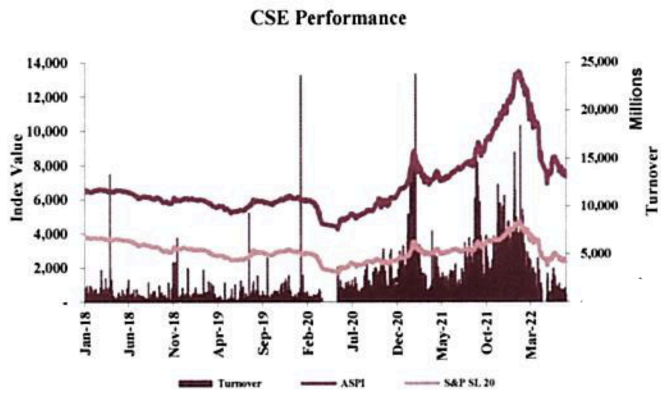
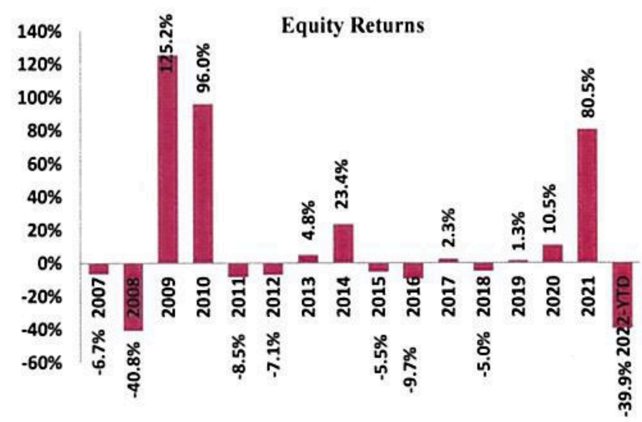
NDB Wealth Growth & Income Fund

Financial Statements for the Period
Ended 30th June 2022

Fund Review 1st Half 2022 – NDB Wealth Growth & Income Fund

The Colombo Stock Exchange nose-dived during the first half of 2022 on the back of Sri Lanka's economic crisis fueled by an acute shortage of foreign exchange leading to the suspension of foreign debt service payments and shortages of essential commodities which in turn led to widespread social unrest and political turmoil. The All Share Price Index (ASPI) declined 39.95% and the more liquid S&P SL 20 index fell 44.86% during the period under review. As of 30th June 2022, Market PE stood at 4.74x whilst market capitalization was LKR 3.18 trillion *(Source: Colombo Stock Exchange)*.





Source: Colombo Stock Exchange

The economic crisis is expected to lead to a significant contraction in GDP this year on the back of monetary tightening, free float of the Rupee, fiscal consolidation and steep levels of inflation which have led to a marked slowdown in economic activity and consumption. In line with the weak macroeconomic fundamentals and a significant deterioration in investor confidence, foreign investors were net sellers on the bourse during the first half of the year, amounting to LKR 1.17 bn. *(Source: Colombo Stock Exchange)*

In line with these market conditions, the NDB Wealth Growth and Income Fund, declined by 20% during the first half of 2022 however outperforming the ASPI and the S&P SL 20 index by 19.95% and 24.86% respectively.

	NDB Wealth Growth and Income Fund	*ASPI	*S&P SL 20
Performance - 1st Half 2022	-20.00% *(after fees)*	-39.95%	-44.86%

**Source: Colombo Stock Exchange*

We expect corporate earnings to come under pressure in the period ahead, owing to contractionary monetary and fiscal policies and the shortage of essentials impacting economic activities. Thus, given the macro-economic headwinds, we expect the equity market to be range-bound during the second half of 2022 however, not ruling out the possibility of intermittent rallies which we may witness from time to time given the steeply discounted share prices and attractive trading multiples.

NDB WEALTH GROWTH AND INCOME FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 30 JUNE 2022

	Notes	2022 LKR	2021 LKR
Investment income			
Interest income	1	46,891,982	25,706,895
Dividend income		45,894,007	81,246,538
		92,785,989	106,953,433
Net realised gain / (loss) on financial assets at fair value through profit or loss		(230,828,524)	152,013,946
Unrealised gain / (loss) on financial assets at fair value through profit or loss	4	(304,066,921)	(7,532,050)
Total investment income		(442,109,456)	251,435,329
Fees and expenses	2	(33,729,550)	(41,137,879)
Profit before tax		(475,839,006)	210,297,450
Income tax expenses	3	-	-
Profit for the period		(475,839,006)	210,297,450
Other Comprehensive Income not to be reclassified to the satement of profit or loss			
Fair value gain / (loss) from financial instrument at fair value through other comprehensive income	5.1	(949,304)	(629,151)
Total comprehensive income for the period		(476,788,309)	209,668,298
Increase in net assets attributable to unitholders		(476,788,309)	209,668,298

NDB WEALTH GROWTH AND INCOME FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	30.06.2022 LKR	31.12.2021 LKR
Assets			
Cash at bank		25,001	25,000
Other receivable on Sale of Equity		24,720,000	-
Dividend Receivabl from Investments in Listed Equities		400,000	11,696,003
Financial assets at fair value through profit or loss	4	34,049,000	1,963,463,826
Financial assets at fair value through other comprehensive income	5	9,695,522	11,378,231
Financial assets measured at amortised cost	6	159,063,086	1,063,364,442
Taxes recoverable	7	-	-
Total assets		227,952,609	3,049,927,502
Unit holders' funds and liabilities			
Liabilities			
Accrued expenses	8	455,128	4,336,963
Total liabilities		455,128	4,336,963
Net assets attributable to unitholders		227,497,481	3,045,590,539
Unitholders' funds			
Unit capital		53,966,573	566,808,190
Investment in revaluation reserve		(639,188)	310,115
Retained earnings		174,170,096	2,478,472,234
Net assets attributable to unitholders	9	227,497,481	3,045,590,539

Director
NDB Wealth Management Limited
Fund Management Company

Director
NDB Wealth Management Limited
Fund Management Company

NDB WEALTH GROWTH AND INCOME FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUND
FOR THE PERIOD 30 JUNE 2022

	Unit Capital	Fair Value Reserve	Retained Earnings	Total
	LKR	LKR	LKR	LKR
Balance as at 1 January 2021	**553,573,008**	**1,581,038**	**1,943,692,368**	**2,498,846,414**
Net increase due to creations and redemptions	13,235,182	-	72,836,186	86,071,368
Profit for the year	-	-	461,943,681	461,943,681
Other comprehensive expenses	-	(1,270,923)	-	(1,270,923)
Total comprehensive income for the year	-	(1,270,923)	461,943,681	460,672,758
Distributions to unitholders	-	-	-	-
Balance as at 31 December 2021	**566,808,190**	**310,115**	**2,478,472,234**	**3,045,590,539**
Net increase due to creations and redemptions	(512,841,618)	-	(1,828,463,132)	(2,341,304,750)
Profit for the period	-	-	(475,839,006)	(475,839,006)
Other comprehensive income	-	(949,304)	-	(949,304)
Total comprehensive income for the period	-	(949,304)	(475,839,006)	(476,788,309)
Balance as at 30 June 2022	**53,966,573**	**(639,188)**	**174,170,096**	**227,497,481**

NDB WEALTH GROWTH AND INCOME FUND
STATEMENT OF CASH FLOWS
FOR THE PERIOD 30 JUNE 2022

	2022 LKR	2021 LKR
Cash flows from operating activities		
Interest received	50,248,499	31,344,562
Dividend received	57,190,010	78,319,790
Net investment in equity instruments	1,369,799,382	453,157,112
Net withdrawals in fixed deposits	-	114,899,810
Net investment in money market investments	-	(942,044,989)
Management fees and trustee fees paid	(20,142,039)	(23,572,479)
Other expenses paid	(17,469,346)	(17,477,234)
Net cash used in from operating activities	1,439,626,505	(305,373,429)
Cash Flows from financing activities		
Amount received on units created	10,846,823	464,737,495
Amount paid on redemption of units	(2,352,151,573)	(162,979,921)
Net cash from / (used in) financing activities	(2,341,304,750)	301,757,574
Net decrease in cash and cash equivalents	(901,678,245)	(3,615,855)
Cash and cash equivalents at the beginning of the year	1,059,700,285	368,640,855
Cash and cash equivalents at the end of the period	158,022,042	365,025,000
Cash and cash equivalents at the end of the period comprise of		
Cash at bank	25,000	25,000
Money Market Investment	36,627,041	-
Treasury bills under repurchase agreements	121,370,001	365,000,000
	158,022,042	365,025,000

NDB WEALTH GROWTH AND INCOME FUND
NOTES FOR THE FINANCIAL STATEMENTS
FOR THE PERIOD 30 JUNE 2022

		2022 LKR	2021 LKR
1.	**Interest income**		
	Corporate debentures	686,594	1,406,661
	Term deposits	-	3,100,545
	Money market saving accounts	15,197,290	5,185,227
	Treasury bills under repurchase agreements (Short term)	-	4,452,478
	Treasury bills under repurchase agreements (long term)	31,008,098	11,561,983
		46,891,982	25,706,895
2.	**Operating expenses**		
	Management fees	14,776,942	21,835,316
	Trustee fees	1,597,220	2,358,214
	Custodian fees	64,662	64,267
	Audit fees	47,500	(65,685)
	Equity transaction cost	17,199,115	16,923,967
	Bank charges	32,445	45,953
	Tax consultancy charges	11,667	(24,152)
		33,729,550	41,137,879
3.	**Income tax expenses**	2022	2021
	Current year tax expenses	-	-
		-	-

NDB WEALTH GROWTH AND INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 30 JUNE 2022

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.

	30.06.2022				31.12.2021			
Company	**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								
Commercial Bank of Ceylon PLC	-	-	-	0%	2,802,002	223,940,473	222,198,759	7%
Hatton National Bank PLC	-	-	-	0%	2,200,000	268,102,620	297,000,000	10%
Capital Goods								
Access Eng Ltd	930,000	22,583,143	8,649,000	4%	7,609,150	184,772,606	242,731,885	8%
Hayleys Plc	-	-	-	0%	1,600,000	186,582,030	208,000,000	7%
Royal Ceramics Lanka Plc	-	-	-	0%	500,000	37,200,000	39,050,000	1%
Diversified Financials								
L O L C Holdings	-	-	-	0%	100,000	86,660,000	116,200,000	4%
Materials								
Alumex Plc	-	-	-	0%	2,266,037	35,990,682	36,029,988	1%
Telecommunication Services								
Dialog Axiata PLC	-	-	-	0%	13,954,638	170,194,397	152,105,554	5%
Food & Staples Retailing								
Cargills (Ceylon) Plc	-	-	-	0%	713,841	142,675,326	153,654,275	5%
Consumer Durables & Apparel								
Hayleys Fabric Plc	400,000	15,462,718	11,600,000	5%	1,500,000	57,985,191	61,800,000	2%
Transportation								
Expolanka Holdings Plc	-	-	-	0%	400,000	103,542,068	150,100,000	5%
Utilities								
Windforce Limited	1,000,000	16,000,000	13,800,000	6%	7,959,275	127,348,400	144,858,805	5%
Software & Services								
hSenid Business Solutions Limited				0%	2,853,600	38,599,973	98,734,560	3%
Insurance								
Lolc General Insurance Limited	-	-	-	0%	2,000,000	15,800,000	41,000,000	1%
Total value of quoted equity securities (at market value)		54,045,861	34,049,000	15%		1,679,393,766	1,963,463,826	64%
Total unrealized gain / (loss)			(19,996,861)				284,070,060	
Unrealised gain for the period			(304,066,921)					

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

	30.06.2022 LKR	As a % of net asset value	31.12.2021 LKR	As a % of net asset value
5. Financial assets measured through other comprehensive income				
Quoted corporate debentures (Note 5.1)	9,695,522	4.26%	11,378,231	0.37%
	9,695,522		11,378,231	

5.1 Quoted corporate debentures

	30.06.2022			31.12.2021		
	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	9,695,522	10,334,711	4%	11,378,231	11,068,116	1%
	9,695,522	10,334,711	4%	11,378,231	11,068,116	2%
Total unrealised gain / (loss)	**(639,188)**			**310,115**		
Unrealised gain / (loss) on the changes in the fair value recognised in other comprehensive income	**(949,304)**					

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

	30.06.2022	As a % of net asset value	31.12.2021	As a % of net asset value
6. Financial assets measured at amortised cost				
Money market savings account (Note 6.1)	37,320,663	16%	561,946,634	18%
Treasury bills under repurchase agreements (short/long term) (Note 6.2)	121,742,423	54%	501,417,808	16%
	159,063,086	**70%**	**1,063,364,442**	**35%**

	30.06.2022	As a % of net asset value	31.12.2021	As a % of net asset value
6.1 Money market savings account				
Hatton National Bank PLC	3,700,481	2%	18,544,589	1%
DFCC Bank PLC	33,620,160	15%	543,402,023	18%
Union Bank of Colombo PLC	21.31	0%	21	0%
	37,320,663	**16%**	**561,946,634**	**19%**
6.2 Treasury bills under repurchase agreements (long term)				
Union Bank of Colombo PLC	-	0%	501,417,808	16%
Commercial Bank Of Ceylon PLC	121,742,423	54%	-	-
	121,742,423	**54%**	**501,417,808**	**16%**

	30.06.2022 LKR	31.12.2021 LKR
7. Taxes recoverable		
Withholding tax recoverable	2,075,815	2,075,815
Notional tax credit	1,216,203	1,216,203
	3,292,018	3,292,018
Less		
Impairment allowance for WHT	(2,075,815)	(2,075,815)
Impairment allowance for Notional Tax	(1,216,203)	(1,216,203)
	-	-

		30.06.2022 LKR	31.12.2021 LKR
8.	**Accrued expenses**		
	Management fees	327,555	3,729,349
	Trustee fees	36,686	402,770
	Custodian fees	11,047	11,007
	Audit fees	47,500	95,000
	Tax consultancy fees	31,667	20,000
	Front end fees (reversal) / payable	674	78,838
		455,129	4,336,964

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-22 Units	31-Dec-21 Units	30-Jun-22 LKR	31-Dec-21 LKR
Opening capital balance	59,393,288	58,003,620	3,045,590,540	2,498,846,414
Units issued during the year	215,009	10,076,404	10,846,823	485,070,141
Units redeemed during the year	(54,065,543)	(8,686,736)	(2,352,151,573)	(398,998,774)
Increase in net assets attributable to unitholders	-	-	(475,839,006)	461,943,681
Distributions to unitholders	-	-	-	-
Other comprehensive income	-	-	(949,304)	(1,270,923)
Closing balance	5,542,755	59,393,288	227,497,481	3,045,590,540

The creation price was at LKR 41.72 (2021 -LKR 47.98) per unit and the redemption price was at 40.95 (2021 - LKR. 46.68) per unit as at 30 June 2022.

10. Distributions for the period

There were no distribution for the period ended 30 June 2022.

11. Contingencies

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

12. 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.

13. Capital commitments

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