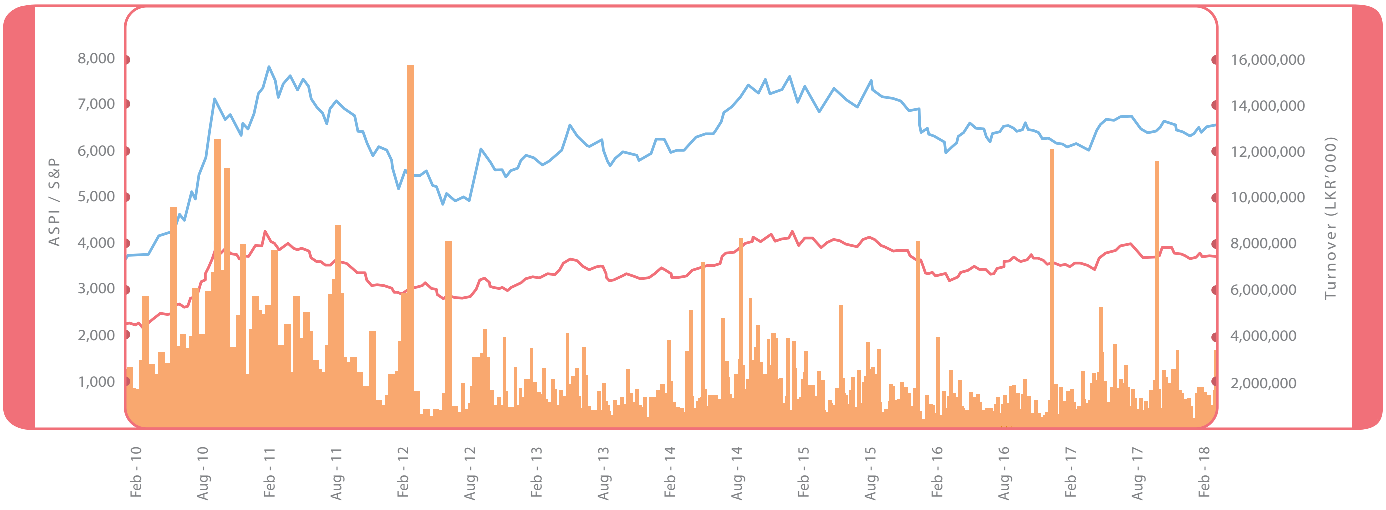
EQUITY OUTLOOK

	Past month Performance (1st Feb - 28th Feb 2017)	Past 12 months Performance (Feb 2017 - Feb 2018)	Year to Date Performance (1st Jan 2018 - 28th Feb 2018)
All Share Price Index	1.16%	6.81%	2.87%
S&P SL 20	-0.99%	4.69%	1.05%
MSCI Frontier Markets Index	-1.47%	29.70%	4.18%
MSCI World Index	-4.14%	17.36%	0.92%
MSCI Emerging Markets	-4.61%	30.51%	3.34%
MSCI Asia Ex Japan	-4.98%	31.93%	2.21%

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

- The two main indices of the Colombo Stock Exchange (CSE), depicted mixed results in February 2018, as the All Share Price Index (ASPI) gained 1.16% while S&P SL 20 index which reports movements of the top 20 liquid market cap stocks recorded a negative return of 0.99%.
- The positive performance of the ASPI was directed by movements in shares such as Softlogic Holdings, Janashakthi Insurance and Laughs Gas due to corporate news and activities which governed these companies.
- Global markets recorded losses in February, following the impressive gains recorded in January 2018.
- Disappointing Chinese data and worries over the outlook for U.S. interest rates reverberated through emerging markets during the latter half of February affecting emerging and frontier market performance.
- Data showed that growth in China's manufacturing sector in February dropped to its weakest in more than one and a half years, raising concerns that a slowdown in the world's second biggest economy this year could be sharper than expected.
- Additionally, new Fed chair Jerome Powell, who gave an upbeat view of the U.S. economy, indicated recent data had strengthened his confidence that inflation may be on the rise. The comments have led to market raising expectations of the likelihood of a fourth U.S. rate hike taking place in 2018 to curtail overheating the economy, while potentially ramping up pressure on global borrowing rates.
- In spite of the shocks to emerging and frontier economies, there are few major reasons that may lead to overall gains which should be closely monitored
- One reason may be attributed to improving global trade which appears to be recovering. In 2017, trade was up by 4.2%, outpacing global growth for the first time since 2014. Emerging and frontier markets are most dependent on trade, and higher exports to Europe and North America may result in better performance in 2018 for these markets.
- Further, rising commodity prices are expected to give boost to frontier markets which are heavily dependent on a single commodity.
- However, trading in emerging and frontier markets is always volatile and a sudden rise in global interest rates or President Trump's threat of trade wars could easily derail them.

Colombo Stock Exchange Performance



Source: www.cse.lk

		Feb 2018	Feb 2017
CSE	Market PER	11.05 X	12.03 X
	Market PBV	1.35 X	1.37 X
	Market DY	2.97%	2.94%
MSCI Frontier Market	Market PER	15.91 X	13.81 X
	Market PBV	2.04 X	1.63 X
	Market DY	2.92%	3.95%

Source: www.cse.lk

Foreign investors continued to be buyers as net foreign purchases exceeded LKR 6 billion during the first two months of 2018 of which LKR 2 billion worth of net foreign purchases is attributable during February 2018.

Colombo Stock Exchange	Jan – Feb 2018	Jan – Feb 2017
Foreign Inflows	LKR 19.40 Billion	LKR 12.10 Billion
Foreign Outflows	LKR 13.30 Billion	LKR 12.10 Billion
Net Foreign Inflows/(Outflows)	**LKR 6.10 Billion**	**(LKR 0.0 Billion)**

Source: www.cse.lk

“ EVERY ONCE IN A WHILE,
THE MARKET DOES SOMETHING STUPID
IT TAKES YOUR BREATH AWAY ”

— Jim Cramer —

FIXED INCOME OUTLOOK

INTEREST RATES IN SRI LANKA

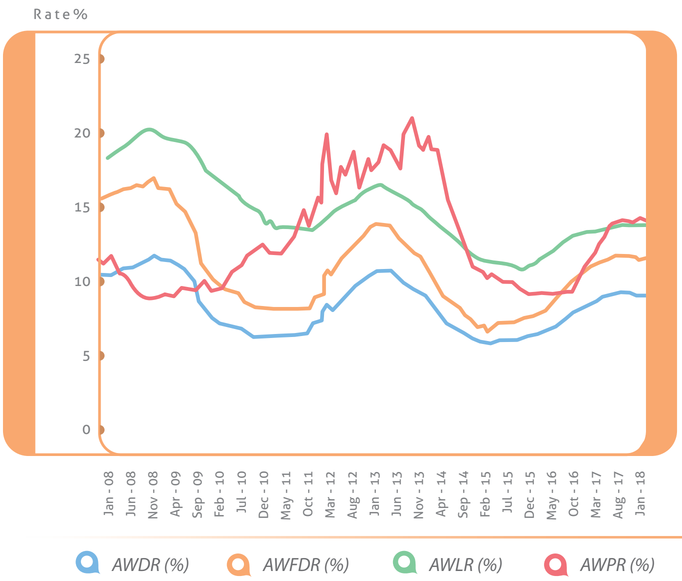
The Central Bank of Sri Lanka (CBSL) maintained the key policy rates stable in January holding the Standing Lending Facility Rate (the rate CBSL lends to commercial banks) and the Standing Deposit Facility Rate (the rate which commercial banks place their excess cash with CBSL) at 8.75% and 7.25% respectively.

	Feb 17	Dec 17	Jan 18	Feb 18
364 Day T-bill	10.58%	8.90%	8.90%	9.45%
5-Year Bond	12.37%	9.97%	9.55%	10.01%
1-Year Finance Company Fixed Deposit (A+)*	11.70%	11.21%	11.21%	11.21%

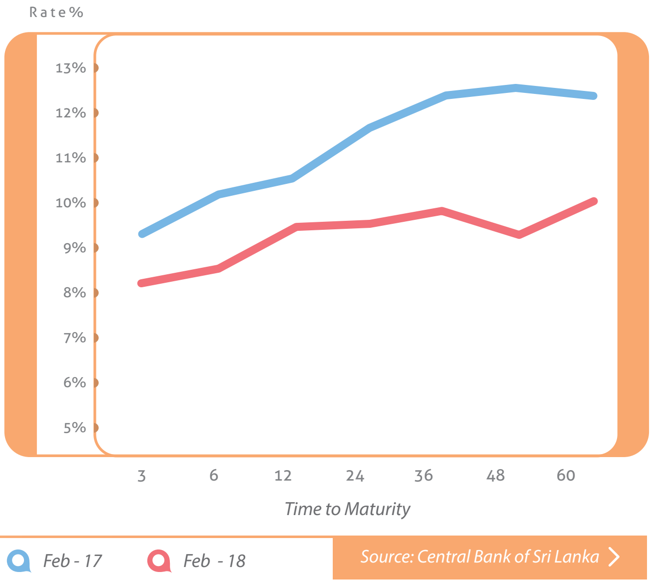
** Net Rate assuming consistent WHT of 2.5% for comparison purposes*

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

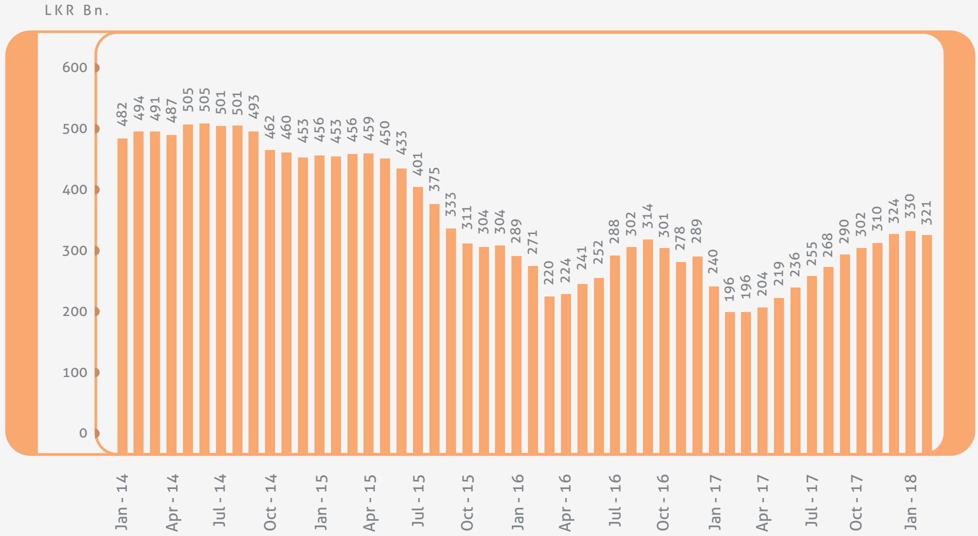
Treasury Bill rates edged up with the 364-day T-Bill rate increasing to 9.45% and the 182-day and 91-day Treasury Bills closing the month at 8.52% and 8.24% respectively.

Broad money (M2b) growth slowed to 16.7% year-on-year in December 2017, from 17.9% in the previous month whilst credit extended to the private sector continued its slowdown from the highs observed at the beginning of the year growing by only 14.7% year-on-year up to December 2017. The monthly increase in credit disbursements was LKR 59.88 Bn. (1.3% m-o- m).

Outstanding LKR Govt. Securities LKR 4,938 Billion / USD 32.00 Billion	
T Bills (Total)	T Bonds (Total)
LKR 806 Billion	LKR 4,132 Billion
Domestic (Bills & Bonds)	Foreign (Bills & bonds)
LKR 4,618 Billion	LKR 320 Billion
Total Foreign Holding of Bills and Bonds - 6.49%	

Source: Central Bank of Sri Lanka

FOREIGN HOLDING OF LKR G-SEC



Source: Central Bank of Sri Lanka

Foreign holding of government securities declined, falling by LKR 9.51 billion (net) in February to 6.49%, on account of foreign selling on local government securities. On a year-to-date basis too foreigners were net sellers on Rupee denominated bills and bonds amounting to LKR 3.65 billion.

1 Year FD Rates – Sri Lankan Banks

	Feb 2018	Jan 2017
NSB	10.50%	10.50%
COMB	10.50%	10.50%
SAMP	11.50%	10.50%
HNB	10.50%	10.50%
NDB	10.50%	10.50%

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

Source: Respective Commercial Banks

Sampath Bank increased their fixed deposit rate during the month of February.

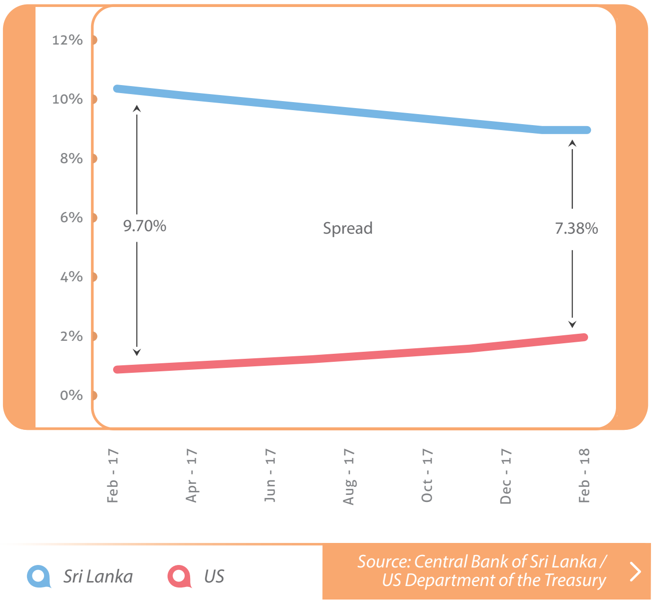
NDIB CRISIL Fixed Income Indices Total return as at 28/02/2018	3 Month Return	1 Year Return	3 Year Return
NDBIB-CRISIL 91 Day T-Bill Index	1.94%	9.33%	7.98%
NDBIB-CRISIL 364 Day T-Bill Index	1.98%	10.46%	7.53%
NDBIB-CRISIL 3 Year T-Bond Index-TRI	2.69%	17.51%	8.90%
NDBIB-CRISIL 5 Year T-Bond Index-TRI	2.56%	21.88%	7.98%

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%	1.25% - 1.50%
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%	6.00%

Source: www.cbrates.com

1 YEAR TREASURY RATE - USD Vs. LKR



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

An upbeat assessment of the US economy from the Federal Reserve's new chairman Jerome Powell and the administration's tax cuts have raised expectations that the Federal Reserve could be gearing up for a faster pace of interest-rate increases this year.

364 Day Treasury Bill Rate	Feb 17	Dec 17	Jan 18	Feb 18
Sri Lanka	10.58%	8.90%	8.90%	9.45%
India	6.30%	6.42%	6.25%	6.66%
US	0.88%	1.76%	1.90%	2.07%
Euro Zone	-0.88%	-0.74%	-0.64%	-0.68%

Source: Respective Central Banks

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

Source: Respective Commercial Banks

China's gross domestic product is forecast to reach approx. USD 13.2 trillion in 2018, beating the USD 12.8 trillion combined total of the 19 countries that use the Euro. This is expected to be a function of the economic system, institutional infrastructure, education and hard infrastructure, all of which have been moving in China's favour.

“A GOOD FINANCIAL PLAN IS A ROAD MAP
THAT SHOWS US WHERE WE COULD END UP IN THE FUTURE”

— NDB Wealth —

INFLATION RATES

Country	Feb 17	Dec 17	Jan 18	Feb 18
Sri Lanka	6.77%	7.15%	5.77%	4.46%
US	2.74%	2.11%	2.07%*	2.07%*
Euro Zone	1.98%	1.35%	1.30%*	1.20%*
India	3.65%	5.21%	5.07%*	5.07%*

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

*January 2018

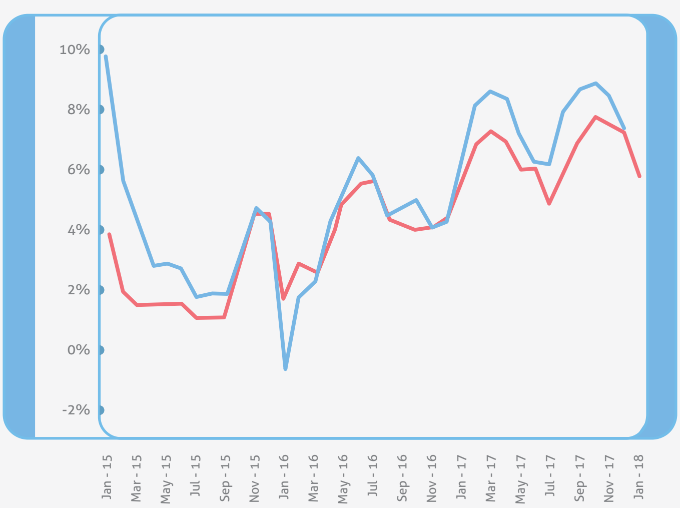
Inflation as measured by the CCPI (2013=100) slowed to 4.5% in February 2018 on a year-on-year basis from the previous month's 5.8% mainly on account of falling food prices. During the month prices declined by 0.7%, of which prices in the food category decreased by 2.9% whilst non-food prices edged up by 0.1%. Within the food category prices of mainly vegetables, rice and onions decreased. On an annual average basis too inflation slowed to 6.4% in February.

Core inflation which excludes the more volatile aspects of price movements (food, energy and transport), remained unchanged at 3.5% year-on-year from the previous month. On an annual average basis core inflation however slowed to 5.3%.

We are of the view that inflation will hover at mid single digit levels this year; however not ruling out the possibility of weather related supply-side disruptions, higher taxes and the introduction of the pricing formula to fuel and electricity which could exert pressure on overall price levels.

On the global front, US and Euro zone inflation decreased to 2.07% (in January 2018) and 1.20% (in February 2018) year-on-year respectively.

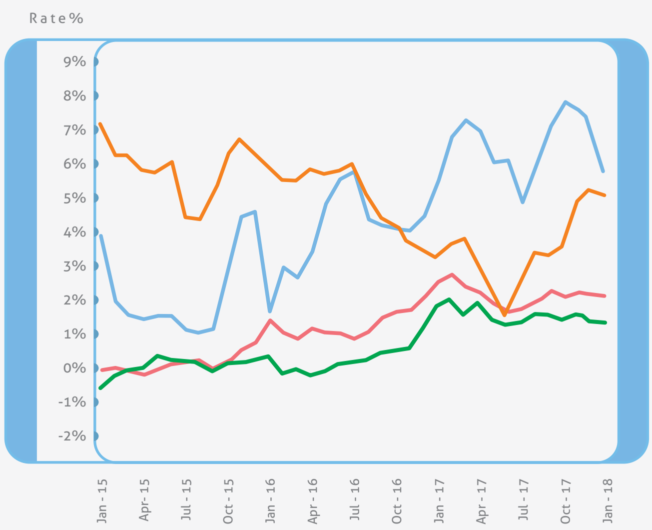
INFLATION - POINT TO POINT CHANGE - CCPI VS. NCPI



CCPI NCPI

Source: Department of Census and Statistics Sri Lanka

GLOBAL INFLATION RATES



Sri Lanka US
Euro zone India

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

FOREX OUTLOOK

Exchange Rates Vs. LKR	Feb 17	Dec 17	Feb 18	1 Year App / (Dep) LKR	YTD App / (Dep) LKR
USD	151.25	152.85	154.87	-2.34%	-1.30%
GBP	188.03	205.54	215.31	-12.67%	-4.54%
EURO	160.09	182.49	189.35	-15.45%	-3.63%
YEN	1.34	1.36	1.44	-6.96%	-6.10%
AUD	116.21	119.10	120.67	-3.70%	-1.30%
CAD	114.68	121.61	121.26	-5.43%	-0.29%
INR	2.27	2.39	2.39	-4.95%	-0.01%
BHD	401.17	405.36	410.80	-2.34%	-1.32%
CNY	22.02	23.45	24.46	-9.98%	-4.12%

Source: Central Bank of Sri Lanka

- The Sri Lankan Rupee depreciated 0.71% against the US Dollar (USD) in February to close the month at LKR 154.87 per 1 USD (year-to-date depreciation stood at 1.30%) and gained 0.34% against the British Pound.
- US President Donald Trump's proposal to impose hefty tariffs on imports of steel and aluminium sparked concerns of a full scale trade war and weakened the US Dollar.
- The Japanese Yen's rapid appreciation since the start of 2018 has made it one of the best-performing currencies so far. The Yen is expected to stay strong partly due to weakness in the U.S. dollar, which has made the greenback less attractive as a "safe haven" asset.
- Most emerging Asian currencies edged up on the US Dollar weakness, after the US President announced new import tariff proposals.

USD PER 1 EURO MOVEMENT

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

COMMODITY OUTLOOK

	Past month Performance (1st Feb - 28th Feb 2018)	Past 12 months Performance (Feb 2017 - Feb 2018)	Year to Date Performance (1st Jan 2018 - 28th Feb 2018)
Bloomberg Commodity Index	-1.85%	0.46%	-0.03%
Tea	-2.07%	2.96%	0.45%
Gold	-0.04%	7.82%	5.24%
Oil (Brent)	-5.17%	17.90%	1.88%

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

- Bloomberg Commodity Index declined by 1.85% in February. The index delivered positive returns in 2017 for the second straight year in a row, as many commodities staged a strong rally towards the end of the year

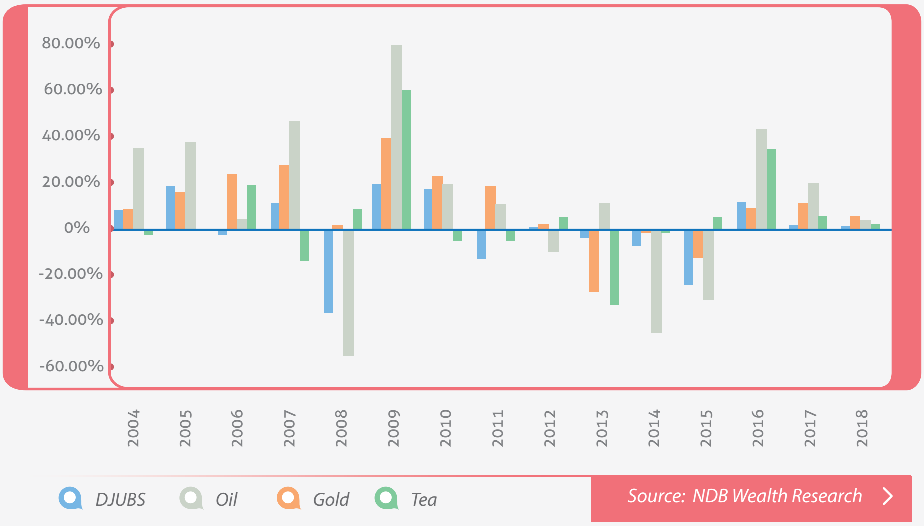
- Amid the latest stock market volatility, a renewed interest in diversification, rising inflation and projections of continued global growth are putting more focus on commodities.

- According to the U.S. Energy Information Administration data, U.S. oil production surged to an all-time high in November 2017, topping the previous record set nearly half a century ago. The U.S. drillers pumped 10.057 million barrels a day in November 2017, edging out the previous record of 10.044 million barrels a day set in November 1970.

- In the wake of a deal between the Organization of the Petroleum Exporting Countries (OPEC), Russia, and other non-OPEC producers to reduce oil output, which increased the price of oil above USD 70 a barrel in January 2018, U.S. shale oil and gas producers, who had had suffered through USD 54 per barrel oil on average in 2017, have been ramping up production to take advantage of rising crude oil prices.

- While inflation worries could spur gold buying, rising interest rates may exert downward price pressure on the metal because bullion pays no interest. Expectations that there could be an additional rate increase helped drive the 10-year yield closer to the 3% mark.

Commodity Price Movemets



Source: NDB Wealth Research

Apartment in the City VS Apartment in the Suburb

The connectivity through to the main city via the improved road network and high costs of property in Colombo may lead to higher property prices especially in the suburbs of Nugegoda, which is 10 – 12 Kilometers from the main city of Colombo. The area is expected to benefit with less traffic and more facilities coming in to the suburb such as monorail in the future.

The selling price of a two bedroom apartment in Nugegoda ranges from Rs. 20 to 25 million. However an Rs. 45 – 65 million apartment closer to the city may not be over priced compared to a Rs. 25 million apartment in Nugegoda when factors such as the location, convenience and time are taken in to consideration.

An illustration is given below:
Assumptions;

- 1,055 Square foot apartment with 2 rooms in Nugegoda is selling at a price of Rs. 25 million approx while an apartment of similar size in Colombo 3 is available for sale at a price of Rs. 45 million approx.
- Age and Condition of the properties is the same
- Location: Land extent of an apartment is 5 perch while Per perch cost in Nugegoda is Rs. 3 million and Per perch cost in Colombo 3 is Rs. 7 million

Selling Price of an apartment in Nugegoda	Rs. 25,000,000.00
Add: Location of the apartment [(5*7 million) – (5 *3 million)]	Rs. 20,000,000.00
Add: Other Factors	Rs. 10,000,000.00
Selling Price of an Apartment in Colombo 3	**Rs. 55,000,000.00**

Excluding the monthly maintenance cost from the equation, the selling price of an apartment in the city may appear to be reasonable. However, the above factors are highly subjective and vary from one individual to another while it could also vary depending on the purpose of the purchase.

If an individual perceives the current selling price of an apartment in Nugegoda is overpriced, then the ripple effect would suggest that the current apartment prices in the city are too, overpriced. It is important to consider that the two types of properties may also have completely different markets as such direct comparison is difficult to arrive at ones price using the other.

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 January 2018									
Profit Sharing Ratio*	30:70	-	60:40	65:35	75:25	80:20	85:15	-	90:10
Distributed Profit	3.46%	-	6.92%	7.49%	8.65%	9.22%	9.80%	-	10.31%
Bank of Ceylon Islamic Business Unit - As of January 2018									
Profit Sharing Ratio*	45:55	-	-	-	-	-	-	-	-
Distributed Profit	5.00%	-	-	-	-	-	-	-	-
Commercial Bank of Ceylon PLC-Al Adalah Islamic Banking unit - As of January 2018									
Profit Sharing Ratio*	45:55	-	55:45	65:35	75:25	-	-	-	-
Distributed Profit	2.90%	-	4.30%	5.80%	6.90%	-	-	-	-
Hatton National Bank PLC-"Hnb Al- Najah" Islamic Banking unit - As of December 2017 (Released Quarterly)									
Profit Sharing Ratio*	30:70	-	55:45	60:40	70:30	-	-	-	-
Distributed Profit	4.10%	-	8.50%	9.50%	10.50%	-	-	-	-
National Development Bank PLC-"Shareek" Islamic Banking unit - As of January 2018									
Profit Sharing Ratio* (3Mn - 50Mn)	40:60	60:40	65:35	40:60	65:35	65:35	-	-	-
Distributed Profit	5.00%	6.00%	7.00%	8.63%	11.00%	11.00%	-	-	-
Citizen Development Business Finance PLC- Islamic Banking unit - As of January 2018									
Profit Sharing Ratio*	34:66	58:42	52:48	52:48	55:45	62:38	62:38	-	-
Distributed Profit	6.61%	9.69%	10.50%	10.50%	11.10%	12.52%	12.52%	-	-
Commercial Leasing & Finance PLC- Islamic Finance - As of January 2018									
Profit Sharing Ratio*	35:65	55:45	58:42	60:40	61:39	65:35	66:34	71:29	72:28
Distributed Profit	5.00%	10.46%	11.09%	11.51%	11.51%	12.35%	12.56%	13.39%	13.60%
LB Al Salamah (LB Finance PLC - Islamic Business Unit) - As of January 2018									
Profit Sharing Ratio*	22:78	74.26	70:30	70:30	69:31	-	-	-	-
Distributed Profit	7.67%	9.58%	10.32%	11.06%	11.43%	-	-	-	-
LOLC Al-Falaah (Lanka Orix Finance PLC - Islamic Business Unit) - As of January 2018									
Profit Sharing Ratio*	30:70	60:40	62:38	66:34	66:34	67:33	69:31	70:30	74:26
Distributed Profit	5.02%	10.05%	10.38%	11.05%	11.05%	11.22%	11.55%	11.72%	12.39%
Peoples Leasing Islamic Business Unit - As of January 2018									
Profit Sharing Ratio*	45:55	-	60:40	65:35	75:25	-	-	-	-
Distributed Profit	7.04%	-	9.39%	10.17%	11.74%	-	-	-	-

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 AUGUST 2017

Finance and Insurance	Shalimar (Malay) PLC	Telecommunications
Amana Takaful PLC	Diversified Holdings	Sri Lanka Telecom PLC
Amana Takaful Life PLC	The Colombo Fort Land & Building PLC	Manufacturing
Amana Bank PLC	Browns Capital PLC	ACL Cables PLC
Beverages and Food	Expo Lanka Holdings PLC	Agstar Fertilizers PLC
Bairaha Farms PLC	Hayleys PLC	Ceylon Grain Elevators PLC
Ceylon Cold Stores PLC	Hemas Holdings PLC	Chevron Lubricants Lanka PLC
Dilmah Ceylon Tea Company PLC	Richard Pieris and Company PLC	Dankotuwa Porcelain PLC
Harischandra Mills PLC	Sunshine Holdings PLC	Dipped Products PLC
Nestle Lanka PLC	Healthcare	Kelani Tyres PLC
Renuka Agri Foods PLC	Asiri Surgical Hospitals PLC	Kelani Cables PLC
Renuka Foods PLC	Ceylon Hospitals PLC (Durdans)	Lanka Ceramic PLC
Three Acre Farms PLC	The Lanka Hospital Corpoartion PLC	Lanka Tiles PLC
Motors	Land and Property	Lanka Walltiles PLC
Autodrome PLC	CT Land Development PLC	Lanka Cement PLC
C M Holdings PLC	Chemicals and Pharmaceuticals	Piramal Glass Ceylon PLC
Diesel & Motor Engineering PLC	Chemanex PLC	Printcare PLC
Lanka Ashok Leyland PLC	Haycarb PLC	Royal Ceramic Lanka PLC
Sathosa Motors PLC	J.L. Morison Son & Jones (Ceylon) PLC	Sierra Cables PLC
United Motors Lanka PLC	Trading	Bogala Graphite Lanka PLC
Construction & Engineering	Brown & Company PLC	Teejay Lanka PLC
Access Engineering PLC	C. W. Mackie PLC	Tokyo Cement (Company) PLC
Colombo Dockyard PLC	Eastern Merchants PLC	Services
Footwear and Textiles	Stores & Supplies	Hunter & Company PLC
Ceylon Leather Products PLC	Colombo City Holdings PLC	Lake House Printing & Publishers PLC
Odel PLC	Hunters & Company PLC	Kalamazoo Systems PLC
Hayleys Fabric PLC	Plantations	Power & Energy
Oil Palms	Bogawantalawa Tea Estates PLC	Lanka IOC PLC
Good Hope PLC	Kahawatte Plantation PLC	Panasian Power PLC
Indo Malay Plc	Namunukula Plantation PLC	Vallibel Power Erathna PLC
Selinsing PLC	Watawala Plantations PLC	

Source: www.amanaasset.com

Note 1: The White List has taken to consideration company financials as at March 31, 2017 and June 30, 2017

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
- LKR Short Term Treasury Fund
- NDB Wealth Gilt Edged Fund

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GROWTH FUND
(LKNWGRU00005)

Fund Overview

Type : Open Ended

Currency: LKR

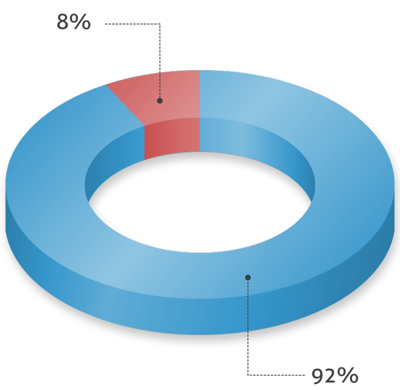
Investments: Listed Equities

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

Fund Snapshot	31-Jan-2018
YTD Yield	0.77%
NAV per unit	11.0601
AUM (LKR Mn.)	281.57
Fund Currency	LKR
Fund Inception	1-Dec-97
Max Equity Allocation	97.00%
Current Equity Allocation	49.22%
Fund Leverage	0.00%

Portfolio Allocation



Banks Finance and Insurance

Footwear and Textiles

Top 5 Portfolio Holdings (In Alphabetical Order)

- CENTRAL FINANCE COMPANY PLC
- COMMERCIAL BANK OF CEYLON PLC
- PEOPLES INSURANCE LTD
- SAMPATH BANK PLC
- SEYLAN BANK PLC

Historical Returns

Period	Fund Returns *●	ASPI Returns
Last Month	0.77%	1.68%
Last 3 Months	-0.90%	-2.13%
Last 6 Months	1.85%	-2.43%
Last 12 Months	6.93%	5.60%
Year 2017	7.09%	2.26%
Year 2016	-0.92%	-9.66%

* Returns in LKR terms
● After fees, excluding front end and back end loads

Fixed Income Allocation

Minimum Fixed Income Allocation	3.00%
Current Fixed Income Allocation	50.78%
Average Rating of Fixed Income	A-
Average Duration	0.3

Maturity	% Holding
Under 1 Month	25.10%
1 Month - 3 Months	30.90%
3 Months - 6 Months	20.30%
6 Months - 1 Year	23.70%

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.
NDB Capital Building, Level G, No: 135,
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NDB | WEALTH

GROWTH AND INCOME FUND
(LKNWGIU00004)

Fund Overview

Type : Open Ended
Currency: LKR

Investments: Listed Equities and Corporate Debt

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-Jan-2018

YTD Yield	0.92%
NAV per unit	36.1257
AUM (LKR Mn.)	194.15
Fund Currency	LKR
Fund Inception	1-Dec-97
Max Equity Allocation	97.00%
Current Equity Allocation	1.62%
Fund Leverage	0.00%

Historical Returns

Period	Fund Returns**	ASPI Returns
Last Month	0.92%	1.68%
Last 3 Months	1.97%	-2.13%
Last 6 Months	3.66%	-2.43%
Last 12 Months	10.04%	5.60%
Year 2017	10.10%	2.26%
Year 2016	4.13%	-9.66%

★ Returns in LKR terms.
● After fees, excluding front end and back end loads.
⭑ Past performance is not a guide to future performance.

Fixed Income Allocation

Minimum Fixed Income Allocation	3.00%
Current Fixed Income Allocation	98.38%
Average Rating of Fixed Income	A
Average Duration	0.63

Maturity	% Holding
Under 1 Month	19.30%
1 Month - 3 Months	26.70%
3 Months - 6 Months	13.90%
6 Months - 1 Year	23.00%
1 Year - 5 Years	17.10%

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
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NDB | WEALTH

INCOME FUND
(LKNWINU00000)

Fund Overview

Type : Open Ended
Currency: LKR

Investments: Corporate Debt Instruments

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.

Fund Snapshot

Fund Snapshot	31-Jan-2018
YTD Yield	1.54%
YTD Yield (Annualized)	18.09%
NAV per unit	11.5050
AUM (LKR Mn.)	369.47
Fund Currency	LKR
Fund Inception	1-Dec-97

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)*
Year to Date	1.54%	18.09%	25.12%
Last Month	1.54%	18.09%	25.12%
Last 3 Months	3.64%	14.43%	20.05%
Last 6 Months	7.45%	14.79%	20.54%
Last 12 Months	14.76%	14.76%	20.50%
Year 2017	14.34%	14.34%	19.92%
Year 2016	8.00%	8.00%	11.12%

★ Tax equivalent return is calculated assuming a corporate tax rate of 28%

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
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NDB | WEALTH

INCOME PLUS FUND
(LKNWIPU00005)

Fund Overview

Type : Open Ended
Currency: LKR

Investments: Fixed Income Securities

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-Jan-2018
YTD Yield	0.97%
YTD Yield (Annualized)	11.48%
NAV per unit	12.1338
AUM (LKR Mn.)	239.37
Fund Currency	LKR
Fund Inception	7-Apr-16

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)*•	
Year to date	0.97%	11.48%	15.94%	14.35% Net of WHT
Last Month	0.97%	11.48%	15.94%	14.35% Net of WHT
Last 3 months	2.92%	11.59%	16.10%	14.49% Net of WHT
Last 6 months	5.89%	11.69%	16.23%	14.61% Net of WHT
Last 12 months	11.55%	11.55%	16.05%	14.44% Net of WHT

★ Tax equivalent return is calculated assuming a corporate tax rate of 28%.
● The tax equivalent return net of Withholding Taxes (WHT) indicate the equivalent annualized government securities rate.

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.
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NDB | WEALTH

MONEY FUND
(LKNWMNU00002)

Fund Overview

Type : Open Ended
Currency: LKR

Investments: Short Term Government Securities

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-Jan-2018
YTD Yield	0.68%
YTD Yield (Annualized)	7.99%
NAV per unit	15.9458
AUM (LKR Mn.)	1,234.09
Fund Currency	LKR
Fund Inception	1-Jun-12

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)**	
Year to Date	0.68%	7.99%	11.10%	9.99% Net of WHT
Last month	0.68%	7.99%	11.10%	9.99% Net of WHT
Last 3 months	2.07%	8.22%	11.41%	10.27% Net of WHT
Last 6 months	4.39%	8.70%	12.08%	10.87% Net of WHT
Last 12 months	9.35%	9.35%	12.99%	11.69% Net of WHT
Year 2017	9.50%	9.50%	13.19%	11.87% Net of WHT
Year 2016	8.94%	8.94%	12.42%	11.17% Net of WHT

★ Tax equivalent return is calculated assuming a corporate tax rate of 28%.
● The tax equivalent return net of Withholding Taxes (WHT) indicate the equivalent annualized government securities rate.
☆ Past performance is not a guide to future performance.

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
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NDB | WEALTH

MONEY PLUS FUND
(LKNWMPU00007)

Fund Overview

Type : Open Ended
Currency: LKR

Investments: Money Market Corporate Debt Securities

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.

Fund Snapshot 31-Jan-2018

YTD Yield	0.89%
YTD Yield (Annualized)	10.45%
NAV per unit	17.3447
AUM (LKR Mn.)	18,819.63
Fund Currency	LKR
Fund Inception	1-Jun-12

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)*
Year to Date	0.89%	10.45%	14.51%
Last Month	0.89%	10.45%	14.51%
Last 3 Months	2.69%	10.66%	14.80%
Last 6 Months	5.55%	11.00%	15.28%
Last 12 Months	11.36%	11.36%	15.78%
Year 2017	11.38%	11.38%	15.81%
Year 2016	8.81%	8.81%	12.23%

★ Tax equivalent return is calculated assuming a corporate tax rate of 28%
☆ Past performance is not a guide to future performance.

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, etc) 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
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NDB | WEALTH

ISLAMIC MONEY PLUS FUND
(LKNWISU00009)

Fund Overview

Type : Open Ended
Currency: LKR

Investments: Short Term Shariah Compliant Investments

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 compaliant securities.

Fund Snapshot

Fund Snapshot	31-Jan-2018
YTD Yield	0.78%
YTD Yield (Annualized)	9.23%
NAV per unit	12.27
AUM (LKR Mn.)	1,151.25
Fund Currency	LKR
Fund Inception	1-Jun-15

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	Tax Equivalent Return (Annualized)*
Year to Date	0.78%	9.23%	12.82%
Last month	0.78%	9.23%	12.82%
Last 3 months	2.40%	9.54%	13.24%
Last 6 months	4.99%	9.90%	13.75%
Last 12 months	9.87%	9.87%	13.71%

* Tax equivalent return is calculated assuming a corporate tax rate of 28%.
* Past performance is not a guide to future performance.

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.
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NDB | WEALTH

LKR TREASURY FUND
(LKSTLKU00005)

Fund Overview

Type : Open Ended
Currency: LKR

Investments: Short Term Government Securities

Short-term LKR Treasury Fund is an open-ended money market fund which will invest exclusively in Government and Government backed securities.
The Fund aims to provide reasonable returns and liquidity commensurate with low risk through a portfolio of Government securities with maturities up to 366 days which include Treasury bills, Government securities backed Repurchase Agreements, Treasury bonds with maturity less than 366 days.

Fund Snapshot 31-Jan-2018

YTD Yield	0.62%
YTD Yield (Annualized)	7.28%
NAV per unit	12.7241
AUM (LKR Mn.)	331.00
Fund Currency	LKR
Fund Inception	19-Dec-14

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)**	
Year to Date	0.62%	7.28%	10.11%	9.10% Net of WHT
Last month	0.62%	7.28%	10.11%	9.10% Net of WHT
Last 3 months	1.88%	7.47%	10.38%	9.34% Net of WHT
Last 6 months	3.89%	7.71%	10.71%	9.64% Net of WHT
Last 12 months	9.95%	9.95%	13.82%	12.44% Net of WHT

★ Tax equivalent return is calculated assuming a corporate tax rate of 28%.
● The tax equivalent return net of Withholding Taxes (WHT) indicate the equivalent annualized government securities rate.
* Past performance is not a guide to future performance.

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
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Disclaimer
Past performance is not a guide to future performance. The value of any investment and the income from it can fall as a result of market and currency fluctuations and investors could get back less than the amount originally invested. This report does not constitute a financial promotion, a recommendation or an offer to sell or a solicitation to buy units in the fund. See Information Memorandum for important information.

NDB | WEALTH

GILT EDGED FUND
(LKNWGEU00003)

Fund Overview

Type : Open Ended
Currency: LKR

Investments: Government of Sri Lanka Securities

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-Jan-2018
YTD Yield	0.62%
YTD Yield (Annualized)	7.29%
NAV per unit (LKR)	12.8342
AUM (LKR Mn.)	561.02
Fund Currency	LKR
Fund Inception	1-Dec-97

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)*●	
Year to Date	0.62%	7.29%	10.13%	9.12% Net of WHT
Last Month	0.62%	7.29%	10.13%	9.12% Net of WHT
Last 3 Months	1.93%	7.67%	10.65%	9.59% Net of WHT
Last 6 Months	5.87%	11.65%	16.18%	14.56% Net of WHT
Last 12 Months	10.35%	10.35%	14.38%	12.94% Net of WHT
Year 2017	10.41%	10.41%	14.46%	13.02% Net of WHT
Year 2016	20.19%	20.19%	28.05%	25.24% Net of WHT

★ Tax equivalent return is calculated assuming a corporate tax rate of 28%.
● The tax equivalent return net of Withholding Taxes (WHT) indicate the equivalent government securities rate.

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
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DISCLAIMER

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