



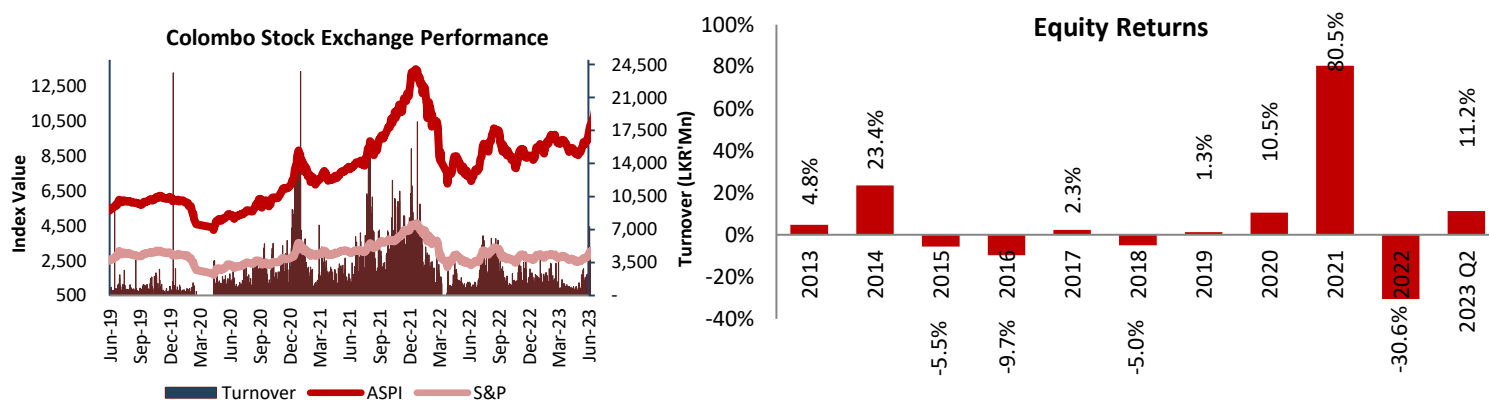
NDB | WEALTH

NDB WEALTH GROWTH & INCOME FUND

Financial statements for the period ended 30th June 2023

Fund Review 1st Half 2023 – NDB Wealth Growth & Income Fund

The Colombo Stock Exchange (CSE) experienced improvements in the first half of 2023, largely attributed to the anticipated favorable results stemming from the ongoing domestic debt optimization process. In addition, markets witnessed surged activity due to favorable macro-economic conditions and analyst’s confidence in better than expected quarterly results. During the review period, the All Share Price Index (ASPI) demonstrated remarkable growth, surging by 11.23%, while the more liquid S&P SL 20 index showed resilience, registering a growth of 2.96%. As of 28th of June 2023, Market PE stood at 5.02x whilst market capitalization was LKR 3.90 trillion (Source: Colombo Stock Exchange).



Source: Colombo Stock Exchange

Anticipating a gradual economic rebound, our outlook for the GDP points toward a recovery commencing in the second half of 2023, with a substantial upturn primarily anticipated in the fourth quarter. We foresee the normalization of real wages over a three-year span, bolstered by low inflation rates and the systemic effects of heightened consumer demand, consequently augmenting overall purchasing power. Aligned with the strengthening macroeconomic fundamentals, there has been a noticeable enhancement in investor confidence and foreign investors were net buyers on the bourse during the first half of the year, amounting to LKR 1.07 Bn (Source: Colombo Stock Exchange).

In line with these market conditions, the NDB Wealth Growth and Income Fund, increased by 11.84% during the first half of 2023 however outperforming the ASPI and the S&P SL 20 index by 0.61% and 8.88% respectively.

| | NDB Wealth Growth and Income Fund | *ASPI | *S&P SL 20 |
|---|-----------------------------------|--------|------------|
| Performance - 1 st Half 2023 | 11.84% (after fees) | 11.23% | -2.96% |

*Source: Colombo Stock Exchange

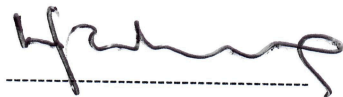
Despite June quarter Corporate earnings being subdued, Corporate earnings are predicted to show signs of recovery in the second half of 2023 backed by the decline in interest rates and improvements in purchasing power upon easing of the inflation. In the backdrop of the anticipated macro-economic rebound, we expect the equity market to react positively in the 2H2023, while not ruling out intermittent declines which we may witness from time to time.

NDB WEALTH GROWTH AND INCOME FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 30 JUNE 2023

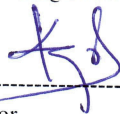
| | Notes | 30-Jun-23 LKR | 30-Jun-22 LKR |
|---|-------|-------------------|----------------------|
| Investment income | | | |
| Interest income | 1. | 9,377,040 | 46,891,982 |
| Dividend income | | 2,029,225 | 45,894,007 |
| | | <u>11,406,265</u> | <u>92,785,990</u> |
| Net realised gain / (loss) on financial assets at fair value through profit or loss | | (1,599,357) | (230,828,524) |
| Unrealised gain / (loss) on financial assets at fair value through profit or loss | 4. | 16,084,912 | (304,066,921) |
| | | <u>25,891,821</u> | <u>(442,109,455)</u> |
| Total investment income | | | |
| Fees and expenses | 2. | (3,830,932) | (33,729,550) |
| | | <u>22,060,889</u> | <u>(475,839,005)</u> |
| Profit before tax | | | |
| Income tax expenses | 3. | - | - |
| | | <u>22,060,889</u> | <u>(475,839,005)</u> |
| Profit for the period | | | |
| Other Comprehensive Income not to be reclassified to the statement of profit or loss | | | |
| Fair value gain / (loss) from financial instrument at fair value through other comprehensive income | 5.1 | 1,688,973 | (949,304) |
| | | <u>23,749,863</u> | <u>(476,788,309)</u> |
| Total comprehensive income for the period | | | |
| Increase in net assets attributable to unitholders | | <u>23,749,863</u> | <u>(476,788,309)</u> |

NDB WEALTH GROWTH AND INCOME FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023


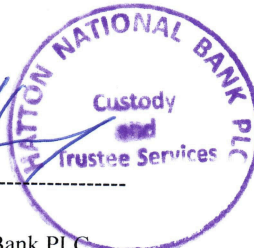
| | Notes | 30-Jun-23 LKR | 31-Dec-22 LKR |
|---|-------|--------------------|--------------------|
| Assets | | | |
| Cash at bank | | 25,001 | 25,001 |
| Other receivable on Sale of Equity | | 250 | 250 |
| Dividend Receivabl from Investments in Listed Equities | | 395,000 | 0 |
| Financial assets at fair value through profit or loss | 4. | 152,131,600 | 92,955,150 |
| Financial assets at fair value through other comprehensive income | 5. | 13,803,293 | 10,558,927 |
| Financial assets measured at amortised cost | 6. | 62,854,273 | 98,772,785 |
| Taxes recoverable | 7. | - | - |
| Total assets | | 229,209,417 | 202,312,114 |
| Unit holders' funds and liabilities | | | |
| Liabilities | | | |
| Amount payable on purchase of shares | | 11,622,799 | - |
| Accrued expenses | 8. | 427,596 | 450,136 |
| Total liabilities | | 12,050,396 | 450,136 |
| Net assets attributable to unitholders | | 217,159,021 | 201,861,977 |
| Unitholders' funds | | | |
| Unit capital | | 45,822,968 | 47,722,406 |
| Investment in revaluation reserve | | 1,197,883 | (491,089) |
| Retained earnings | | 170,138,170 | 154,630,660 |
| Net assets attributable to unitholders | 9. | 217,159,021 | 201,861,977 |



Director
NDB Wealth Management Limited
Fund Management Company



Director
NDB Wealth Management Limited
Fund Management Company

Trustee
Hattion National Bank PLC

**NDB WEALTH GROWTH AND INCOME FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUND
FOR THE PERIOD 30 JUNE 2023**

| | Unit Capital | Fair Value Reserve | Retained Earnings | Total |
|---|--------------------|--------------------|----------------------|----------------------|
| | LKR | LKR | LKR | LKR |
| Balance as at 1 January 2022 | 566,808,190 | 310,115 | 2,478,472,234 | 3,045,590,539 |
| Net increase due to creations and redemptions | (519,085,784) | - | (1,849,161,370) | (2,368,247,154) |
| Profit for the year | - | - | (474,680,204) | (474,680,204) |
| Other comprehensive expenses | - | (801,205) | - | (801,205) |
| Total comprehensive income for the year | - | (801,205) | (474,680,204) | (475,481,409) |
| Distributions to unitholders | - | - | - | - |
| Balance as at 31 December 2022 | 47,722,406 | (491,090) | 154,630,660 | 201,861,975 |
| Net increase due to creations and redemptions | (1,899,438) | - | (6,553,379) | (8,452,817) |
| Profit for the period | - | - | 22,060,889 | 22,060,889 |
| Other comprehensive income | - | 1,688,973 | - | 1,688,973 |
| Distributions to unitholders | - | - | - | - |
| Total comprehensive income for the period | - | 1,688,973 | 22,060,889 | 23,749,863 |
| Balance as at 30 June 2023 | 45,822,967 | 1,197,883 | 170,138,170 | 217,159,021 |

**NDB WEALTH GROWTH AND INCOME FUND
STATEMENT OF CASH FLOWS
FOR THE PERIOD 30 JUNE 2023**

| | 30-Jun-23 | 30-Jun-22 |
|---|--------------------------|---------------------------|
| | LKR | LKR |
| Cash flows from operating activities | | |
| Interest received | 10,742,277 | 50,248,499 |
| Dividend received | 1,634,225 | 57,190,010 |
| Net investment in equity instruments | (33,068,095) | 1,369,799,382 |
| Net investment in corporate debentures | (1,500,000) | - |
| Management fees and trustee fees paid | (1,755,082) | (20,142,039) |
| Other expenses paid | (2,098,390) | (17,469,346) |
| Net cash used in from operating activities | <u>(26,045,064)</u> | <u>1,439,626,505</u> |
| Cash Flows from financing activities | | |
| Amount received on units created | 1,205,974 | 10,846,823 |
| Amount paid on redemption of units | (9,658,791) | (2,352,151,573) |
| Net cash from / (used in) financing activities | <u>(8,452,817)</u> | <u>(2,341,304,750)</u> |
| Net decrease in cash and cash equivalents | (34,497,882) | (901,678,245) |
| Cash and cash equivalents at the beginning of the year | <u>97,069,812</u> | <u>1,059,700,285</u> |
| Cash and cash equivalents at the end of the period | <u><u>62,571,931</u></u> | <u><u>158,022,042</u></u> |
| Cash and cash equivalents at the end of the period comprise of | | |
| Cash at bank | 25,001 | 25,000 |
| Money Market Investment | 12,431,861 | 36,627,041 |
| Treasury bills under repurchase agreements | 50,115,069 | 121,370,001 |
| | <u>62,571,931</u> | <u>158,022,042</u> |

**NDB WEALTH GROWTH AND INCOME FUND
NOTES FOR THE FINANCIAL STATEMENTS
FOR THE PERIOD 30 JUNE 2023**

| | 30-Jun-23 | 30-Jun-22 |
|---|--|-------------------|
| | LKR | LKR |
| 1. Interest income | | |
| Corporate debentures | 1,404,393 | 686,594 |
| T-Bonds | 661,123 | - |
| Money market saving accounts | 1,518,109 | 15,197,290 |
| Treasury bills under repurchase agreements (Short term) | 431,772 | - |
| Treasury bills under repurchase agreements (long term) | 5,361,644 | 31,008,098 |
| | <u>9,377,040</u> | <u>46,891,982</u> |
| 2. Operating expenses | | |
| Management fees | 1,573,989 | 14,776,942 |
| Trustee fees | 181,009 | 1,597,220 |
| Custodian fees | 70,188 | 64,662 |
| Audit fees | 48,875 | 47,500 |
| Equity transaction cost | 1,934,412 | 17,199,115 |
| Bank charges | 10,460 | 32,445 |
| Tax consultancy charges | 12,000 | 11,667 |
| | <u>3,830,932</u> | <u>33,729,550</u> |
| 3. Income tax expenses | 2023 | 2022 |
| Current year tax expenses | - | - |
| | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |
| 3.1 | Following enactment of the new Inland Revenue Act No. 24 of 2017 effective from 1 April 2018, the fund is deemed as conducting an eligible investment business and is treated as a tax pass through vehicle. Hence no provision for the income tax was made in the financial statements. | |

NDB WEALTH GROWTH AND INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 30 JUNE 2023

4. Financial assets at fair value through profit or loss

Net change in total unrealized gain / (loss) on equity securities at fair value through profit or loss.

| Company | 30-Jun-23 | | | | 31-Dec-22 | | | |
|--|---------------|------------------------|--------------------|-----------------------------------|---------------|------------------------|---------------------|-----------------------------------|
| | No. of shares | Cost of the Investment | Market Value | Holdings as a% of Net Asset Value | No. of shares | Cost of the Investment | Market Value | Holdings as a% of Net Asset Value |
| | | LKR | LKR | | | LKR | LKR | |
| Trading | | | | | | | | |
| Banks | | | | | | | | |
| Hatton National Bank PLC | 190,000 | 23,475,000 | 26,410,000 | 12% | - | - | - | 0% |
| Sampath Bank PLC | 300,000 | 17,388,199 | 16,770,000 | 7.7% | - | - | - | 0% |
| Capital Goods | | | | | | | | |
| John Keells Holdings PLC | 100,000 | 14,024,752 | 15,000,000 | 7% | - | - | - | 0% |
| Access Eng Ltd | 550,000 | 7,570,232 | 9,130,000 | 4% | - | - | - | 0% |
| Richard Pieris And Company Plc | - | - | - | 0% | 350,000 | 10,834,732 | 8,435,000 | 4% |
| Energy | | | | | | | | |
| Lanka IOC Plc | - | - | - | 0% | 104,600 | 17,698,102 | 21,207,650 | 11% |
| Telecommunication Services | | | | | | | | |
| Dialog Axiata PLC | 2,000,000 | 21,104,003 | 20,600,000 | 9% | - | - | - | 0% |
| Consumer Services | | | | | | | | |
| Aitken Spence Hotel Holdings Plc | 271.100 | 16.683.022 | 15.181.600 | 7% | 200.000 | 12.750.500 | 10.160.000 | 5% |
| Consumer Durables & Apparel | | | | | | | | |
| Hayleys Fabric Plc | 500,000 | 19,162,718 | 11,750,000 | 5% | 500,000 | 19,162,718 | 11,300,000 | 6% |
| Food Beverage & Tobacco | | | | | | | | |
| Sunshine Holdings Plc | 300,000 | 13,505,163 | 13,500,000 | 6% | 300,000 | 13,505,163 | 10,440,000 | 5% |
| Watawala Plantations Plc | - | - | - | 0% | 100,000 | 9,052,838 | 7,400,000 | 4% |
| Ceylon Cold Stores Plc | 350,000 | 12,250,000 | 15,540,000 | | | | | |
| Transportation | | | | | | | | |
| Expolanka Holdings Plc | - | - | - | 0% | 50,000 | 10,977,404 | 9,112,500 | 5% |
| Utilities | | | | | | | | |
| Windforce Limited | - | - | - | 0% | 1,000,000 | 16,000,000 | 14,900,000 | 7% |
| Insurance | | | | | | | | |
| Lolc General Insurance Limited | 250,000 | 7,909,905 | 8,250,000 | 4% | - | - | - | 0% |
| Total value of quoted equity securities (at market value) | | <u>153,072,994</u> | <u>152,131,600</u> | <u>63%</u> | | <u>109,981,457</u> | <u>92,955,150</u> | <u>46%</u> |
| Total unrealized gain / (loss) | | | <u>(941,394)</u> | | | | <u>(17,026,307)</u> | |
| Unrealised gain for the period | | | <u>16,084,912</u> | | | | | |

4.1 The fair value of the above financial instrument has been determined using level I of the fair value hierarchy.

NDB WEALTH GROWTH AND INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 30 JUNE 2023

| | 30.06.2023 LKR | As a % of net asset value | 31.12.2022 LKR | As a % of net asset value |
|--|-------------------|---------------------------------|-------------------|------------------------------|
| 5. Financial assets measured through other comprehensive income | | | | |
| Quoted corporate debentures (Note 5.1) | 13,803,293 | 6% | 10,558,927 | 5% |
| | <u>13,803,293</u> | | <u>10,558,927</u> | |

5.1 Quoted corporate debentures

| | 30.06.2023 | | | 31.12.2022 | | |
|---|-------------------|-------------------|---------------------------------|-------------------|-------------------|---------------------------------|
| | Market Value | Amortized Cost | As a % of net asset value | Market Value | Amortized Cost | As a % of net asset value |
| | LKR | LKR | | LKR | LKR | |
| Citizens Development Business Finance PLC | 13,803,293 | 12,605,410 | 6.36% | 10,558,927 | 11,050,017 | 1.21% |
| | <u>13,803,293</u> | <u>12,605,410</u> | <u>6.36%</u> | <u>10,558,927</u> | <u>11,050,017</u> | <u>2.37%</u> |
| Total unrealised gain / (loss) | <u>1,197,883</u> | | | <u>(491,090)</u> | | |
| Unrealised gain / (loss) on the changes in the fair value recognised in other comprehensive income | <u>1,688,973</u> | | | | | |

5.2 The fair value of the above financial instrument has been determined using level II of the fair value hierarchy.

| | 30.06.2023 | As a % of net asset value | 31.12.2022 | As a % of net asset value |
|---|-------------------|---------------------------------|-------------------|------------------------------|
| 6. Financial assets measured at amortised cost | | | | |
| Money market savings account (Note 6.1) | 12,623,871 | 6% | 17,361,278 | 8% |
| Treasury bills under repurchase agreements (short/long term) (Note 6.2) | 50,230,402 | 23% | 81,411,507 | 37% |
| | <u>62,854,273</u> | <u>29%</u> | <u>98,772,785</u> | <u>45%</u> |

| | 30.06.2023 | As a % of net asset value | 31.12.2022 | As a % of net asset value |
|---|-------------------|---------------------------------|-------------------|------------------------------|
| 6.1 Money market savings account | | | | |
| Hatton National Bank PLC | 12,611,077 | 6% | 16,298,532 | 8% |
| DFCC Bank | 12,768 | 0% | 1,062,724 | 0% |
| Union Bank | 26.98 | 0% | 21 | 0% |
| | <u>12,623,871</u> | <u>6%</u> | <u>17,361,278</u> | <u>8%</u> |

| | | | | |
|---|-------------------|------------|-------------------|------------|
| 6.2 Treasury bills under repurchase agreements (long term) | | | | |
| Union Bank | - | 0% | - | 0% |
| Capital Alliance Limited | 50,230,402 | 23% | 81,411,507 | 37% |
| | <u>50,230,402</u> | <u>23%</u> | <u>81,411,507</u> | <u>37%</u> |

30.06.2023
LKR

31.12.2022
LKR

NDB WEALTH GROWTH AND INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 30 JUNE 2023

| | | |
|---|-------------------|-------------------|
| 7. Taxes recoverable | | |
| Withholding tax recoverable | 2,075,815 | 2,075,815 |
| Notional tax credit | 1,216,203 | 1,216,203 |
| | <u>3,292,018</u> | <u>3,292,018</u> |
| Less | | |
| Impairment allowance for WHT | (2,075,815) | (2,075,815) |
| Impairment allowance for Notional Tax (Under) / over provision of prior year taxes | (1,216,203) | (1,216,203) |
| Income tax payable | - | - |
| | <u><u>-</u></u> | <u><u>-</u></u> |
| | 30.06.2023 | 31.12.2022 |
| | LKR | LKR |
| 8. Accrued expenses | | |
| Management fees | 268,448 | 268,523 |
| Trustee fees | 30,871 | 30,880 |
| Custodian fees | 11,633 | 12,021 |
| Audit fees | 46,125 | 95,000 |
| Tax consultancy fees | 55,667 | 43,667 |
| Front end fees (reversal) / payable | 14,852 | 45 |
| | <u>427,597</u> | <u>450,136</u> |

9. Net assets attributable to the unitholders

The movement in the number of units and net assets attributable to unitholders during the period were as follows:

| | 30-Jun-23 | 31-Dec-22 | 30-Jun-23 | 31-Dec-22 |
|--|------------------|------------------|--------------------|--------------------|
| | Units | Units | LKR | LKR |
| Opening capital balance | 4,886,981 | 59,393,288 | 201,861,977 | 3,045,590,540 |
| Units issued during the year | 27,301 | 217,525 | 1,205,974 | 10,956,168 |
| Units redeemed during the year | (226,754) | (54,723,833) | (9,658,791) | (2,379,203,322) |
| Increase in net assets attributable to unitholders | - | - | 22,060,889 | (474,680,204) |
| Distributions to unitholders | - | - | - | - |
| Other comprehensive income | - | - | 1,688,973 | (801,205) |
| Closing balance | <u>4,687,528</u> | <u>4,886,981</u> | <u>217,159,020</u> | <u>201,861,977</u> |

The creation price was at LKR 47.36 (2022 -LKR 41.72) per unit and the redemption price was at 45.92 (2022 - LKR. 40.95) per unit as at 30 June 2023.

10. Contingencies

There were no material contingencies existing at the reporting date that require adjustments to or disclosures in the financial statements.

11. Events after the reporting date

There have been no material events occurring after the reporting date that require adjustments to or disclosures in the financial statements.

12. Capital commitments

There were no significant capital commitments at the end of the reporting date.