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MARKET UPDATE AND FUND REVIEW

2017 DECEMBER

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MARKET BRIEF BY NDB WEALTH

SLUGGISH ECONOMIC GROWTH

Sri Lankan economy grew by 3.3% in the third quarter 2017, compared to 4% recorded in the previous quarter 2017. Economic growth was mainly driven by the service sector, which grew by 4.30% during the third quarter. Industrial sector recorded a marginal growth of 1.90% for the quarter, as the construction sector (a sub-sector within the Industrial Sector) grew by only 2.60% compared to 17.20% growth recorded in the previous year's corresponding quarter. Agricultural sector continued to contract by 3.3% due to the adverse weather conditions which prevailed in 2017. We expect the overall growth for 2017 to hover around 3.8% and to improve to 4.50% - 5.00% in 2018.

HIGH INFLATION RATE

Inflation as measured by the CCPI, declined to 7.1% in December 2017 on a year-on-year basis from 7.6% in November 2017. Food inflation continued to be high at 14.40%, driving the overall index up. Core inflation, which excludes the more volatile aspects of price movements (food, energy and transport), recorded a sharp decrease to 4.30% on a year on year basis in December 2017, from 5.20% in the previous month. We expect inflation to be in the range of 6% - 7% in 2018, mainly as a result of supply side shortages. Moreover, higher taxes and introduction of pricing formula to fuel and electricity may give further rise to inflation during 2018.

SRI LANKAN RUPEE TO STABILIZE AGAINST THE USD

The Sri Lankan Rupee depreciated by 2% against the US Dollar during the year 2017. The Rupee recorded sharp declines in value against hard currencies such as the Sterling Pound (-10.46%), Euro (-13.49%) and the Japanese Yen (-5.10%) during 2017. The Central Bank was a net buyer of US Dollars (in excess of USD 1.4 billion) in the forex market in 2017. The gross official reserves increased to approximately USD 7.9 billion by December 2017.

INTEREST RATES ON GOVERNMENT SECURITIES REDUCES

The benchmark 364-day Treasury bill rate decreased further during the final quarter of 2017 to end the year at 8.90%. The interest rates across all active maturities of Treasury bonds depicted a similar trend. Total foreign holding of LKR denominated securities increased to 6.59%, as foreign investors were net buyers of over LKR 35 billion during 2017. As at November 2017, the growth in private sector credit has reduced to 15.4% on a year on year basis and it is expected to reduce further by December 2017. Interest rates may continue to remain at low levels in the medium term, if Sri Lanka manages to attract new funds through borrowings and investments and private sector credit demand continues to be subdued. However, it is important to monitor other factors in the global macro environment such as policy interest rate hikes in the US, as they may exert pressure on interest rates in Sri Lanka.

IMPROVED INVESTOR SENTIMENT

The All Share Price Index and S&P SL 20 indices gained 2.26% and 5.01% respectively, in 2017. Lower interest rates and higher taxes imposed from the Inland Revenue Act (effective from 1st April 2018), may encourage investors to participate in equity markets. In addition to the lower interest rates, improved revenue collection and fiscal consolidation, contraction of the budget deficit may lead to an improvement in the overall macroeconomic outlook, which in turn may improve investor confidence as well as overall market participation.

Indika De Silva
Fund Manager

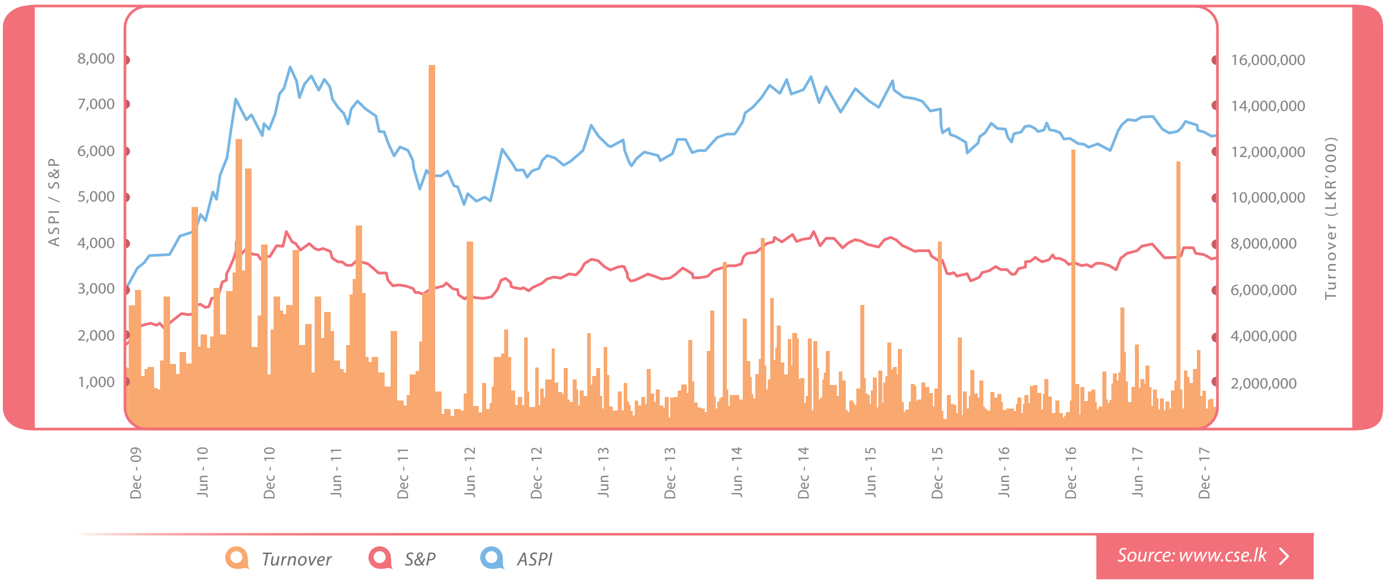
EQUITY OUTLOOK

	Past month Performance (1st Dec – 31st Dec 2017)	Year to Date Performance (1st Jan – 31st Dec 2017)
All Share Price Index	-0.66%	2.26%
S&P SL 20	-1.43%	5.01%
MSCI Frontier Markets Index	3.14%	32.32%
MSCI World Index	1.35%	22.40%
MSCI Emerging Markets	3.59%	37.28%
MSCI Asia Ex Japan	2.70%	41.72%

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

- The two main indices of the Colombo Stock Exchange (CSE), All Share Price Index (ASPI) and the S&PSL20 index continued to decline in December 2017 and the cumulative returns as at the end of 2017 stood at 2.26% and 5.01% respectively.
- Returns of the two Sri Lankan market indices were well below the benchmark MSCI Frontier Market Index in 2017.
- China and India were the main contributors to the performance of MSCI Emerging Market Index in 2017. Chinese technology and internet shares benefited from China's recent inclusion in the MSCI Emerging Markets Index and from the rapid growth witnessed in China's online economy, the largest and the fastest growing economy in the world.
- Stable political outlook and policy consistency in India may have driven the contribution from India to emerging marks.
- Going forward, the single-largest driver of emerging market performance may continue to be the expectation of economic growth prospects in these countries.
- The low interest rate environment in developed economies (which sends capital to emerging market economies), the health of China's economy and the continuation of economic reforms in emerging markets will also have a major bearing on overall performance of the MSCI Emerging Markets index.
- However, unlike the developed markets, the political and economic backdrops of frontier and emerging markets can be unstable, which means investors may witness volatility.

Colombo Stock Exchange Performance



Source: www.cse.lk

		Dec 2017	Dec 2016
CSE	Market PER	10.60 ×	12.37 ×
	Market PBV	1.31 ×	1.42 ×
	Market DY	3.19%	2.75%
MSCI Frontier Market	Market PER	14.98 ×	13.00 ×
	Market PBV	1.91 ×	1.55 ×
	Market DY	2.98%	4.31%

Source: www.cse.lk

Foreign investors were net buyers in excess of LKR 18 billion for the year 2017. However, for the second half of the year, foreign investors were a net seller on the CSE.

Colombo Stock Exchange	Jan - Dec 2017	Jan - Dec 2016
Foreign Inflows	LKR 112.70 Billion	LKR 76.19 Billion
Foreign Outflows	LKR 94.67 Billion	LKR 74.24 Billion
Net Foreign Inflows/(Outflows)	**LKR 18.03 Billion**	**LKR 1.95 Billion**

Source: www.cse.lk

The prevailing low interest rate environment and the proposed higher taxes under the new Inland Revenue Act (to be implemented effective 1st April 2018) may witness investors seeking higher yields via alternatives to fixed deposits.

Further, improved macroeconomic conditions, proposals to list non-controlling stakes of premier State Banks and capital gains from equity trading being tax-exempt may contribute to better investor sentiment in 2018 and entice investor interest, driving demand and prices in the CSE for 2018.

"BUY NOT ON OPTIMISM,
BUT ON ARITHMETIC"

— Benjamin Graham —

FIXED INCOME OUTLOOK

INTEREST RATES IN SRI LANKA

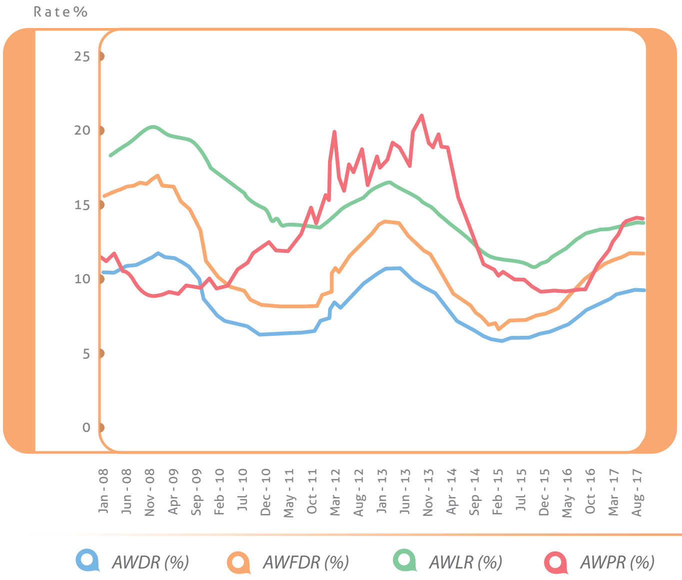
The Central Bank of Sri Lanka (CBSL) maintained the key policy rates stable in December holding the Standing Lending Facility Rate (the rate CBSL lends to commercial banks) and the Standing Deposit Facility Rate (the rate which commercial banks place their excess cash with CBSL) at 8.75% and 7.25% respectively.

	Dec 16	Nov 17	Dec 17
364 Day T-bill	10.17%	9.44%	8.90%
5-Year Bond	12.21%	10.12%	9.97%
1-Year Finance Company Fixed Deposit (A+)*	11.70%	11.70%	11.21%

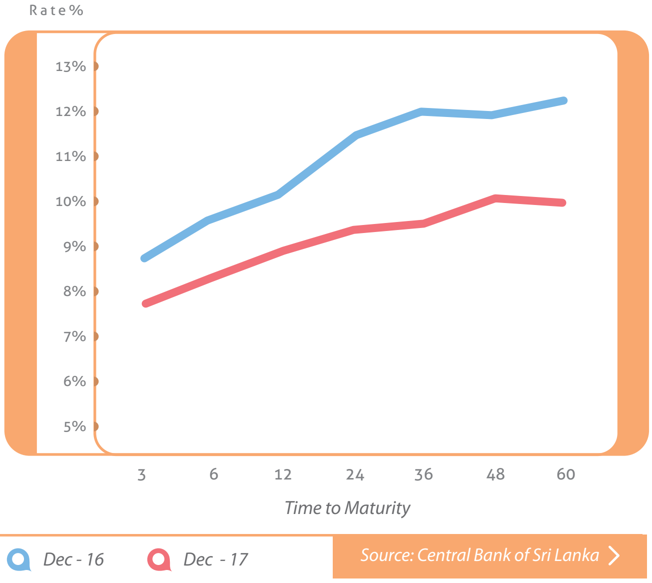
** Net Rate assuming consistent WHT of 2.5% for comparison purposes*

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

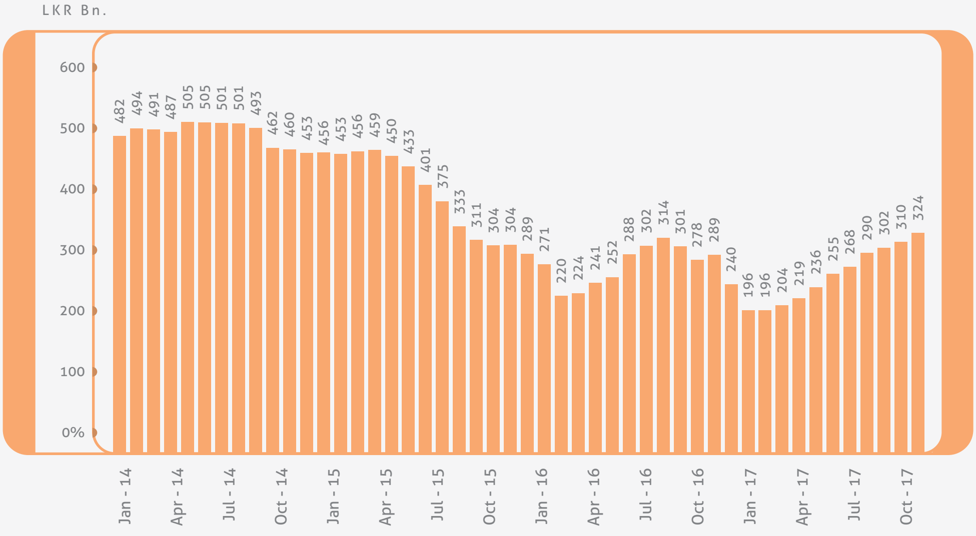
Treasury Bill rates fell across the board with the 364-day T-Bill rate decreasing to 8.90% and the 182-day and 91-day Treasury Bills closing the month at 8.30% and 7.69% respectively.

Broad money (M_2b) growth slowed to 17.9% year-on- year in November 2017, from 19.2% in the previous month as growth in credit extended to the private sector continued its downward trajectory following the policy rate hike in March. Private sector credit grew by only 15.4% in November compared to 16.2% in October. The monthly increase in credit disbursements was LKR 61.64 Bn. (1.3% m-o- m). We believe the pace of credit growth will settle around 15% in 2017.

Outstanding LKR Govt. Securities LKR 4,924 Billion / USD 32.26 Billion	
T Bills (Total)	T Bonds (Total)
LKR 807 Billion	LKR 4,117 Billion
Domestic (Bills & Bonds)	Foreign (Bills & bonds)
LKR 4,600 Billion	LKR 324 Billion
Total Foreign Holding of Bills and Bonds - 6.59%	

Source: Central Bank of Sri Lanka

FOREIGN HOLDING OF LKR G-SEC



Source: Central Bank of Sri Lanka

Foreign holding of government securities continued to improve steadily, increasing by LKR 14.5 billion (net) in December to 6.59%, on account of foreign buying interest on local government securities. On a year-to-date basis foreigners continued to be net buyers on Rupee denominated bills and bonds amounting to LKR 35.26 billion.

1 Year FD Rates – Sri Lankan Banks		
	Dec 2017	Nov 2017
NSB	11.00%	11.00%
COMB	10.50%	10.50%
SAMP	10.50%	10.50%
HNB	10.50%	10.00%
NDB	10.50%	11.00%

Rates on Credit Cards	Dec 17
HSBC	28.00%
SCB	28.00%
Sampath	28.00%
NDB	28.00%
AMEX	28.00%

Source: Respective Commercial Banks

HNB increased its fixed deposit rate whilst NDB decreased its rate during the month of December.

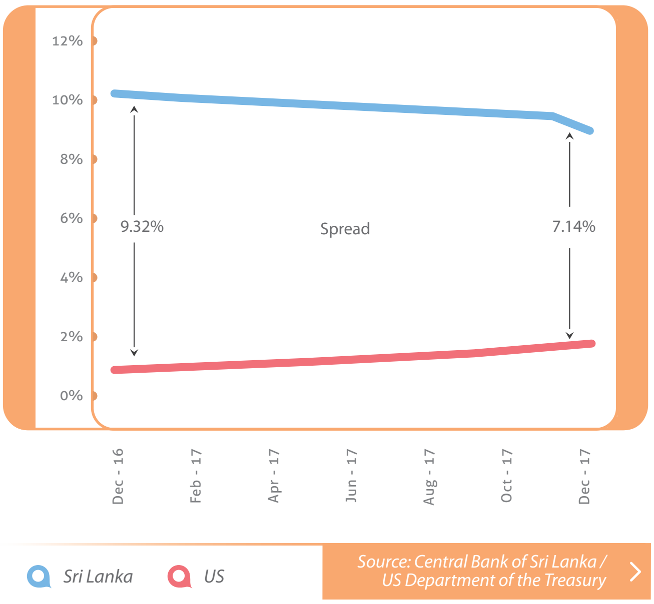
NDIB CRISIL Fixed Income Indices Total return as at 29/12/2017	3 Month Return	1 Year Return	3 Year Return
NDBIB-CRISIL 91 Day T-Bill Index	2.69%	7.66%	2.80%
NDBIB-CRISIL 364 Day T-Bill Index	2.78%	9.11%	2.45%
NDBIB-CRISIL 3 Year T-Bond Index-TRI	3.54%	15.22%	3.61%
NDBIB-CRISIL 5 Year T-Bond Index-TRI	3.44%	18.11%	2.64%

Source: www.crisil.com

Central Bank Policy Rates	2014	2015	2016	2017
Sri Lanka	6.50%	6.00%	7.00%	7.25%
US	0.0% - 0.25%	0.25% - 0.50%	0.50% - 0.75%	1.25% - 1.50%
Euro Zone	0.05%	0.05%	0.00%	0.00%
Australia	2.50%	2.00%	1.50%	1.50%
India	8.00%	6.75%	6.25%	6.00%

Source: www.cbrates.com

1 YEAR TREASURY RATE - USD Vs. LKR



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

The US Federal Reserve followed through on an expected interest-rate hike increasing its benchmark policy rate, the 'Fed Funds Rate', by 0.25% to a range of 1.25% to 1.50% in December and projected two to three likely rate hikes in 2018 and raised their forecast for economic growth in 2018 to 2.5%.

364 Day Treasury Bill Rate	Dec 16	Nov 16	Dec 17
Sri Lanka	10.17%	9.44%	8.90%
India	6.34%	6.28%	6.42%
US	0.85%	1.62%	1.76%
Euro Zone	-0.82%	-0.76%	-0.74%

Source: Respective Central Banks

	Rates on Savings Accounts - Dec 2017
Sri Lanka	4.00%
US	0.03%
Euro Zone	0.01%
Australia	1.65%
India	3.50%

Source: Respective Commercial Banks

The European Central Bank (ECB) is expected to revise the outlook of their massive monetary stimulus program early this year signaling an expected exit from the bond-buying program which was aimed at overcoming sluggish inflation and growth in the wake of the Great Recession and subsequent Eurozone debt crisis that saw several members of the currency union needing bailouts from the other members.

“IT'S NEVER TOO EARLY TO ENCOURAGE LONG TERM SAVINGS”

— NDB Wealth —

INFLATION RATES

Country	Dec 16	Nov 17	Dec 17
Sri Lanka	4.46%	7.57%	7.15%
US	2.07%	2.20%	2.10%
Euro Zone	1.14%	1.54%	1.40%
India	3.41%	4.88%	5.21%

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

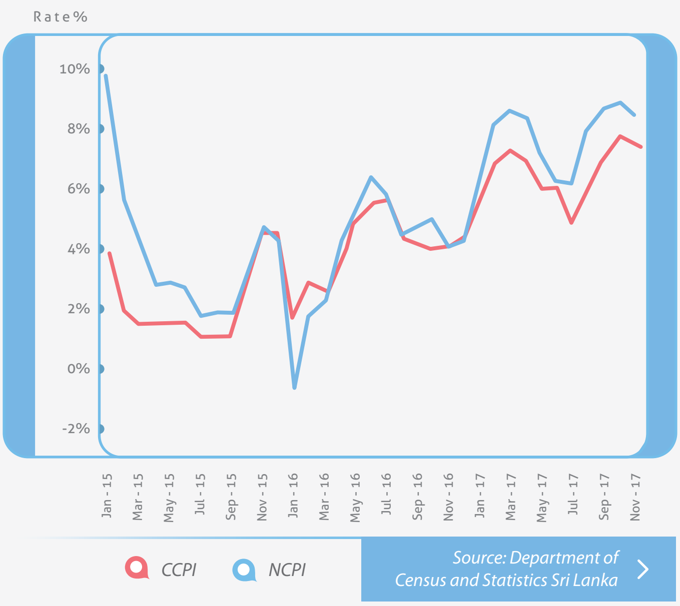
Inflation as measured by the CCPI (2013=100), slowed to 7.1% in December 2017 on a year-on-year basis from the previous month's 7.6% mainly on account of the base effect. During the month, prices in fact increased by 0.6%, of which food inflation for December stood at 1.3%. Within the food category, prices of mainly vegetables and chicken increased. On an annual average basis inflation edged up, rising to 6.6% in December.

Core inflation, which excludes the more volatile aspects of price movements (food, energy and transport), slowed to 4.3% year-on-year in December from the previous month's 5.2% indicating subdued demand pressure. On an annual average basis core inflation decreased marginally to 5.9% from 6.0% in November.

We are of the view that inflation will hover at mid single digit levels next year however not ruling out the possibility yet again of weather-related supply-side disruptions which could exert pressure on overall price levels.

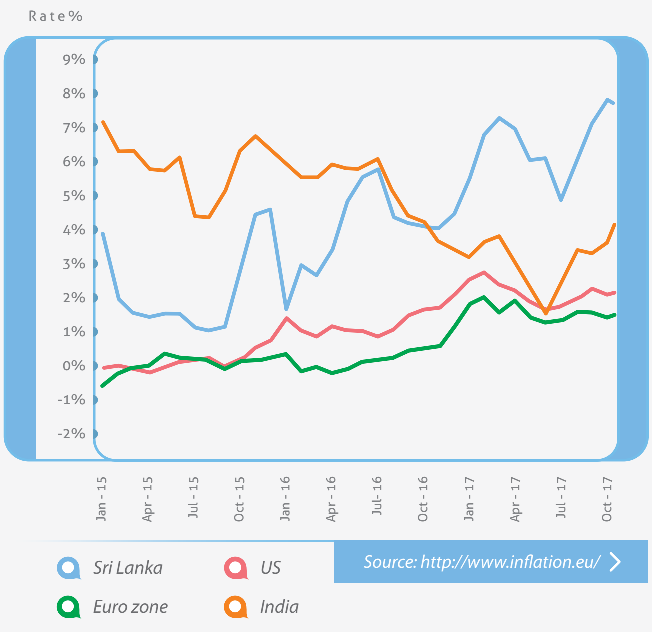
On the global front, US and Euro zone inflation increased to 2.10% and 1.40% respectively on a point to point basis from December 2016 to December 2017.

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	Dec 17	Dec 16	1 Year App / (Dep) LKR
USD	152.85	149.80	-2.00%
GBP	205.54	184.04	-10.46%
EURO	182.49	157.87	-13.49%
YEN	1.36	1.29	-5.10%
AUD	119.01	108.43	-8.97%
CAD	121.61	111.17	-8.58%
INR	2.39	2.21	-7.54%
BHD	405.36	397.35	-1.98%
CNY	23.45	21.51	-8.30%

Source: Central Bank of Sri Lanka

- The Sri Lankan Rupee appreciated 1.25% against the US Dollar (USD) in December to close the year at LKR 152.85 per USD (depreciation for the year 2017 stood at 2%) . The Sri Lankan Rupee also rose 1.27% against the British Pound during the month.
- The Euro rallied against the US Dollar and the British Pound after the European Central Bank boosted expectations that policymakers are preparing to reduce their vast monetary stimulus program.
- Most Asian currencies remained bullish as the US dollar was hit by uncertainty over the pace of US rate increases, the euro rally and possible tapering of Japanese stimulus.

USD PER 1 EURO MOVEMENT

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

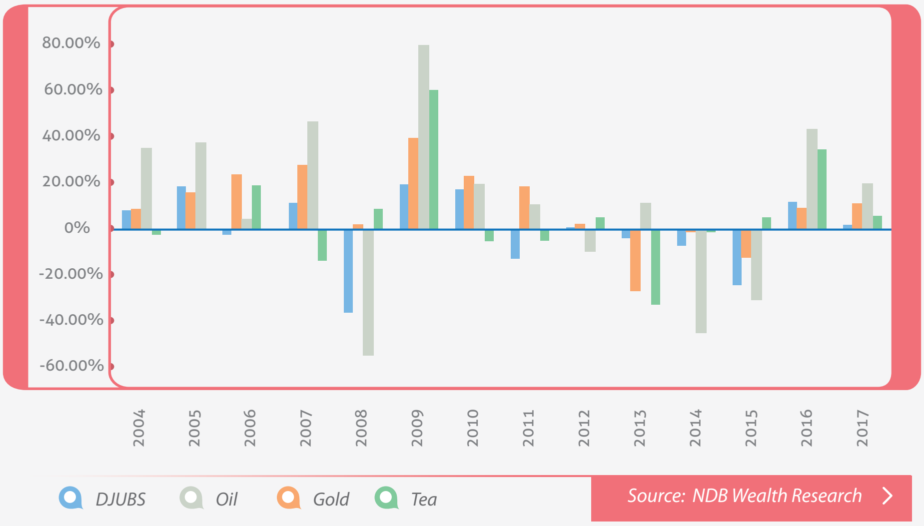
COMMODITY OUTLOOK

	1 month (1st Dec – 31st Dec 2017)	YTD (1st Jan 2017 – 31st Dec 2017)
Bloomberg Commodity Index	2.88%	0.75%
Tea	-0.58%	4.54%
Gold	-1.36%	9.25%
Oil (Brent)	2.62%	18.75%

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

- Bloomberg commodity index ended the year 2017 with marginal gains, owing to the commodity rally in December 2017.
- Although the US Federal Reserve (the central bank of the US) initially targeted three rate increases in 2018, the new Federal Reserve Governor, Jerome Powell, is likely to take a different approach to monetary policy, and US interest rates may maintain around current levels. Lower than expected increase in interest rates may result in lower demand for US Dollars making room for further rally in commodities such as gold.
- While, the economic slowdown in China weighed on demand for raw materials around the world in 2015 and early 2016, even a slow recovery in the Chinese economy will have a positive impact on commodity prices as China is a conspicuous buyer of raw materials.
- Gold recorded gains for the second consecutive year in 2017 and may continue to rise during the first quarter of 2018 as the demand in China is expected to pick up.
- The price of crude oil rose above USD 60 per barrel during the last quarter in 2017, the highest price since 2015, buoyed by falling U.S. inventories and lower supply in Libya due to a recent pipeline explosion. Moreover, the rising global demand, reduced output from the OPEC countries and allies including Russia as well as political tension in the Middle East are also contributing to the higher oil prices. However, production of shale oil may keep oil prices in check at a range of USD 55 – 75 per barrel in 2018.

Commodity Price Movemets



Source: NDB Wealth Research

PROPERTY OUTLOOK

- The latest developments in the Port City and the prospects of the creating a financial city is making Colombo an even more prominent destination for commercial office space. According to the International Finance Corporation's Doing Business Index, Sri Lanka leads the table in South Asia, implying increased access for new corporate to commence commercial operations.
- According to JLL Sri Lanka report, "Sri Lanka – Land of Real Estate Opportunities", Colombo office market comprises nearly 1 million square feet of Grade A stock witnessing 95% occupancy levels.
- The mixed use development projects such as Colombo City Centre, Cinnamon Life and Shangri-La, located in Colombo are expected to contribute to the overall supply of office space in Colombo
- According to JLL Sri Lanka, IT/ITes (IT enabled services) companies may move out of Colombo as a result of high rentals, while Banking, Financial Services and Insurance companies may take measures to relocate back office operations to more cost effective space in secondary locations.
- While demand for grade A commercial property is mainly driven by IT and Banking, Finance and Insurance companies, consolidation of established companies may also contribute to the demand in the future.
- JLL Sri Lanka points out opportunities emerging in grade B office sector, mainly to meet the demand arising from IT companies and Technology Start Ups.
- Due to lack of supply grade A office space in the past 2-3 years, the occupancy has trickled down to grade B properties. As a result, increased rentals when switching to grade A properties may make tenants of grade B offices hesitant.

Office Stock and Rental Values

Market	Rentals per sq. ft
Grade A Central Business District	Rs. 250 - 375
Grade A Secondary Business District	Rs. 290
Grade B Central Business District	Rs. 180 - 225
Grade B Secondary Business District	Rs. 165 - 250

Source: Sri Lanka – Land of Real Estate Opportunities – JLL

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 November 2017									
*Profit Sharing Ratio**	30:70	-	60:40	65:35	75:25	80:20	85:15	-	90:10
Distributed Profit	3.43%	-	6.85%	7.42%	8.57%	9.14%	9.71%	-	10.28%
Bank of Ceylon Islamic Business Unit - As of December 2017									
*Profit Sharing Ratio**	45:55	-	-	-	-	-	-	-	-
Distributed Profit	4.81%	-	-	-	-	-	-	-	-
Commercial Bank of Ceylon PLC-Al Adalah Islamic Banking unit - As of December 2017									
*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 September 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 November 2017									
Profit Sharing Ratio* 3Mn - 50Mn	40:60	60:40	65:35	40:60	65:35	65:35	-	-	-
Distributed Profit	5.00%	6.00%	7.50%	9.00%	11.00%	11.00%	-	-	-
Citizen Development Business Finance PLC- Islamic Banking unit - As of November 2017									
*Profit Sharing Ratio**	34:66	58:42	62:38	66:34	68:32	72:28	72:28	-	-
Distributed Profit	6.61%	10.50%	11.60%	12.05%	12.63%	14.00%	14.00%	-	-
Commercial Leasing & Finance PLC- Islamic Finance - As of December 2017									
*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%	10.95%	11.55%	11.95%	12.11%	12.90%	13.11%	13.50%	13.50%
LB Al Salamah (LB Finance PLC - Islamic Business Unit) - As of December 2017									
*Profit Sharing Ratio**	22.78	28:72	30:70	30:70	33:67	-	-	-	-
Distributed Profit	7.67%	9.76%	10.46%	10.46%	11.50%	-	-	-	-
LOLC Al-Falaah (Lanka Orix Finance PLC - Islamic Business Unit) - As of December 2017									
*Profit Sharing Ratio**	30:70	60:40	62:38	66:34	66:34	67:33	69:31	70:30	74:26
Distributed Profit	5.44%	10.88%	11.24%	11.97%	11.97%	12.15%	12.15%	12.69%	13.42%
Peoples Leasing Islamic Business Unit - As of December 2017									
*Profit Sharing Ratio**	45:55	-	60:40	65:35	75:25	-	-	-	-
Distributed Profit	6.64%	-	7.48%	8.10%	9.35%	-	-	-	-

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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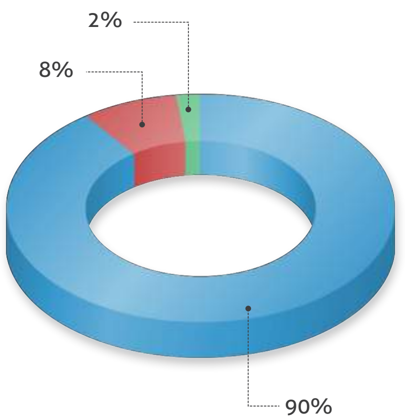
GROWTH FUND
(LKNWGRU00005)

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.

Portfolio Allocation by Credit Rating



Banks Finance and Insurance

Footwear and Textiles

Motors

Fund Snapshot 30-Nov-2017

YTD Yield	7.73%
NAV per unit	11.0408
AUM (LKR Mn.)	291.25
Fund Currency	LKR
Fund Inception	1-Dec-97
Max Equity Allocation	97.00%
Current Equity Allocation	45.82%
Fund Leverage	0.00%

Top 5 Portfolio Holdings (In Alphabetical Order)

CENTRAL FINANCE COMPANY PLC
COMMERCIAL BANK OF CEYLON PLC
HAYLEYS MGT KNITTING MILLS PLC
PEOPLES INSURANCE LTD
SEYLAN BANK PLC

Historical Returns

Period	Fund Returns *●	ASPI Returns
Last Month	-1.07%	-3.20%
Last 3 Months	1.75%	0.24%
Last 6 Months	2.86%	-4.02%
Last 12 Months	8.29%	2.64%
Year 2016	-0.92%	-9.66%
Year 2015	2.69%	-5.54%

* 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	54.18%

Maturity	% Holding
Under 1 Month	33.40%
1 Month - 3 Months	48.50%
3 Months - 6 Months	18.10%

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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Trustee and Custodian
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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 30-Nov-2017

YTD Yield	9.22%
NAV per unit	35.5088
AUM (LKR Mn.)	190.65
Fund Currency	LKR
Fund Inception	1-Dec-97
Max Equity Allocation	97.00%
Current Equity Allocation	9.85%
Fund Leverage	0.00%

Historical Returns

Period	Fund Returns**	ASPI Returns
Last Month	0.23%	-3.11%
Last 3 Months	1.01%	0.33%
Last 6 Months	4.07%	-3.93%
Last 12 Months	10.19%	2.74%
Year 2016	4.13%	-9.66%
Year 2015	2.16%	-5.54%

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

Top 3 Portfolio Holdings (In Alphabetical Order)

SAMPATH BANK PLC
SAMPATH BANK RIGHT ISSUE
SINGER FINANCE (LANKA) PLC

Fixed Income Allocation

Minimum Fixed Income Allocation	3.00%
Current Fixed Income Allocation	90.15%

Maturity	% Holding
Under 1 Month	25.20%
1 Month - 3 Months	12.70%
3 Months - 6 Months	24.10%
6 Months - 1 Year	19.10%
1 Year - 5 Years	18.90%

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 to listed equity 15% of NAV; maximum exposure restrictions on fixed income investments depend on the features of each security, (Ex: Rated, Guaranteed, etc.).
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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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

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 — 30-Nov-2017

YTD Yield	13.07%
YTD Yield (Annualized)	14.28%
NAV per unit	11.2048
AUM (LKR Mn.)	337.96
Fund Currency	LKR
Fund Inception	1-Dec-97

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)*
Year to Date	13.07%	14.28%	19.84%
Last Month	0.93%	11.36%	15.78%
Last 3 Months	3.07%	12.33%	17.13%
Last 6 Months	7.04%	14.04%	19.50%
Last 12 Months	14.24%	14.24%	19.77%
Year 2016	8.00%	8.00%	11.12%
Year 2015	6.65%	6.65%	9.24%

* 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 30-Nov-2017

YTD Yield	10.34%
YTD Yield (Annualized)	11.30%
NAV per unit	11.9006
AUM (LKR Mn.)	235.65
Fund Currency	LKR
Fund Inception	7-Apr-16

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)*•	
Year to date	10.34%	11.30%	15.70%	14.13% Net of WHT
Last Month	0.94%	11.49%	15.95%	14.36% Net of WHT
Last 3 months	2.86%	11.46%	15.91%	14.32% Net of WHT
Last 6 months	5.80%	11.57%	16.07%	14.47% Net of WHT
Last 12 months	11.29%	11.29%	15.68%	14.11% 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 30-Nov-2017

YTD Yield	8.74%
YTD Yield (Annualized)	9.55%
NAV per unit	15.7286
AUM (LKR Mn.)	1,633.68
Fund Currency	LKR
Fund Inception	1-Jun-12

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)**	
Year to Date	8.74%	9.55%	13.27%	11.94% Net of WHT
Last month	0.68%	8.28%	11.50%	10.35% Net of WHT
Last 3 months	2.16%	8.66%	12.03%	10.83% Net of WHT
Last 6 months	4.61%	9.19%	12.76%	11.48% Net of WHT
Last 12 months	9.63%	9.63%	13.38%	12.04% Net of WHT
Year 2016	8.94%	8.94%	12.42%	11.17% Net of WHT
Year 2015	6.62%	6.62%	9.19%	8.27% 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 : 0.10-0.20% 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 30-Nov-2017

YTD Yield	10.39%
YTD Yield (Annualized)	11.36%
NAV per unit	17.0392
AUM (LKR Mn.)	17,544.52
Fund Currency	LKR
Fund Inception	1-Jun-12

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)*
Year to Date	10.39%	11.36%	15.77%
Last Month	0.88%	10.67%	14.82%
Last 3 Months	2.73%	10.94%	15.19%
Last 6 Months	5.59%	11.15%	15.48%
Last 12 Months	11.41%	11.41%	15.85%
Year 2016	8.81%	8.81%	12.23%
Year 2015	6.85%	6.85%	9.52%

★ 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 compalaint securities.

Fund Snapshot 30-Nov-2017

YTD Yield	8.85%
YTD Yield (Annualized)	9.67%
NAV per unit	12.07
AUM (LKR Mn.)	1,006.63
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	8.85%	9.67%	13.43%
Last month	0.72%	8.73%	12.13%
Last 3 months	2.39%	9.59%	13.33%
Last 6 months	4.94%	9.84%	13.67%
Last 12 months	9.56%	9.56%	13.27%

* 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 30-Nov-2017

YTD Yield	9.47%
YTD Yield (Annualized)	10.35%
NAV per unit	12.5685
AUM (LKR Mn.)	326.95
Fund Currency	LKR
Fund Inception	19-Dec-14

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)**	
Year to Date	9.47%	10.35%	14.37%	12.94% Net of WHT
Last month	0.64%	7.76%	10.78%	9.70% Net of WHT
Last 3 months	1.92%	7.71%	10.71%	9.64% Net of WHT
Last 6 months	4.73%	9.43%	13.09%	11.78% Net of WHT
Last 12 months	10.36%	10.36%	14.38%	12.94% 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 : 0.10% p.a. of NAV.

Fund Manager
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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 30-Nov-2017

YTD Yield	9.62%
YTD Yield (Annualized)	10.51%
NAV per unit (LKR)	12.6632
AUM (LKR Mn.)	553.76
Fund Currency	LKR
Fund Inception	1-Dec-97

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)*●	
Year to Date	9.62%	10.51%	14.60%	13.14% Net of WHT
Last Month	0.58%	7.00%	9.72%	8.75% Net of WHT
Last 3 Months	3.42%	13.73%	19.07%	17.17% Net of WHT
Last 6 Months	6.07%	12.11%	16.82%	15.13% Net of WHT
Last 12 Months	10.30%	10.30%	14.31%	12.88% Net of WHT
Year 2016	20.19%	20.19%	28.05%	25.24% Net of WHT
Year 2015	6.04%	6.04%	8.39%	7.55% 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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