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MARKET UPDATE AND FUND REVIEW

2017
SEPTEMBER

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MARKET BRIEF BY NDB WEALTH

ECONOMIC GROWTH CONTINUES TO BE LOW

Sri Lankan economy grew by 4.0% in the second quarter 2017, compared to 3.8% recorded in the first quarter 2017. Economic growth was mainly driven by the industrial and service sectors. Industrial sector which accounted 25.3% of the total economy grew by 5.2% which the service sector accounting for 60.1% grew by 4.5% during the quarter. Agricultural sector continued to contract by 2.9% due to the adverse weather conditions prevailed in 2017. Despite the lower interest rates witnessed currently, in comparison to the 1Q of 2017, we expect the growth in the second half to be affected by lower private sector contribution.

HIGHER INFLATION RATE

Inflation as measured by the CCPI, increased to 7.1% in September 2017 on a year-on-year basis from 6.0% in August 2017. Food inflation recorded a sharp increase of 10.4%, driving the overall index up during the month. Core inflation, which excludes the more volatile aspects of price movements (food, energy and transport) however, was stable at 6.0% on a year on year basis in September 2017. We are of the view that inflation will moderate to mid-single digit levels by year-end with weather-related supply-side disruptions normalizing in the period ahead. However, a expected fuel price hike in the last quarter of the year will exert pressure on overall price levels.

SRI LANKAN RUPEE STRENGTHENED AGAINST THE USD

The Sri Lankan Rupee appreciated by 0.27% against the US Dollar during the third quarter of 2017, leading to an overall depreciation of 2.15% during the first nine months of 2017. The Rupee recorded sharp declines against the other hard currencies such as the Sterling Pound (-10.39%), Euro (-12.47%) and the Japanese Yen (-5.35%), during the nine months of 2017. The Central Bank was a net buyer of USD 974.4 million US Dollars in the forex market in 2017. The gross official reserve increased to USD 7.7 billion by August 2017.

INTEREST RATES ON GOVERNMENT SECURITIES REDUCES

The benchmark 364-day Treasury bill rate decreased by 137 basis points during the third quarter to 9.10%. A similar trend was witnessed across yield curve, where the rates of longer tenures Treasury bonds also decreased during the third quarter. Total foreign holding of LKR denominated securities increased 6.0% as foreign holding increased by over LKR 50 billion during the third quarter, recording an inflow for the year. Demand for credit from the private sector reduced to 18.0% on a year on year basis in August 2017. Interest rates may come under pressure in the short term, if the US central bank increases rates in December, prompting fund out flows from local markets by foreign investors.

IMPROVED INVESTOR SENTIMENT

All Share Price Index and S&P SL 20 indices have lost -4.38% and –6.15% respectively, during the third quarter of 2017. While reduction in interest rates and the Hambantota port lease agreement were sentiment boosters, both foreign and local investor participation continued to be subdued, attributable to weaker macroeconomic fundamentals, political uncertainties and weaker corporate earnings. Two key transactions, acquisition of 80% controlling stake Colombo Trust Finance, a licensed finance company by Dialog Axiata PLC and Hayleys PLC acquiring a 61.73% stake in Singer Sri Lanka PLC, dominated market activity and gained the attention of investors.

Indika De Silva
Fund Manager

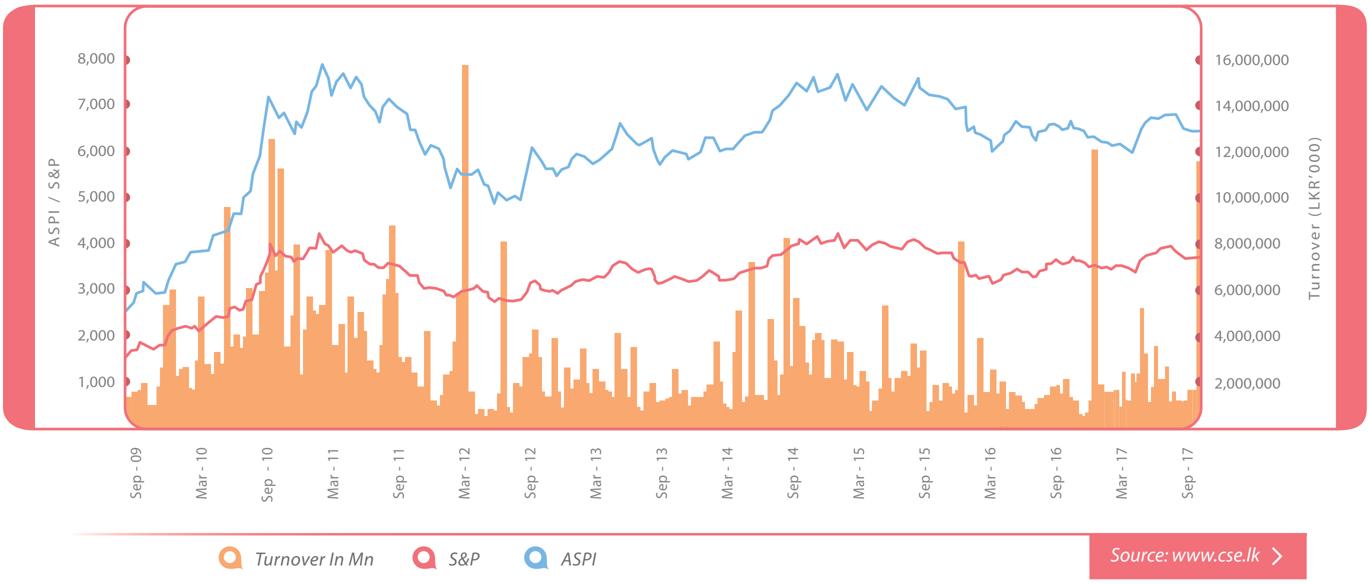
EQUITY OUTLOOK

	Past month Performance (1st Sep – 30th Sep 2017)	Past 12 months Performance (Sep 2016 – Sep 2017)	Year to Date Performance (1st Jan – 30th Sep 2017)
All Share Price Index	0.74%	-1.48%	3.37%
S&P SL 20	0.05%	1.95%	5.48%
MSCI Frontier Markets Index	2.07%	25.95%	25.27%
MSCI World Index	2.24%	18.17%	16.01%
MSCI Emerging Markets	-0.40%	22.46%	27.78%
MSCI Asia Ex Japan	-0.12%	22.68%	30.95%

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&P SL 20 index staged a recovery during September 2017 from heavy losses recorded in the previous month.
- Sentiment amongst the local investors continued to be weak as a result of lower profitability expected from corporates in the next couple of quarters.
- MSCI frontier market index concluded the month in gains, extending the year to date gains in excess of 25% in 2017.
- Emerging markets came under pressure as a result of a resurgent dollar and rising US Treasury yields prompting most investors to exit from emerging market assets despite upbeat factory data from China.
- Re-pricing of assets was witnessed due to a combination of the possibility of tax reform in the U.S. being approved and a possible interest rate increase by the US central bank in the last quarter of 2017.
- The latest data released in China depicted encouraging signs for investors, as data showed improved manufacturing activity in China at the fastest pace since 2012 in September, forecasting an increased demand for emerging market exports.
- Emerging and frontier markets offer good diversification benefits, as they have individual idiosyncratic features. These markets however, can be subject to higher political risk, lower corporate governance standards and lower liquidity compared to developed markets.

Colombo Stock Exchange Performance



Source: www.cse.lk

		Sep 2017	Sep 2016
CSE	Market PER	10.71 X	13.51 X
	Market PBV	1.38 X	1.51 X
	Market DY	2.94%	3.02%
MSCI Frontier Markets	Market PER	15.04 X	12.28 X
	Market PBV	1.82 X	1.52 X
	Market DY	3.17%	4.38%

Source: www.cse.lk

- Foreign investors were net sellers of LKR 9.5 billion in September 2017, due to the takeover of Singer Sri Lanka by Hayleys PLC.
- Excluding the Singer Sri Lanka trade, foreign investors continued to be net buyers of LKR 1.32 billion.
- Total net foreign purchases for the three quarters of 2017 was at 17.57 billion.

Colombo Stock Exchange	Jan - Sep 2017	Jan - Sep 2016
Foreign Inflows	LKR 85.55 Billion	LKR 49.98 Billion
Foreign Outflows	LKR 67.98 Billion	LKR 52.93 Billion
Net Foreign Inflows/(Outflows)	LKR 17.57 Billion	(LKR 2.95 Billion)

Source: www.cse.lk

“ TO BE A SUCCESSFUL INVESTOR
YOU MUST DIVORCE YOURSELF FROM THE FEARS
AND GREED OF THE PEOPLE AROUND YOU,
ALTHOUGH IT IS ALMOST IMPOSSIBLE ”

— Warren Buffet —

FIXED INCOME OUTLOOK

INTEREST RATES IN SRI LANKA

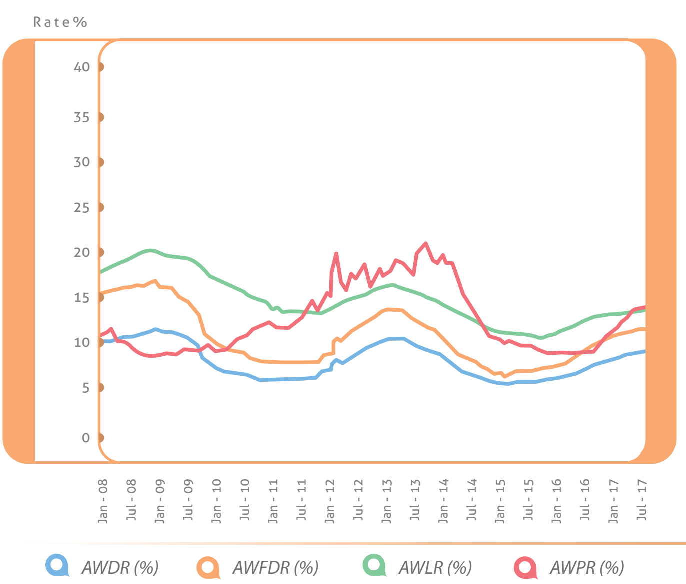
The Central Bank of Sri Lanka (CBSL) maintained the key policy rates stable in September holding the Standing Lending Facility Rate (the rate CBSL lends to commercial banks) and the Standing Deposit Facility Rate (the rate which commercial banks place their excess cash with CBSL) at 8.75% and 7.25% respectively.

	Sep 16	Dec 16	Aug 17	Sep 17
364 Day T-bill	10.11%	10.17%	9.67%	9.10%
5-Year Bond	11.27%	12.21%	10.44%	10.01%
1-Year Finance Company Fixed Deposit (A+)*	10.73%	11.70%	12.19%	12.19%

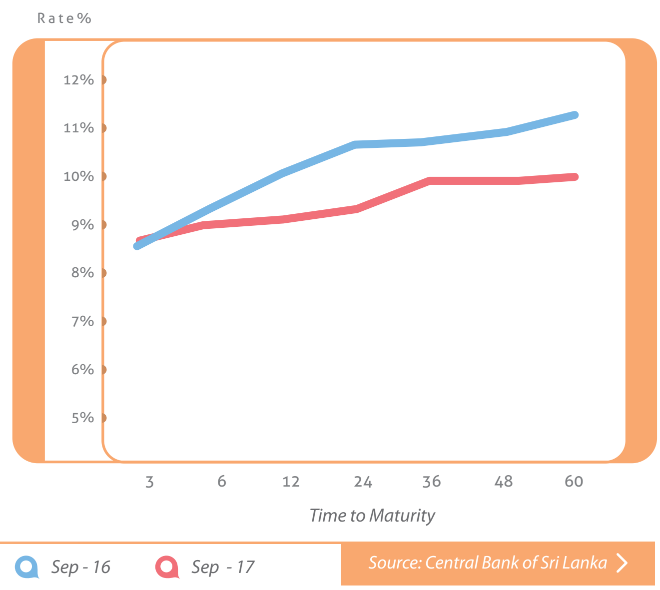
** Net Rate assuming consistent WHT of 2.5% for comparison purposes*

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

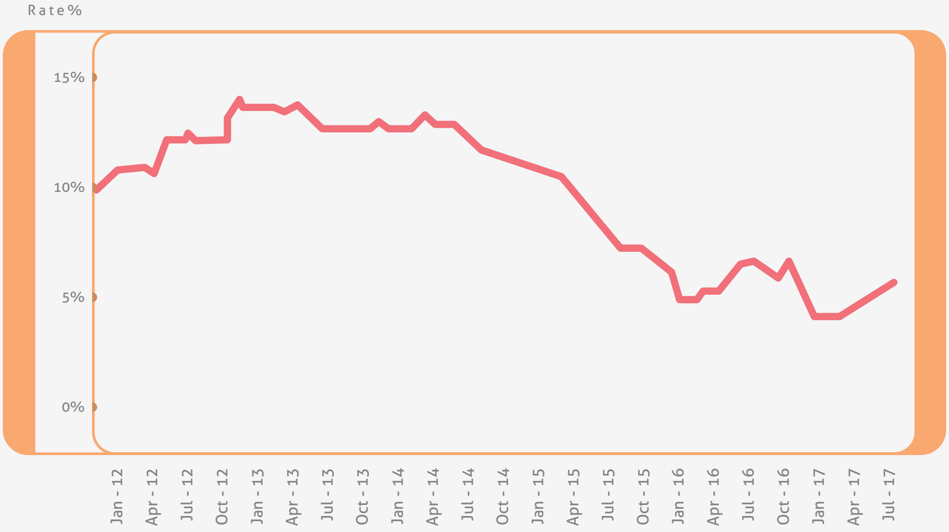
Treasury Bill rates fell with the 364-day T-Bill rate decreasing to 9.10% and the 182-day and 91-day Treasury Bills closing the month at 9.01% and 8.71% respectively.

Broad money (M2b) growth increased marginally to 21.3% year-on-year in August 2017, from 21.2% in the previous month whilst credit extended to the private sector continued to slowdown from the highs observed at the beginning of the year growing by 18% year-on-year in August following the appetite for credit tapering after the policy rate hike in March. The Central Bank removing the rate caps on bank loans since July, allowing banks the discretion to raise interest rates on their loan products we believe the pace of credit growth will settle around 15% levels by year-end.

Total Govt. Debt LKR 4,829 Billion / USD 31.71 Billion	
T Bills (Total)	T Bonds (Total)
LKR 784 Billion	LKR 4,045 Billion
Domestic (Bills & Bonds)	Foreign (Bills & bonds)
LKR 4,539 Billion	LKR 290 Billion
Total Foreign Holding of Bills and Bonds – 6.00%	

Source: Central Bank of Sri Lanka

FOREIGN HOLDING OF LKR G-SEC (%)



Foreign holding of government securities continued to improve, increasing by LKR 34.57 billion (net) in September to 6%, on account of foreign buying interest on local government securities. On a year-to-date basis foreigners for the first time became net buyers albeit marginally on Rupee denominated bills and bonds amounting to LKR 0.67 billion.

1 Year FD Rates – Sri Lankan Banks		
	Sep 2017	Aug 2017
NSB	11.00%	11.00%
COMB	10.50%	11.00%
SAMP	12.00%	12.00%
HNB	10.50%	11.00%
NDB	11.00%	11.00%

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

Source: Respective Commercial Banks

Commercial Bank and HNB reduced their fixed deposit rates during the month of September.

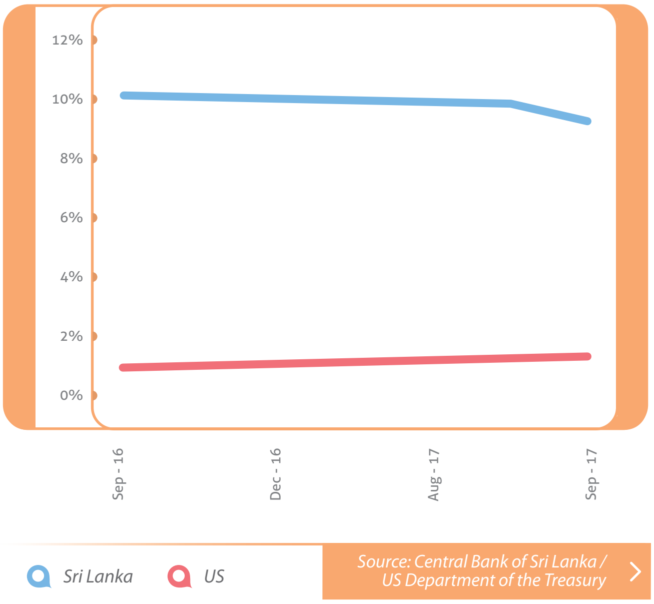
NDIB CRISIL Fixed Income Indices Total return as at 29/09/2017	3 Month Return	1 Year Return	3 Year Return
NDBIB-CRISIL 91 Day T-Bill Index	2.47%	9.34%	7.54%
NDBIB-CRISIL 364 Day T-Bill Index	3.48%	10.75%	7.09%
NDBIB-CRISIL 3 Year T-Bond Index-TRI	5.56%	14.06%	7.62%
NDBIB-CRISIL 5 Year T-Bond Index-TRI	7.56%	15.29%	6.58%

Source: www.crisil.com

Central Bank Policy Rates	2014	2015	2016	Latest
Sri Lanka	6.50%	6.00%	7.00%	7.25%
US	0.0% - 0.25%	0.25% - 0.50%	0.50% - 0.75%	1.00% - 1.25%
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

Improved US economic and unemployment data and outlook for higher inflation is expected to pave the way for the US Federal Reserve to raise rates most likely in December this year.

364 Day Treasury Bill Rate	Sep 16	Dec 16	Aug 17	Sep 17
Sri Lanka	10.75%	10.17%	9.99%	9.67%
India	6.67%	6.34%	6.29%	6.25%
US	0.61%	0.85%	1.23%	1.23%
Euro Zone	-0.64%	-0.82%	-0.71%	-0.77%

Source: Respective Central Banks

	Rates on Savings Accounts - Sep 2017
Sri Lanka	4.00%
US	0.01%
Euro Zone	0.01%
Australia	1.70%
India	3.50%

Source: Respective Commercial Banks

The Bank of England hinted at an interest rate rise before the end of the year provided growth remains strong and inflation continues to accelerate in the UK.

“ BECOME ‘MONEY SMART’ AT AN EARLY AGE TO ENSURE A BRIGHT FINANCIAL FUTURE. ”

— NDB Wealth —

INFLATION RATES

Country	Sep 16	Dec 16	Aug 17	Sep 17
Sri Lanka	4.19%	4.46%	5.98%	7.07%
US	1.46%	2.07%	1.94%	1.94%*
Euro Zone	0.41%	1.14%	1.50%	1.50%*
India	4.39%	3.41%	3.36%	3.36%*

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

*August 2017

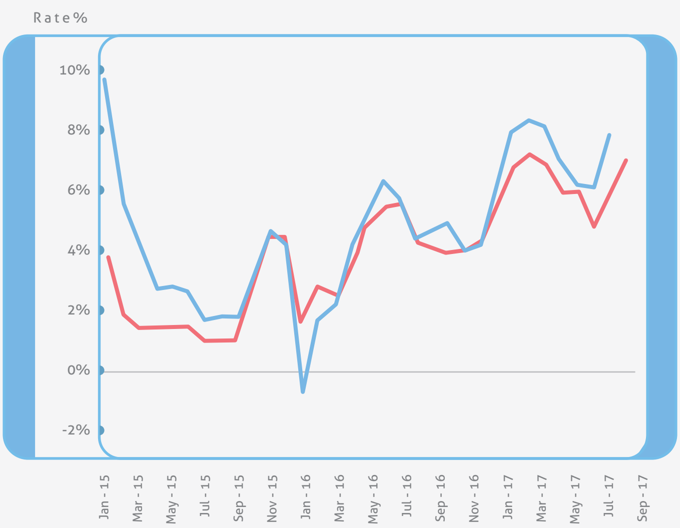
Inflation as measured by the CCPI (2013=100), increased considerably to 7.1% in September 2017 on a year-on-year basis from the previous month's 6.0% mainly on account of the base effect. During the month prices increased by only 0.8%, of which food inflation for September stood at 1.6%. Within the food category prices of mainly coconut, sea fish and big onions increased. On an annual average basis too inflation edged up, rising to 5.8% in September.

Core inflation however, which excludes the more volatile aspects of price movements (food, energy and transport), remained stable at 6% year-on-year in September from the previous month. On an annual average basis core inflation edged up slightly to 5.8 from 5.6% in August.

We are of the view that inflation will moderate to mid-single digit levels by year-end with weather-related supply-side disruptions easing in the period ahead, however not ruling out the possibility of a price hike in fuel which will exert pressure on overall price levels.

On the global front, US inflation and Euro zone inflation increased to 1.94% and 1.50% year-on-year respectively in August 2017.

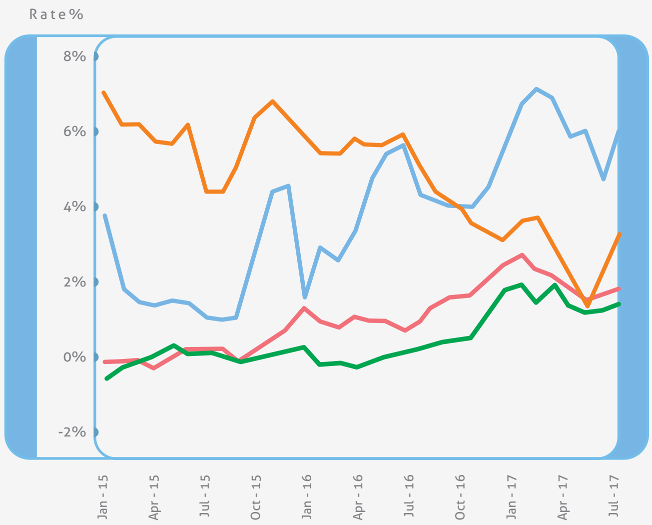
INFLATION - POINT TO POINT CHANGE - CCPI VS. NCPI



CCPI NCPI

Source: Department of Census and Statistics Sri Lanka

GLOBAL INFLATION RATES



Sri Lanka US
Euro zone India

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

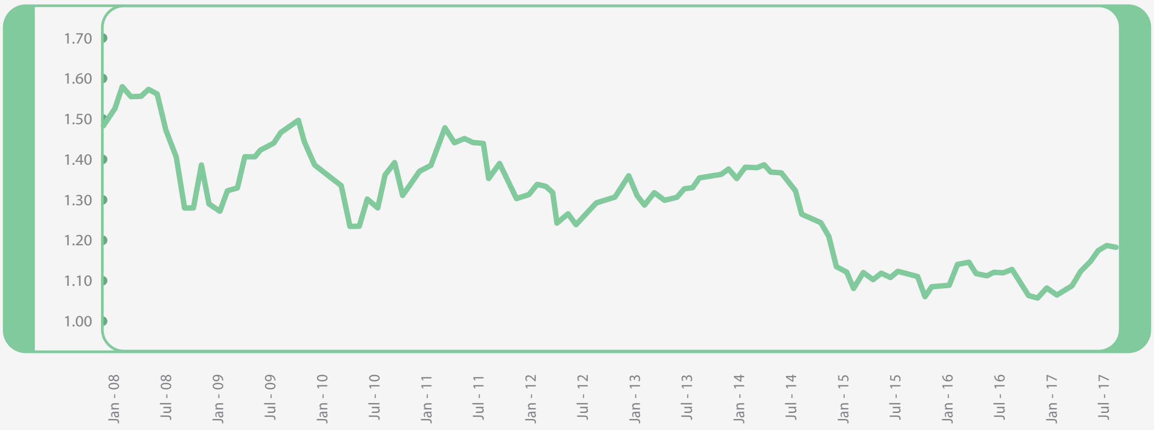
FOREX OUTLOOK

Exchange Rates Vs. LKR	Sep 17	Sep 16	1 Year App / (Dep) LKR
USD	153.10	146.72	-4.16%
GBP	205.39	190.17	-7.41%
EURO	180.37	164.56	-8.76%
YEN	1.36	1.45	6.93%
AUD	120.02	111.91	-6.76%
CAD	123.04	111.54	-9.34%
INR	2.34	2.20	-6.13%
BHD	405.94	389.18	-4.13%
CNY	22.91	21.96	-4.14%

Source: Central Bank of Sri Lanka

- The Sri Lankan Rupee depreciated 0.17% against the US Dollar (USD) in September to close the month at LKR 153.09 per 1 USD (year-to-date depreciation stood at 2.15%) and lost 3.90% against the British Pound.
- The US dollar rallied against most of its main rivals following the Federal Reserve's policy statement detailing that it would unwind its bloated post-financial-crisis balance sheet starting October and on hopes of progress on US tax reforms.
- The British pound fell, as speculation grew that a general election could be called in the UK, as questions grow about whether Prime Minister Theresa May can continue to be in power.
- Most Asian currencies weakened on the back of positive US economic data creating demand for the US Dollar.

USD PER 1 EURO MOVEMENT



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

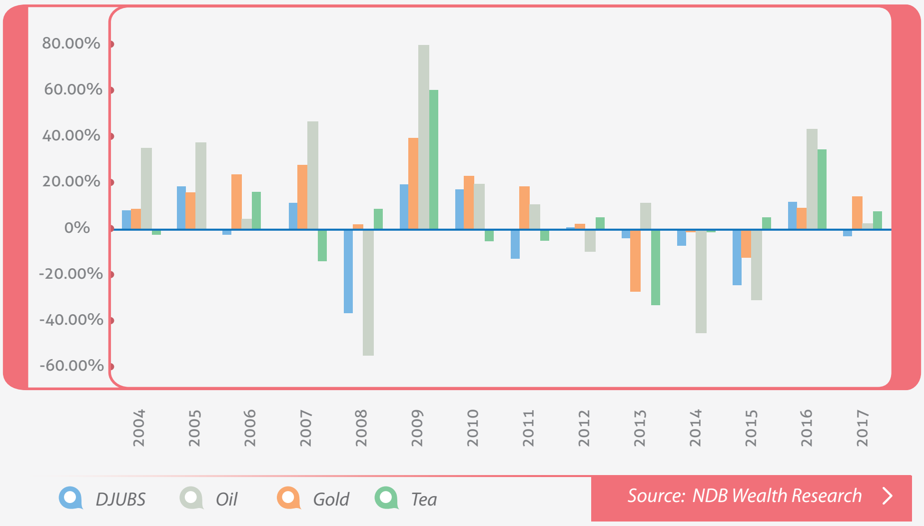
COMMODITY OUTLOOK

	1 month (1st Sep – 30th Sep 2017)	Past 12 months (Sep 2016 – Sep 2017)	YTD (1st Jan - 30th Sep 2017)
Bloomberg Commodity Index	-0.23%	-1.03%	-3.49%
Tea	5.44%	18.76%	7.65%
Gold	2.42%	-0.95%	13.54%
Oil (Brent)	7.38%	19.42%	2.02%

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

- The Bloomberg Commodity index declined by 0.23% during the month of September, where a continued recovery in the energy sector being offset by losses in industrial metals.
- In China, iron ore and steel prices have come under pressure as the Chinese government is likely to continue to step up its efforts to combat pollution, which in turn could lead to further plant closures and production curbs during the most-polluting months from November to March.
- Gold prices fell after strong US economic data reinforced expectations of another interest rate rise in the US this year and pushed the dollar and US bond yields higher.
- A strong dollar makes gold more expensive for holders of other currencies, while higher bond yields reduce the appeal of non-yielding gold. Higher interest rates push bond yields higher and tend to boost the dollar.
- Key developments of the US energy market begun returning to normal after hurricane disruptions, while the Kurdish vote in Northern Iraq raised concerns about supply being cut from the oil-rich region.
- Crude oil traded higher during the past two months as improved fundamentals continued to support friendlier investor sentiment towards oil.
- Despite increased exports from the US, members of the cartel appear to be sticking to quota and China has been a buyer of crude oil for their strategic petroleum reserve which in turn may lead to higher oil prices.

Commodity Price Movemets



Source: NDB Wealth Research

PROPERTY OUTLOOK

- With the rapid urbanisation and the population growth in the main city of Colombo, vertical living will become more of a necessity rather than a choice for the high-income category. JLL reports that, over 3000 units are under development and are expected to be completed between 2017 and 2019.
- The soring land prices may reflect on the cost per unit that might impact the affordability of apartment units.
- The central bank is closely monitoring the sector due to expectation of oversupply in the property sector. However, the central bank may take prudent measures in advance with loan to value ratios for property investments and working closely with the property development community to manage any future risk.
- Real Estate Investment Trusts (REITs) could be the answer to the problem the property development sector is currently facing in the island.
- The instrument if adopted will give commercial property ownership to individual investors. Real Estate Investment Trust (REIT) is a type of security that invests in real estate through property or mortgages and often trades on an exchange like a stock.
- REIT's provide investors all types of regular income streams, diversification and long-term capital appreciation. A stockholder of a REIT earns a share of the income produced through real estate investment, without actually having to go out and buy or finance property
- However, the policymakers need to overhaul the policy framework so that this type of investment vehicle can be accommodated.
- The introduction of REIT's will have many positives implications such as, stimulating economic growth and in turn generate employment. Further, such instruments may attract foreign direct investment to the country.
- However, JLL highlights that to establish REIT's in a new market depends heavily on the policymakers and further states that the importance of a unit trust code, however, stresses on the importance in an efficient and stable tax regime to instil investor confidence.
- For the investment instrument to be attractive and to create attractive yields in the early days the policymakers should consider concessionary tax on the instrument.
- REIT's could be the workaround for the islands strict policy on land holding by foreign entities, and pave the way for much needed foreign direct investments without the transfer of real-estate assets to the foreign investors.

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 August 2017									
Profit Sharing Ratio*	30:70	-	60:40	65:35	75:25	80:20	85:15	-	90:10
Distributed Profit	3.39%	-	6.78%	7.35%	8.48%	9.50%	9.81%	-	10.10%
Bank of Ceylon Islamic Business Unit - As of September 2017									
Profit Sharing Ratio*	45:55	-	-	-	-	-	-	-	-
Distributed Profit	4.96%	-	-	-	-	-	-	-	-
Commercial Bank of Ceylon PLC-Al Adalah Islamic Banking unit - As of August 2017									
Profit Sharing Ratio*	45:55	-	55:45	65:35	75:25	-	-	-	-
Distributed Profit	5.60%	-	7.00%	8.40%	9.90%	-	-	-	-
Hatton National Bank PLC-"Hnb Al- Najah" Islamic Banking unit - As of June 2017 (Released Quarterly)									
Profit Sharing Ratio*	30:70	-	55:45	60:40	70:30	-	-	-	-
Distributed Profit	4.43%	-	8.75%	9.50%	10.50%	-	-	-	-
National Development Bank PLC-"Shareek" Islamic Banking unit - As of September 2017									
Profit Sharing Ratio*	40:60	60:40	65:35	40:60	65:35	65:35	-	-	-
3Mn - 50Mn									
Distributed Profit	5.40%	5.50%	7.25%	8.60%	11.15%	11.15%	-	-	-
Citizen Development Business Finance PLC- Islamic Banking unit - As of August 2017									
Profit Sharing Ratio*	34:66	58:42	62:38	66:34	68:32	72:28	72:28	-	-
Distributed Profit	6.54%	8.07%	11.92%	12.69%	13.07%	13.84%	13.84%	-	-
Commercial Leasing & Finance PLC- Islamic Finance - As of August 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%	12.53%	13.10%	13.10%	13.10%	14.10%	14.10%	15.60%	15.60%
LB Al Salamah (LB Finance PLC - Islamic Business Unit) - As of August 2017									
Profit Sharing Ratio*	19:81	26:74	27:73	29:71	30:70	-	-	-	-
Distributed Profit	7.41%	10.14%	10.53%	11.31%	11.70%	-	-	-	-
LOLC Al-Falaah (Lanka Orix Finance PLC - Islamic Business Unit) - As of August 2017									
Profit Sharing Ratio*	30:70	60:40	62:38	66:34	66:34	67:33	69:31	70:30	74:26
Distributed Profit	5.58%	9.75%	11.08%	10.73%	10.73%	10.89%	11.21%	11.38%	12.03%
Peoples Leasing Islamic Business Unit - As of September 2017									
Profit Sharing Ratio*	45:55	-	60:40	65:35	75:25	-	-	-	-
Distributed Profit	6.43%	-	8.58%	9.29%	10.72%	-	-	-	-

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

NDB WEALTH

NDB | WEALTH

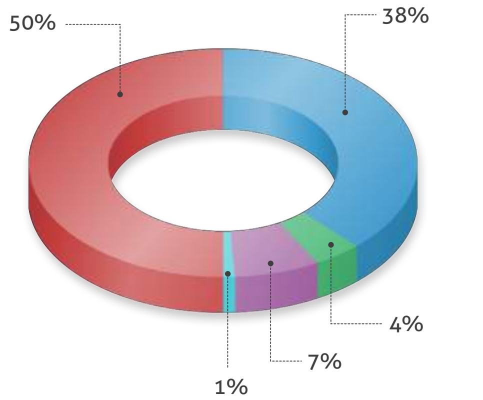
GROWTH FUND
(LKNWGRU00005)

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.

Portfolio Equity Allocation



- Banks Finance and Insurance
- Footwear and Textiles
- Motors
- Trading
- Fixed Income

Historical Returns

Period	Fund Returns **	ASPI Returns
Last Month	-0.43%	0.74%
Last 3 Months	-0.60%	-4.58%
Last 6 Months	5.78%	6.21%
Last 12 Months	4.13%	-1.48%
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

Fund Snapshot — 30 Sep 2017

YTD Yield	5.43%
NAV per unit	10.8051
AUM (LKR Mn.)	287.70
Fund Currency	LKR
Fund Inception	1 Dec 97
Dividend Frequency	Irregular
Last Dividend (LKR)	None
Max Equity Allocaiton	97.00%
Current Equity Allocaiton	50.24%
Fund Leverage	0.00%

Top 5 Portfolio Holdings (In Alphabetical Order)

- CENTRAL FINANCE COMPANY PLC
- HAYLEYS MGT KNITTING MILLS PLC
- PEOPLES INSURANCE LTD
- SEYLAN BANK PLC
- UNITED MOTORS LANKA PLC

Fixed Income Allocaiton

Minimum Fixed Income Allocation	3.00%
Current Fixed Income Allocation	49.76%

Maturity	% Holding
Under 1 Month	70.00%
1 Month - 3 Months	30.00%

Other Features

Valuation: Daily Valuation	Instruments less than one year - cost plus accrued basis. Instruments greater tha.n 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

Fund Snapshot	30 Sep 2017
YTD Yield	8.67%
NAV per unit	35.3316
AUM (LKR Mn.)	188.65
Fund Currency	LKR
Fund Inception	1 Dec 97
Dividend Frequency	Irregular
Last Dividend (LKR)	2.50
Last Dividend (Date)	February 17
Max Equity Allocaiton	97.00%
Current Equity Allocaiton	0.17%
Fund Leverage	0.00%

Historical Returns

Period	Fund Returns*●	ASPI Returns
Last Month	0.51%	0.74%
Last 3 Months	2.62%	-4.58%
Last 6 Months	6.25%	6.21%
Last 12 Months	10.80%	-1.48%
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 5 Portfolio Holdings (In Alphabetical Order)

SAMPATH BANK PLC
SINGER FINANCE (LANKA) PLC

Fixed Income Allocaiton

Minimum Fixed Income Allocation	3.00%
Current Fixed Income Allocation	99.83%

Marurity	% Holding
Under 1 Month	30.20%
1 Month - 3 Months	40.70%
3 Months - 6 Months	11.50%
1 Year - 5 Years	17.60%

Other Features

Valuation: Daily Valuation	All Instruments are mark 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
NDB Wealth Management Ltd.
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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.

The fund pays a regular income through the **semi-annual dividends** which can be automatically reinvested in the fund.

Fund Snapshot

Fund Snapshot	30 Sep 2017
YTD Yield	11.23%
YTD Yield (Annualized)	15.02%
NAV per unit	11.0227
AUM (LKR Mn.)	309.47
Fund Currency	LKR
Fund Inception	1 Dec 97
Dividend Frequency	Semi Annual
Last Dividend	0.55
Last Dividend (Date)	February 17

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)*
Year to Date	11.23%	15.02%	20.86%
Last Month	1.40%	17.02%	23.64%
Last 3 Months	4.33%	17.16%	23.83%
Last 6 Months	8.47%	16.90%	23.47%
Last 12 Months	13.36%	13.36%	18.56%
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 mark 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.
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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	30 Sep 2017
YTD Yield	8.28%
YTD Yield (Annualized)	11.06%
NAV per unit	11.6778
AUM (LKR Mn.)	326.01
Fund Currency	LKR
Fund Inception	7 Apr 16
Dividend Frequency	Irregular
Last Dividend	None

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)*●	
Inception to Date	8.28%	11.06%	15.37%	13.83% Net of WHT
Last Month	0.93%	11.33%	15.73%	14.16% Net of WHT
Last 3 months	2.90%	11.50%	15.97%	14.38% Net of WHT
Last 6 months	5.66%	11.29%	15.68%	14.12% Net of WHT
Last 12 months	11.07%	11.07%	15.38%	13.84% 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
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.
NDB Capital Building, Level G, No: 135,
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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	30 Sep 2017
YTD Yield	7.22%
YTD Yield (Annualized)	9.65%
NAV per unit	15.5089
AUM (LKR Mn.)	1,958.31
Fund Currency	LKR
Fund Inception	1 Jun 12
Dividend Frequency	Irregular
Last Dividend	None

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)**	
Year to Date	7.22%	9.65%	13.41%	12.07% Net of WHT
Last month	0.73%	8.91%	12.38%	11.14% Net of WHT
Last 3 months	2.34%	9.29%	12.90%	11.61% Net of WHT
Last 6 months	4.77%	9.51%	13.21%	11.89% Net of WHT
Last 12 months	9.86%	9.86%	13.70%	12.33% 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
NDB Wealth Management Ltd.
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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

Fund Snapshot	30 Sep 2017
YTD Yield	8.43%
YTD Yield (Annualized)	11.26%
NAV per unit	16.7357
AUM (LKR Mn.)	13,727.03
Fund Currency	LKR
Fund Inception	1 Jun 12
Dividend Frequency	Irregular
Last Dividend	None

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)*
Year to Date	8.43%	11.26%	15.65%
Last Month	0.90%	10.91%	15.16%
Last 3 Months	2.79%	11.08%	15.38%
Last 6 Months	5.60%	11.16%	15.51%
Last 12 Months	11.26%	11.26%	15.63%
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).
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.
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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 Sep 2017

Fund Snapshot	30 Sep 2017
YTD Yield	7.17%
YTD Yield (Annualized)	9.59%
NAV per unit	11.88
AUM (LKR Mn.)	1,041.00
Fund Currency	LKR
Fund Inception	1 Jun 15
Dividend Frequency	Irregular
Last Dividend	None

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	7.17%	9.59%	13.32%
Last month	0.82%	9.95%	13.82%
Last 3 months	2.53%	10.05%	13.96%
Last 6 months	4.85%	9.67%	13.43%
Last 12 months	9.45%	9.45%	13.13%

* 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	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
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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 matutiry less than 366 days.

Fund Snapshot

Fund Snapshot	30 Sep 2017
YTD Yield	8.08%
YTD Yield (Annualized)	10.80%
NAV per unit	12.4088
AUM (LKR Mn.)	915.54
Fund Currency	LKR
Fund Inception	19 Dec 14
Dividend Frequency	Irregular
Last Dividend	None

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)**	
Year to Date	8.08%	10.80%	15.00%	13.50% Net of WHT
Last month	0.63%	7.64%	10.61%	9.55% Net of WHT
Last 3 months	2.05%	8.12%	11.28%	10.15% Net of WHT
Last 6 months	5.64%	11.25%	15.62%	14.06% Net of WHT
Last 12 months	10.67%	10.67%	14.83%	13.34% 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. The fund pays a regular income through the **quarterly dividends** which can be automatically reinvested in the fund.

Fund Snapshot — 30 Sep 2017

YTD Yield	8.29%
YTD Yield (Annualized)	11.08%
NAV per unit	12.5094
AUM (LKR Mn.)	554.43
Fund Currency	LKR
Fund Inception	1 Dec 97
Dividend Frequency	Quarterly
Last Dividend (LKR)	0.15
Last Dividend (Date)	February 17

Historical Returns

Period	Fund Returns	Tax Equivalent Return*●		
Year to Date	8.29%	11.08%	15.39%	13.85% Net of WHT
Last Month	2.17%	26.38%	36.64%	32.97% Net of WHT
Last 3 Months	4.04%	16.04%	22.27%	20.04% Net of WHT
Last 6 Months	6.23%	12.42%	17.25%	15.52% Net of WHT
Last 12 Months	10.77%	10.77%	14.96%	13.46% 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 mark 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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