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MARKET UPDATE AND FUND REVIEW

2018
JANUARY

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NDB | WEALTH

MARKET BRIEF BY NDB WEALTH

INFLATION FALLS

Inflation as measured by the CCPI fell to 5.8% in January 2018 on a year-on-year basis from the previous month's 7.1% due to a combination of the base effect and falling food prices. We are of the view that inflation will hover at mid single digit levels in 2018. However, we do not rule out factors which could exert pressure on overall price levels such as the possibility of supply-side disruptions, higher taxes and the introduction of the pricing formula to fuel and electricity.

PRESSURE ON THE RUPEE CONTINUES

The Sri Lankan Rupee depreciated by 0.59% against the US Dollar in January. The Central Bank continued to be a net buyer of US Dollars in December with purchases amounting to USD 200 mn and no sales of the currency. Gross official reserves stood at USD 7.9 bn. by end December. The LKR is expected to see further pressure owing to widening trade deficits however if the government manages to secure foreign funding pressure on the exchange rate may ease off.

INTEREST RATES FALL

Other than the benchmark 364-day Treasury Bill rate which remained unchanged at 8.90% in January, interest rates across other maturities saw an overall decline. Total foreign holding of LKR denominated bills and bonds increased to 6.68%, with foreign investors being net buyers of LKR 5.8 bn worth of securities. We expect interest rates to remain at current levels in the short to medium term if the government attracts foreign funding and credit growth remains at current levels. However, interest rates could come under pressure in line with capital flight on account of possible policy rate hikes by the US federal reserve as well as changes to taxation on local government securities.

STOCK MARKET RALLIES

The Equity market began the year on a positive note with the All Share Price Index (ASPI) rising by 1.68% and the S&P SL 20 index by 2.06% on the backdrop of foreign interest perhaps on account of the allocation effect to Sri Lanka. Net foreign buying for the month of January stood at LKR 4.04 bn. We expect the market to be range-bound in the short term as investors remain on the sidelines in expectation of the outcome of the local government elections in February.

Amaya Nagodavithane
Research Analyst

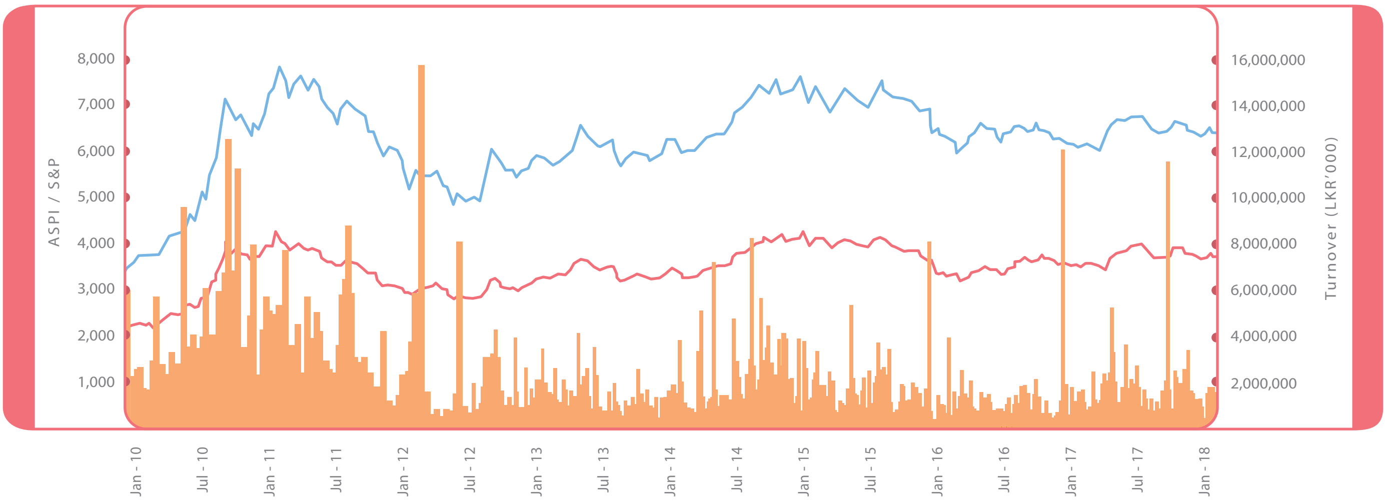
EQUITY OUTLOOK

	Past month Performance (1st Jan – 31st Jan 2017)	Past 12 months Performance (Jan 2017 – Jan 2018)	Year to Date Performance (1st Jan 2018 – 31st Jan 2018)
All Share Price Index	1.68%	5.60%	1.68%
S&P SL 20	2.06%	7.38%	2.06%
MSCI Frontier Markets Index	5.73%	31.17%	5.73%
MSCI World Index	1.48%	9.16%	1.48%
MSCI Emerging Markets	8.33%	41.01%	8.33%
MSCI Asia Ex Japan	7.56%	43.54%	7.56%

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

- The two main indices of the Colombo Stock Exchange (CSE), the All Share Price Index (ASPI) and the S&P SL 20 index recorded gains during the first month of 2018, mainly due to the foreign interest witnessed in the market during the month.
- The local markets may continue to be range bound due to the upcoming local government elections and the lackluster December quarter corporate results that are being released.
- Moreover, implementation of the new Inland Revenue Act together with banks and finance companies having to comply with Basel III and IFRS 9 may persuade investors to be in the sidelines in the short term.
- MSCI Emerging and Frontier Market indices continued to outperform the main indices of CSE. Further, the MSCI Emerging Markets outperformed the MSCI Developed Markets Index by over 14% in 2017.Emerging and Frontier markets are considered by investors for long-term growth, above-average returns, and superior yields. However, unlike the developed markets, the political and economic backdrops of frontier and emerging markets can be unstable, which means investors may witness volatility.
- However, Emerging markets may come under pressure if U.S. government yields continue to increase due to impacts from investors moving away from riskier assets to enjoy relatively higher yields in safer debt.
- According to the Wall Street Journal, the spread between emerging market debt and U.S. Treasuries, or the extra yield investors receive from investing in riskier emerging markets, is hovering at its narrowest in three-and-a-half years.

Colombo Stock Exchange Performance



Source: www.cse.lk

		Jan 2018	Jan 2017
CSE	Market PER	10.69 X	12.07 X
	Market PBV	1.32 X	1.39 X
	Market DY	3.07%	2.95%
MSCI Frontier Market	Market PER	15.86 X	13.73 X
	Market PBV	2.01 X	1.63 X
	Market DY	2.86%	4.08%

Source: www.cse.lk

Foreign purchases exceeded LKR 10 billion during the first month of 2018 as net foreign buying recorded in excess of LKR 4 billion.

Colombo Stock Exchange	Jan 2018	Jan 2017
Foreign Inflows	LKR 10.70 Billion	LKR 5.06 Billion
Foreign Outflows	LKR 6.70 Billion	LKR 7.16 Billion
Net Foreign Inflows/(Outflows)	**LKR 4.03 Billion**	**(LKR 2.10 Billion)**

Source: www.cse.lk

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

— Warren Buffet —

FIXED INCOME OUTLOOK

INTEREST RATES IN SRI LANKA

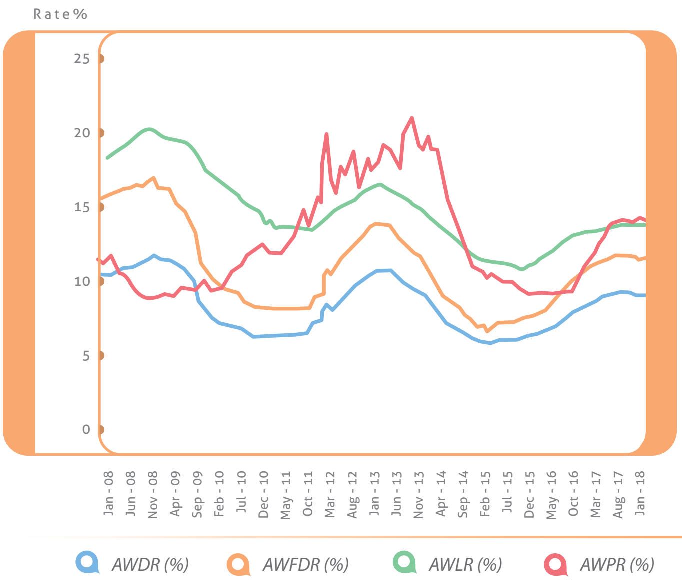
The Central Bank of Sri Lanka (CBSL) maintained the key policy rates stable in January holding the Standing Lending Facility Rate (the rate CBSL lends to commercial banks) and the Standing Deposit Facility Rate (the rate which commercial banks place their excess cash with CBSL) at 8.75% and 7.25% respectively.

	Jan 17	Dec 17	Jan 18
364 Day T-bill	10.37%	8.90%	8.90%
5-Year Bond	12.12%	9.97%	9.55%
1-Year Finance Company Fixed Deposit (A+)*	11.70%	11.21%	11.21%

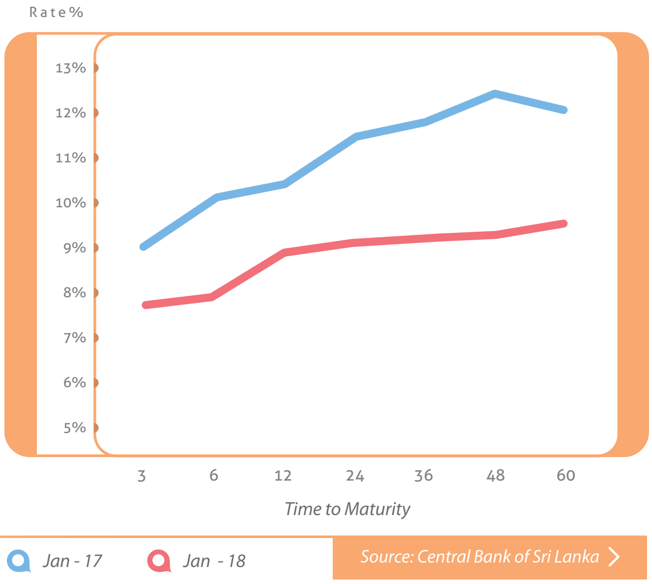
** Net Rate assuming consistent WHT of 2.5% for comparison purposes*

Source: Central Bank of Sri Lanka

AVERAGE LENDING & DEPOSIT RATES



YIELD CURVE - LKR TREASURIES



Source: Central Bank of Sri Lanka

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

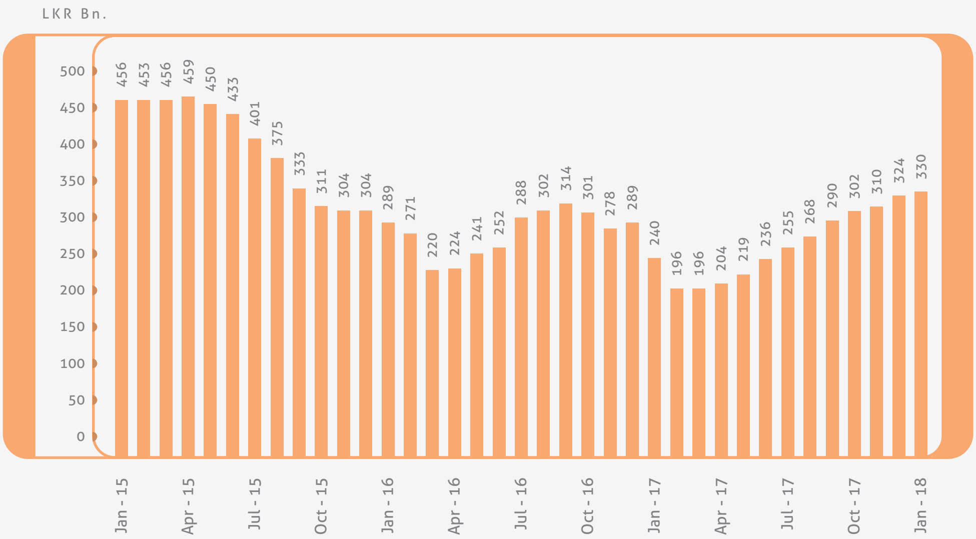
The 364-day T-Bill rate remained unchanged at 8.90% whilst the 182-day and 91-day Treasury Bills closed the month at 7.95% and 7.69% respectively.

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 4,945 Billion / USD 32.16 Billion	
T Bills (Total)	T Bonds (Total)
LKR 798 Billion	LKR 4,147 Billion
Domestic (Bills & Bonds)	Foreign (Bills & bonds)
LKR 4,615 Billion	LKR 330 Billion
Total Foreign Holding of Bills and Bonds - 6.68%	

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 albeit marginally, increasing by LKR 5.8 billion (net) in January to 6.68% of total outstanding T-Bills and T-Bonds, on account of foreign buying interest on local government securities.

1 Year FD Rates – Sri Lankan Banks		
	Jan 2018	Dec 2017
NSB	11.00%	11.00%
COMB	10.50%	10.50%
SAMP	10.50%	10.50%
HNB	10.50%	10.50%
NDB	10.50%	10.50%

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

Source: Respective Commercial Banks

Banks maintained their fixed deposit rates during the month of January.

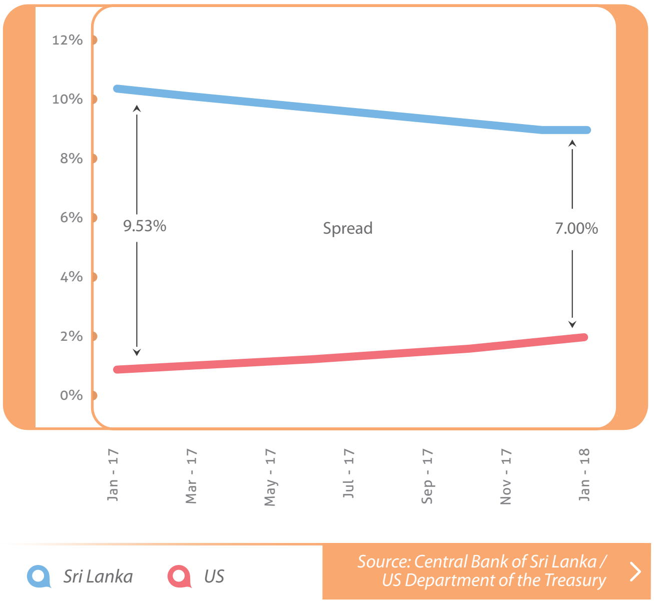
NDIB CRISIL Fixed Income Indices Total return as at 30/01/2018	3 Month Return	1 Year Return	3 Year Return
NDBIB-CRISIL 91 Day T-Bill Index	2.27%	9.54%	7.97%
NDBIB-CRISIL 364 Day T-Bill Index	2.65%	10.91%	7.61%
NDBIB-CRISIL 3 Year T-Bond Index-TRI	4.42%	19.03%	9.21%
NDBIB-CRISIL 5 Year T-Bond Index-TRI	5.55%	24.61%	8.52%

Source: www.crisil.com

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

Source: www.cbrates.com

1 YEAR TREASURY RATE - USD Vs. LKR



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

The latest US wage data has been far better than expected (the most positive in nine years) and is widely expected to increase US interest rates as associated higher inflation is expected to pave the way to further policy tightening.

364 Day Treasury Bill Rate	Jan 17	Dec 17	Jan 18
Sri Lanka	10.37%	8.90%	8.90%
India	6.25%	6.42%	6.58%
US	0.84%	1.76%	1.90%
Euro Zone	-0.70%	-0.74%	-0.64%

Source: Respective Central Banks

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

Source: Respective Commercial Banks

China's economy is expected to cool down this year as a government-led crackdown on debt risks and factory pollution drag on overall activity. They are set to keep their target for economic growth at around 6.5% in 2018, unchanged from last year.

“ THINK BIG – START SMALL.
IT’S TIME TO START ACHIEVING YOUR DREAMS ”

— NDB Wealth —

INFLATION RATES

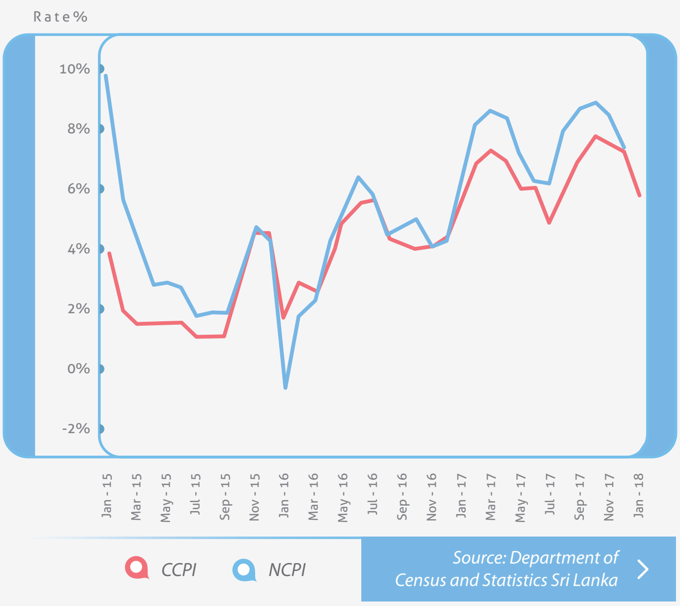
Country	Jan 17	Dec 17	Jan 18
Sri Lanka	5.55%	7.15%	5.77%
US	2.50%	2.10%	2.10%*
Euro Zone	1.80%	1.40%	1.40%*
India	3.20%	5.21%	5.21%*

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

* December 2017

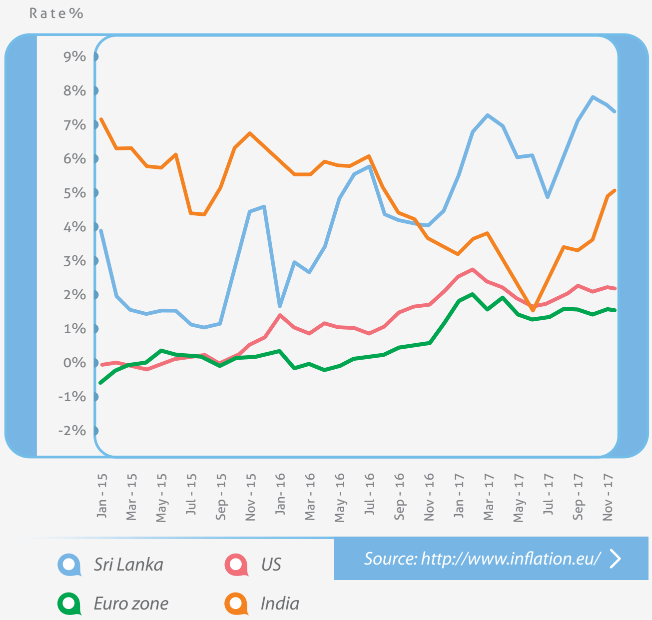
- Inflation as measured by the CCPI (2013=100) fell to 5.8% in January 2018 on a year-on-year basis from the previous month's 7.1% due to a combination of the base effect and falling food prices. During the month prices fell by 0.1% overall whilst food prices declined by 1.9%. Within the food category prices of mainly coconuts, vegetables and green chillies decreased.
- On an annual average basis inflation remained stable at 6.6% in January.
- Core inflation, which excludes the more volatile aspects of price movements (food, energy and transport), slowed to 3.5% year-on-year in January from the previous month's 4.3% primarily owing to the base effect despite prices increasing by 0.6% during the month.
- On an annual average basis core inflation decreased to 5.6% from 5.9% in December.
- We are of the view that inflation will hover at mid single digit levels in 2018 however not ruling out the possibility of supply-side disruptions, higher taxes and the introduction of the pricing formula to fuel and electricity which could exert pressure on overall price levels.
- On the global front, US and Euro zone inflation decreased to 2.1% and 1.4% year-on-year respectively in 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	Jan 18	Jan 17	1 Year App / (Dep) LKR
USD	153.77	150.24	-2.29%
GBP	216.04	187.96	-13.00%
EURO	190.18	160.73	-15.49%
YEN	1.41	1.32	-6.14%
AUD	124.22	113.66	-8.50%
CAD	124.54	114.69	-7.91%
INR	2.42	2.22	-8.35%
BHD	407.87	398.55	-2.28%
CNY	24.27	21.83	-10.05%

Source: Central Bank of Sri Lanka

- The Sri Lankan Rupee depreciated 0.59% against the US Dollar (USD) in January to close the month at LKR 152.77 per 1 USD and slid by a considerable 4.86% against the British Pound during the month.
- The USD gained across the board as US treasury yields edged up and positive US wages data increased the demand for the greenback.
- Most Asian currencies weakened as the US dollar consolidated gains after data showed U.S. wages rose at their fastest in almost 9 years, propelling U.S. interest rates higher.

USD PER 1 EURO MOVEMENT

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

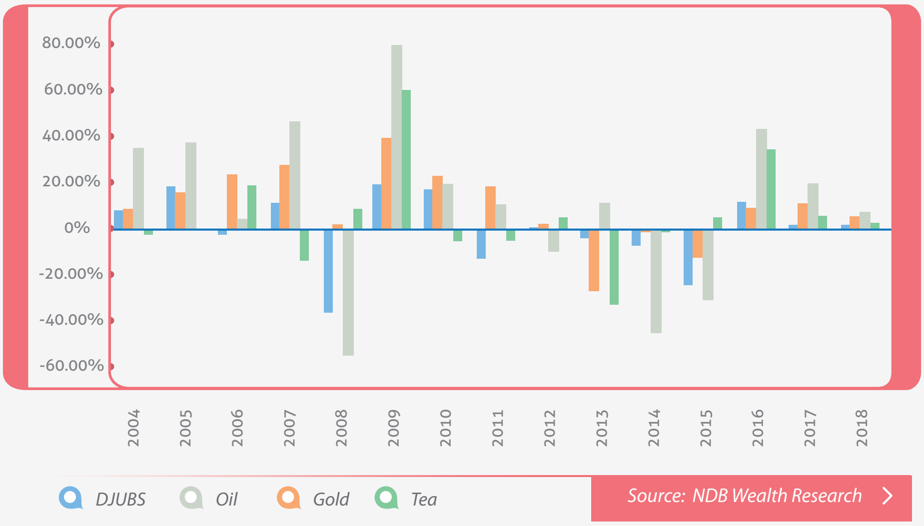
COMMODITY OUTLOOK

	Past month Performance (1st Jan - 31st Jan 2018)	Past 12 months Performance (Jan 2017 - Jan 2018)	Year to Date Performance (1st Jan 2018 - 31st Jan 2018)
Bloomberg Commodity Index	1.85%	2.52%	1.85%
Tea	2.58%	4.73%	2.58%
Gold	5.29%	11.68%	5.29%
Oil (Brent)	7.44%	25.69%	7.44%

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

- Bloomberg commodity index recorded a 1.85% gain during January 2018 as the commodity market rebounded strongly from its lowest level witnessed in January 2016.
- A weaker dollar, U.S. corporate tax cuts and signs of improving global economic growth have helped boost raw materials during the past few months.
- Goldman Sachs Group Inc. indicated that it is the most bullish they have been on commodities (raw materials) since the end of the commodity super cycle in 2008 as growing demand eats into stockpiles.
- Oil prices rose sharply during January due to the weak dollar which has lost value against a basket of major currencies. However, despite the generally bullish sentiment, analysts are of the view that the market had been dented by rising output in North America and the U.S. (U.S. crude production has grown by over 17% since mid-2016 to 9.88 million barrels per day (bpd) in January 2018).
- U.S. oil production is already on par with top exporter and OPEC key player Saudi Arabia (only Russia produces more, averaging 10.98 million bpd in 2017). U.S. bank JP Morgan said it had increased its 2018 average price forecast by USD 10 per barrel to USD 70 per barrel for Brent and by USD 10.70 per barrel for WTI to USD 65.63.
- Gold prices gained in excess of 5% in January 2018, on a weak Dollar. However, stronger than expected U.S. labour market data may result in gold prices to fall from the levels witnessed in January 2018.

Commodity Price Movemets



Source: NDB Wealth Research

PROPERTY OUTLOOK

Kandy and Galle

- Despite the distance, Kandy is an active urban location. The average prices of houses and land in Kandy have gradually increased in the last few years, however, the price differentials are based on the locality, accessibility and the gradient of the land.

- Within the Kandy city limits the current market price for land stands at LKR 4 million per perch. Further, land sales closer to the proposed highway exit and trending picturesque areas such as Digana in the vicinity of the Victoria Golf range, Pallekelle, Hantana and along the Mahaweli river has been gaining interest that has lead to a price appreciation.

- The growing property market has attracted Apartment developers who have commenced development of luxury apartments in the city. Dynasty Residence, the 19 floor-93 unit project - the first such luxury project to be built in Kandy and sits next to the iconic Mahaweli River, is expected to be completed in 2018. According to the chairman of GVR Lanka (Pvt) Ltd, the company behind Dynasty Residence, the cost of building the property in Kandy was much cheaper than in Colombo. He compares the price of the 19 storied high end properties in Kandy which is on average at USD 240 per sq. ft to a similar property in Colombo which will be around USD 450 per sq. ft. He also expects the value of the property to double once the proposed Colombo-Kandy Expressway is completed.

- A mid-range house in Kandy could be purchased with necessary facilities between LKR 5 million – LKR 10 million. Further, Property seekers are able to purchase a luxury house for an average price range of LKR 30 million – LKR 45 million.

- Located 119km away from the commercial capital of the country, Galle is the center of attention for travelers and beach enthusiasts from across the globe. When focusing on the real estate market in Galle, most investors, both local and foreign are keen in investing in the city due to the long term benefits that can be generated due to it been a perfect location by all travelers to the island. Its accessibility, high profile and evolving lifestyle factors are leading to increased demand for the city's beachfront real estate.

- Mid-range houses for sale in Galle are available at an average price range of LKR 2 million – LKR 5 million, while the luxury houses in Galle range around LKR 10 million – LKR 20 million. Those interested in purchasing apartments in Galle can purchase mid-range apartments for a price range of LKR 10 million - LKR 20 million, while luxury apartments cost around LKR 40 million – LKR 57 million.

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 December 2017									
*Profit Sharing Ratio**	30:70	-	60:40	65:35	75:25	80:20	85:15	-	90:10
Distributed Profit	3.44%	-	6.87%	7.44%	8.59%	9.16%	9.73%	-	10.31%
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 December 2017 (Released Quarterly)									
*Profit Sharing Ratio**	30:70	-	55:45	60:40	70:30	-	-	-	-
Distributed Profit	4.10%	-	8.50%	9.50%	10.50%	-	-	-	-
National Development Bank PLC-"Shareek" Islamic Banking unit - As of December 2017									
Profit Sharing Ratio* 3Mn - 50Mn	40:60	60:40	65:35	40:60	65:35	65:35	-	-	-
Distributed Profit	5.15%	6.00%	7.75%	9.00%	11.05%	11.05%	-	-	-
Citizen Development Business Finance PLC- Islamic Banking unit - As of December 2017									
*Profit Sharing Ratio**	34:66	58:42	52:48	52:48	55:45	62:38	62:38	-	-
Distributed Profit	6.61%	9.69%	10.50%	10.50%	11.10%	12.52%	12.52%	-	-
Commercial Leasing & Finance PLC- Islamic Finance - As of 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

NDB | WEALTH

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GROWTH FUND
(LKNWGRU00005)

Fund Overview

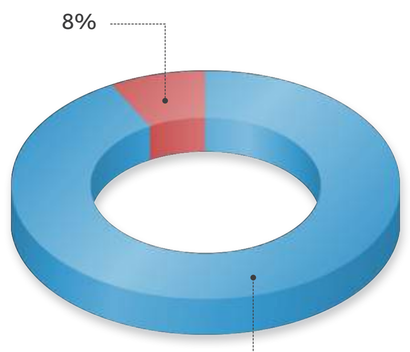
Type : Open Ended
Currency: LKR
Investments: Listed Equities

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

Fund Snapshot — 31-Dec-2017

YTD Yield	7.09%
NAV per unit	10.9758
AUM (LKR Mn.)	289.95
Fund Currency	LKR
Fund Inception	1-Dec-97
Max Equity Allocation	97.00%
Current Equity Allocation	47.25%
Fund Leverage	0.00%

Portfolio Allocation by Credit Rating



Banks Finance and Insurance

Footwear and Textiles

Top 5 Portfolio Holdings (In Alphabetical Order)

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

Historical Returns

Period	Fund Returns *•	ASPI Returns
Last Month	-0.59%	-0.66%
Last 3 Months	1.58%	-1.07%
Last 6 Months	0.97%	-5.60%
Last 12 Months	7.09%	2.26%
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	52.75%

Maturity	% Holding
Under 1 Month	70.00%
3 Months - 6 Months	19.10%
Over 5 Years	10.90%

Other Features

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

Fund Manager
NDB Wealth Management Ltd.
NDB Capital Building, Level G, No: 135,
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NDB | WEALTH

GROWTH AND INCOME FUND
(LKNWGIU00004)

Fund Overview

Type : Open Ended
Currency: LKR

Investments: Listed Equities and Corporate Debt

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

Fund Snapshot

Fund Snapshot	31-Dec-2017
YTD Yield	10.10%
NAV per unit	35.7962
AUM (LKR Mn.)	192.51
Fund Currency	LKR
Fund Inception	1-Dec-97
Max Equity Allocation	97.00%
Current Equity Allocation	1.57%
Fund Leverage	0.00%

Historical Returns

Period	Fund Returns**	ASPI Returns
Last Month	0.81%	-0.66%
Last 3 Months	1.32%	-1.07%
Last 6 Months	3.97%	-5.60%
Last 12 Months	10.10%	2.26%
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 2 Portfolio Holdings (In Alphabetical Order)

SINGER FINANCE (LANKA) PLC

SINGER FINANCE (LANKA) PLC RIGHT ISSUE APPLICATION

Fixed Income Allocation

Minimum Fixed Income Allocation	3.00%
Current Fixed Income Allocation	98.43%

Maturity	% Holding
Under 1 Month	19.30%
1 Month - 3 Months	18.60%
3 Months - 6 Months	22.00%
6 Months - 1 Year	22.90%
1 Year - 5 Years	17.20%

Other Features

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

Fund Manager
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NDB | WEALTH

INCOME FUND
(LKNWINU00000)

Fund Overview

Type : Open Ended
Currency: LKR

Investments: Corporate Debt Instruments

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

Fund Snapshot 31-Dec-2017

YTD Yield	14.34%
YTD Yield (Annualized)	14.34%
NAV per unit	11.3309
AUM (LKR Mn.)	344.82
Fund Currency	LKR
Fund Inception	1-Dec-97

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)*
Year to Date	14.34%	14.34%	19.92%
Last Month	1.13%	13.25%	18.40%
Last 3 Months	2.80%	11.09%	15.41%
Last 6 Months	7.24%	14.37%	19.95%
Last 12 Months	14.34%	14.34%	19.92%
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
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 31-Dec-2017

YTD Yield	11.42%
YTD Yield (Annualized)	11.42%
NAV per unit	12.0167
AUM (LKR Mn.)	237.15
Fund Currency	LKR
Fund Inception	7-Apr-16

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)★●	
Year to date	11.42%	11.42%	15.86%	14.27% Net of WHT
Last Month	0.98%	11.48%	15.95%	14.35% Net of WHT
Last 3 months	2.90%	11.51%	15.99%	14.39% Net of WHT
Last 6 months	5.89%	11.67%	16.21%	14.59% Net of WHT
Last 12 months	11.42%	11.42%	15.86%	14.27% 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.

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
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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

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 31-Dec-2017

YTD Yield	9.50%
YTD Yield (Annualized)	9.50%
NAV per unit	15.8383
AUM (LKR Mn.)	1,395.81
Fund Currency	LKR
Fund Inception	1-Jun-12

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)**	
Year to Date	9.50%	9.50%	13.19%	11.87% Net of WHT
Last month	0.70%	8.21%	11.40%	10.26% Net of WHT
Last 3 months	2.12%	8.43%	11.70%	10.53% Net of WHT
Last 6 months	4.52%	8.96%	12.44%	11.20% Net of WHT
Last 12 months	9.50%	9.50%	13.19%	11.87% 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 31-Dec-2017

YTD Yield	11.38%
YTD Yield (Annualized)	11.38%
NAV per unit	17.1921
AUM (LKR Mn.)	16,600.97
Fund Currency	LKR
Fund Inception	1-Jun-12

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)*
Year to Date	11.38%	11.38%	15.81%
Last Month	0.90%	10.57%	14.68%
Last 3 Months	2.73%	10.82%	15.03%
Last 6 Months	5.60%	11.10%	15.42%
Last 12 Months	11.38%	11.38%	15.81%
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
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 31-Dec-2017

YTD Yield	9.81%
YTD Yield (Annualized)	9.81%
NAV per unit	12.18
AUM (LKR Mn.)	640.83
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	9.81%	9.81%	13.62%
Last month	0.88%	10.39%	14.43%
Last 3 months	2.46%	9.75%	13.54%
Last 6 months	5.05%	10.02%	13.92%
Last 12 months	9.81%	9.81%	13.62%

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

Other Features

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

Fund Manager
NDB Wealth Management Ltd.
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NDB | WEALTH

LKR TREASURY FUND
(LKSTLKU00005)

Fund Overview

Type : Open Ended
Currency: LKR

Investments: Short Term Government Securities

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

Fund Snapshot 31-Dec-2017

YTD Yield	10.14%
YTD Yield (Annualized)	10.14%
NAV per unit	12.6459
AUM (LKR Mn.)	328.97
Fund Currency	LKR
Fund Inception	19-Dec-14

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)**	
Year to Date	10.14%	10.14%	14.09%	12.68% Net of WHT
Last month	0.62%	7.25%	10.07%	9.06% Net of WHT
Last 3 months	1.91%	7.58%	10.53%	9.48% Net of WHT
Last 6 months	4.00%	7.93%	11.01%	9.91% Net of WHT
Last 12 months	10.14%	10.14%	14.09%	12.68% 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 31-Dec-2017

YTD Yield	10.41%
YTD Yield (Annualized)	10.41%
NAV per unit (LKR)	12.7552
AUM (LKR Mn.)	557.67
Fund Currency	LKR
Fund Inception	1-Dec-97

Historical Returns

Period	Fund Returns	Annualized Return	Tax Equivalent Return (Annualized)*•	
Year to Date	10.41%	10.41%	14.46%	13.02% Net of WHT
Last Month	0.73%	8.55%	11.88%	10.69% Net of WHT
Last 3 Months	1.96%	7.79%	10.82%	9.74% Net of WHT
Last 6 Months	6.09%	12.07%	16.77%	15.09% Net of WHT
Last 12 Months	10.41%	10.41%	14.46%	13.02% 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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