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MARKET UPDATE AND FUND REVIEW

2018
JULY

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MARKET BRIEF BY NDB WEALTH

INFLATION INCREASED FOR THE THIRD CONSECUTIVE MONTH

Inflation as measured by the CCPI continued to increase in July 2018 to 5.40% on a year on year basis from 4.40% in June 2018. The main contributor to higher inflation during the month was food inflation, which rose significantly to 5.6% on a year on year basis from 2.9% in the previous month. Core inflation, which excludes the more volatile aspects of price movements (food, energy and transport), increased on a year on year basis to 3.9% during July 2018 from 3.4% in June 2018. We expect inflation to hover in the mid single digits range in 2018, between 5% - 7%, mainly as a result of higher taxes, stronger US Dollar and increased fuel prices.

SRI LANKAN RUPEE CONTINUED TO DEPRECIATE AGAINST THE USD

The Sri Lankan Rupee continued to depreciate against the US Dollar in July as it declined by 0.91% during the month. During the month, the Sri Lankan Rupee also depreciated against other hard currencies such as the Sterling Pound, Euro and the Japanese Yen, by 1.26%, 2.07% and 0.44% respectively. The Central Bank was a net seller of USD 127 million in the foreign exchange market in June 2018. Gross official reserve improved to USD 9.2 billion in June 2018 and the Central bank expects to maintain it around USD 9 billion by end of 2018. We expect the Sri Lankan rupee to be under pressure mainly in the backdrop of heavy foreign debt repayment schedule in 2019.

BENCHMARK ONE YEAR TREASURY BILL RATE CONTINUED TO DIP

The benchmark 364-day Treasury bill rate continued its declining trend and ended the month of July at 9.27%. The improved money market liquidity levels and lower Treasury bill rates coupled with the expectation of Central Bank raising USD 1.0 billion through a loan syndication with China Development Bank resulted in the longer term Treasury bond rates declining by 30 – 40 basis points during the month. However, foreigners continued to be net sellers of government securities and total foreign holding of LKR denominated securities continued to decrease in July to 5.78% of overall G-Sec holdings. We expect interest rates to hover at current levels during the third quarter. However, towards the latter half of the fourth quarter and in 2019, Sri Lanka may witness an increase in interest rates, unless the Central Bank manages the external debt repayments in 2019.

WEAK INVESTOR SENTIMENT WITNESSED IN CSE

All Share Price Index and S&P SL 20 continued to decline in July 2018, as the All Share Price Index and S&P SL 20 index declined by 0.76% and 1.64% over the month respectively. Foreign investors were net seller in excess of LKR 1.2 billion during the month. The prevailing macroeconomic conditions in the country coupled with the weaknesses in frontier and emerging markets continued to take a toll on CSE. We expect the investor sentiment on stock market to continue to be weak.

Indika De Silva
Fund Manager

EQUITY OUTLOOK

	Past month Performance (1st Jul - 31st Jul 2018)	Past 12 months Performance (Jul 2017 - Jul 2018)	Year to Date Performance (1st Jan 2018 - 31st Jul 2018)
All Share Price Index	-0.76%	-7.38%	-3.49%
S&P SL 20	-1.64%	-12.53%	-9.21%
MSCI Frontier Markets Index	3.69%	3.52%	-7.41%
MSCI World Index	3.12%	11.88%	3.57%
MSCI Emerging Markets	2.20%	4.36%	-4.61%
MSCI Asia Ex Japan	0.84%	5.20%	-3.96%

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

- The two main indices of Colombo Stock Exchange, the All Share Price Index and the S&P SL 20 index continued to record negative returns in July 2018, resulting in year to date losses of 3.49% and 9.21% respectively.

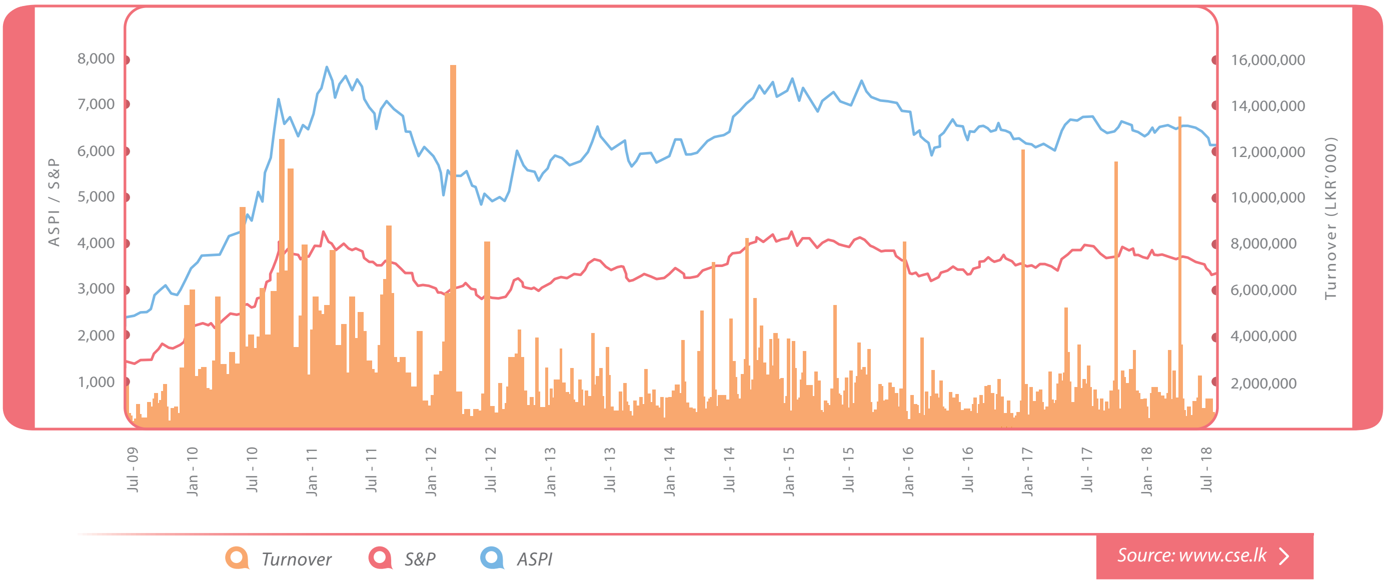
- Expectations of relatively poor quarterly results by the index heavy weights due to tight economic conditions may have been the main contributor to continuous losses in the indices.

- Despite being victims of an escalating China-U.S. trade conflict, the MSCI Emerging markets index and Frontier markets index depicted a trend opposite to CSE as they gained 2.20% and 3.69% respectively, during the month of July 2018.

- It is important to monitor the developments in the region to understand the sustainability of such returns in a background where the U.S. administration is seeking to increase pressure on China for trade concessions by proposing a higher 25% tariff on USD 200 billion worth of Chinese imports.

- Emerging and frontier markets, are generally deemed too illiquid and risky compared to developed markets and further strengthening of the US dollar, rising Treasury yields, increasing trade tensions and signs of slowing in China could conspire to dent the appeal of emerging and frontier market equities.

Colombo Stock Exchange Performance



Source: www.cse.lk

		July 2018	July 2017
CSE	Market PER	9.79 X	10.75 X
	Market PBV	1.21 X	1.42 X
	Market DY	3.34%	2.89%
MSCI Frontier Market	Market PER	14.03 X	14.70 X
	Market PBV	1.93 X	1.75 X
	Market DY	3.75%	3.53%

Source: www.cse.lk

Foreign investors were net sellers of LKR 1.2 billion in CSE during July 2018.

Colombo Stock Exchange	Jan - Jul 2018	Jan - Jul 2017
Foreign Inflows	LKR 52.31 Billion	LKR 71.12 Billion
Foreign Outflows	LKR 54.83 Billion	LKR 45.79 Billion
Net Foreign Inflows/(Outflows)	**(LKR 2.52 Billion)**	**LKR 25.33 Billion**

Source: www.cse.lk

“ INVESTORS SHOULD PURCHASE STOCKS LIKE THEY PURCHASE GROCERIES, NOT LIKE THEY PURCHASE PERFUME ”

— Ben Graham —

FIXED INCOME OUTLOOK

INTEREST RATES IN SRI LANKA

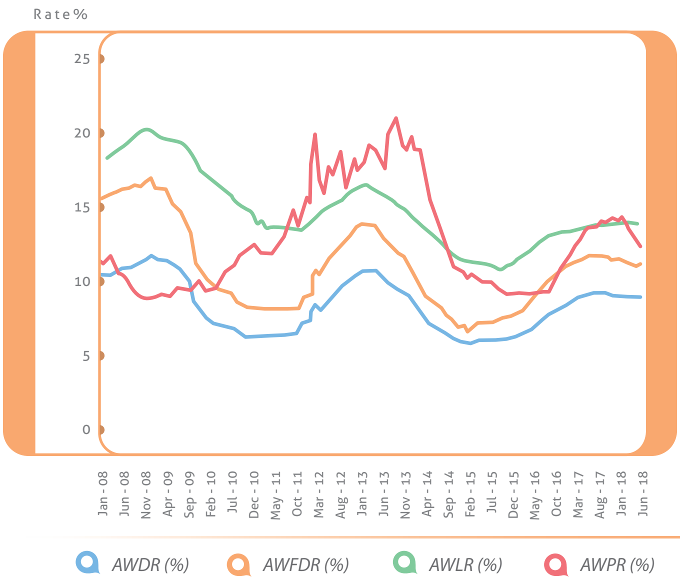
The Central Bank of Sri Lanka (CBSL) maintained its key policy rates stable in July holding the Standing Lending Facility Rate (the rate CBSL lends to commercial banks) and the Standing Deposit Facility Rate (the rate which commercial banks place their excess cash with CBSL) at 8.50% and 7.25% respectively.

	Jul 17	Dec 17	Jun 18	Jul 18
364 Day T-bill	9.99%	8.90%	9.39%	9.27%
5-Year Bond	11.04%	9.97%	10.36%	10.23%
1-Year Finance Company Fixed Deposit (A+)*	12.50%	11.50%	11.50%	11.50%

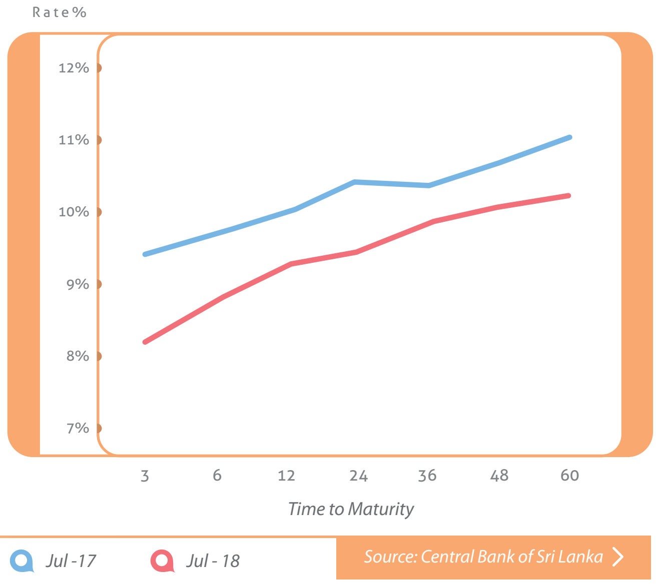
**Net returns earned on Government Securities would vary depending on the individual's tax bracket while Fixed Deposits will be subject to a final WHT of 5% for individuals.*

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

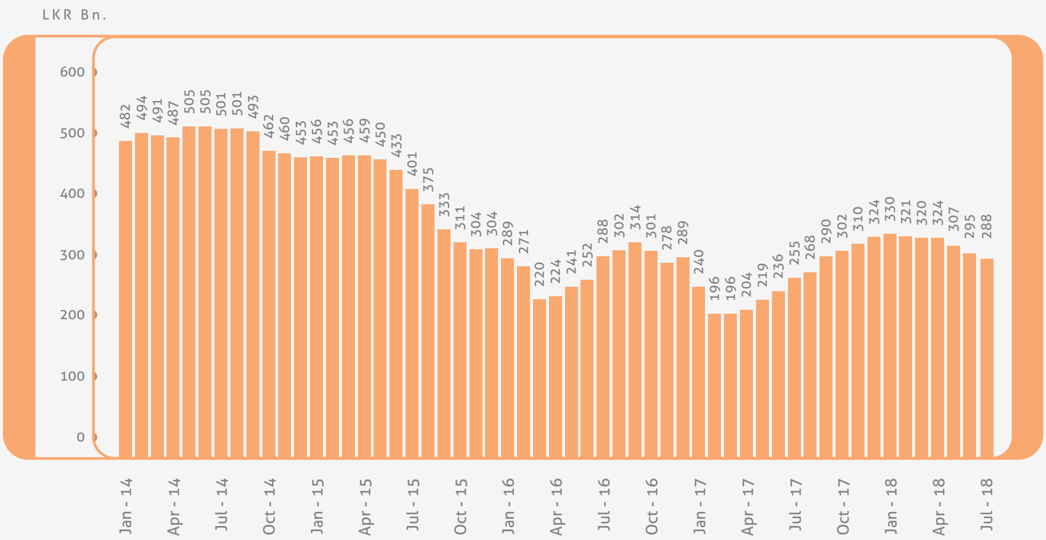
Treasury Bill rates decreased across the board with the 364-day T-Bill rate falling to 9.27% and the 182-day and 91-day Treasury Bills closing the month at 8.74% and 8.24% respectively.

Broad money (M2b) growth slowed to 14.9% year-on-year in June, from 15% in the previous month whilst credit to the private sector also expanded by a slower 14.4% year-on-year in June compared to 15.1% in May 2018. However, the decline in private sector credit growth is mainly attributed to the base effect as the absolute monthly increase in private sector credit disbursements stood at a high of LKR 82 Bn (up 1.6% m-o-m) compared to LKR 22.5 Bn and LKR 28.8 Bn in April and May respectively.

Outstanding LKR Govt. Securities LKR 4,977 Billion / USD 31.72 Billion	
T Bills (Total)	T Bonds (Total)
LKR 798 Billion	LKR 4,179 Billion
Domestic (Bills & Bonds)	Foreign (Bills & bonds)
LKR 4,689 Billion	LKR 288 Billion
Total Foreign Holding of Bills and Bonds - 5.78%	

Source: Central Bank of Sri Lanka

FOREIGN HOLDING OF LKR G-SEC



Source: Central Bank of Sri Lanka

Foreign holding of government securities continued on its declining trend, falling by LKR 7.54 billion (net) in July to 5.78% of overall G-Sec outstanding, with foreign investors selling out of local government securities. On a year-to-date basis too foreigners remained net sellers amounting to LKR 36.51 billion.

1 Year FD Rates – Sri Lankan Banks

	Jul 2018	Jun 2018
NSB	10.50%	10.50%
COMB	10.50%	10.50%
SAMP	10.50%	10.75%
HNB	10.50%	10.50%
NDB	11.00%	11.00%

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

Source: Respective Commercial Banks

Sampath Bank reduced its fixed deposit rates during the month of July.

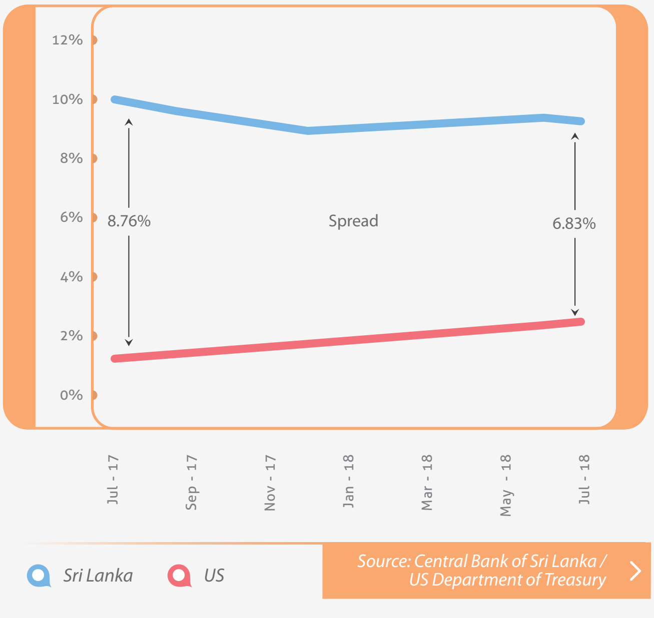
NDIB CRISIL Fixed Income Indices Total return as at 31/07/2018	3 Month Return	1 Year Return	3 Year Return
NDBIB-CRISIL 91 Day T-Bill Index	2.03%	8.77%	8.30%
NDBIB-CRISIL 364 Day T-Bill Index	2.53%	9.45%	8.12%
NDBIB-CRISIL 3 Year T-Bond Index-TRI	2.69%	11.93%	9.69%
NDBIB-CRISIL 5 Year T-Bond Index-TRI	2.51%	12.68%	9.08%

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%	1.75% - 2.00%
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%	6.50%

Source: www.cbrates.com

1 YEAR TREASURY RATE - USD Vs. LKR



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

The Bank of England raised its benchmark ‘bank rate’ by 0.25% from 0.5% to 0.75% on account of a strong labour market and credit growth and as it continues the process of slowly normalizing monetary policy following more than a decade of unprecedented stimulus.

364 Day Treasury Bill Rate	Jul 17	Dec 17	Jun 18	Jul 18
Sri Lanka	9.99%	8.90%	9.39%	9.27%
India	6.38%	6.42%	7.13%	7.13%
US	1.23%	1.76%	2.33%	2.44%
Euro Zone	-0.71%	-0.74%	-0.71%	-0.65%

Source: Respective Central Banks

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

Source: Respective Commercial Banks

The Reserve Bank of India (RBI) increased its Policy Repo rate by 0.25% to 6.50%, the second time in two months, with a view of containing inflation to achieve its medium-term inflation target of 4%. This is the first time since October 2013 that the RBI has raised the repo rate at two consecutive policy meetings.

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

— NDB Wealth —

INFLATION RATES

Country	Jul 17	Dec 17	Jun 18	Jul 18
Sri Lanka	4.83%	7.15%	4.41%	5.36%
US	1.73%	2.11%	2.87%	2.87%*
Euro Zone	1.32%	1.35%	1.96%	1.96%*
India	2.36%	5.21%	4.87%	4.87%*

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

* Jun 2018

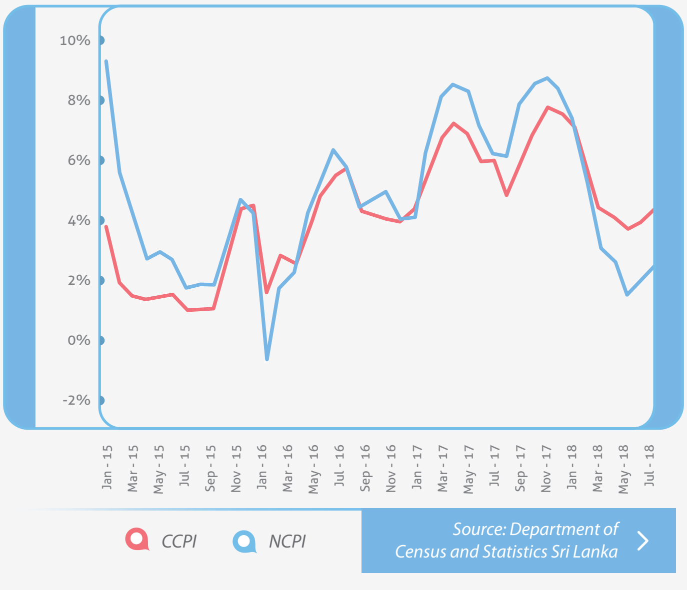
- Inflation as measured by the CCPI (2013=100), increased to 5.4% in July 2018 on a year-on-year basis from the previous month's 4.4% mainly on account of the base effect. During the month prices rose by only 0.3% of which prices in the food category increased by 0.9% whilst prices in the non-food category rose by a mere 0.1%. Within the food category prices of mainly sea fish, vegetables and green chilies increased. On an annual average basis however inflation remained steady at 5.6% in July.

- Core inflation, which excludes the more volatile aspects of price movements (food, energy and transport) too increased to 3.9% year-on-year in July from the previous month's 3.4%. However on an annual average basis core inflation decreased to 4.3% from 4.4% in June.

- We are of the view that inflation will hover at mid-single digit levels this year however the expected administered price revisions could exert pressure on overall price levels.

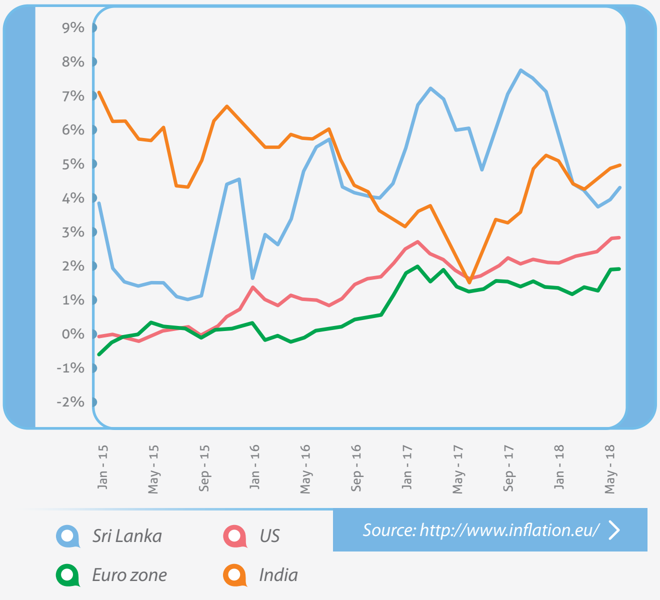
- On the global front, both US and Euro Zone inflation increased to 2.87% and 1.96% respectively.

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	Jul 17	Dec 17	Jul 18	1 Year App/(Dep) LKR	YTD App/(Dep) LKR
USD	153.73	152.85	159.71	-3.74%	-4.29%
GBP	201.91	205.54	209.55	-3.65%	-1.92%
EURO	180.48	182.49	186.98	-3.48%	-2.40%
YEN	1.39	1.36	1.44	-3.25%	-5.75%
AUD	122.72	119.10	118.49	3.57%	0.52%
CAD	123.32	121.61	122.29	0.84%	-0.56%
INR	2.40	2.39	2.33	3.00%	2.47%
BHD	407.63	405.36	422.26	-3.46%	-4.00%
CNY	22.85	23.45	23.39	-2.30%	0.27%

Source: Central Bank of Sri Lanka

- The Sri Lankan Rupee depreciated 0.91% against the US Dollar (USD) in July to close the month at LKR 159.71 per 1 USD and 1.26% against the Sterling Pound. Year-to-date depreciation against the USD stood at 4.29%.
- The US Dollar continued on its rally, rising against most currencies as strong economic data and rising US interest rates helped create demand for the dollar.
- Despite Bank of England's rate hike the Sterling Pound fell sharply against the US Dollar and the Euro.
- Most Asian currencies weakened against the USD as revived US sanctions on Iran and escalating trade tensions between China and the US tempered appetite for emerging market currencies.

USD PER 1 EURO MOVEMENT

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

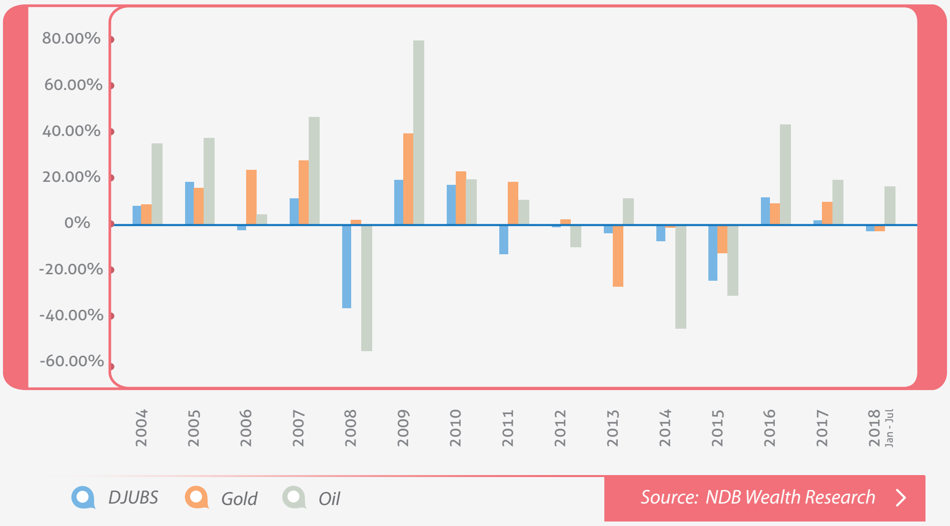
COMMODITY OUTLOOK

	Past month Performance (1st Jul - 31st Jul 2018)	Past 12 months Performance (Jul 2017 - Jul 2018)	Year to Date Performance (1st Jan 2018 - 31st Jul 2018)
Bloomberg Commodity Index	-2.31%	1.18%	-3.15%
Gold	-2.21%	-1.06%	-3.22%
Oil (Brent)	-6.53%	52.50%	15.64%

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

- The Bloomberg Commodity (BCOM) continued to decline as it recorded a negative return of 2.31% in July 2018.
- Both Gold and Oil prices declined sharply in July, and Gold prices were almost at the same levels recorded in the corresponding period in 2017.
- The main reason for the decline in gold prices in July 2018 could be attributed to the upbeat labour statistics in the US which reported a creation of 157,000 jobs during the month. Creation of jobs may lead to higher inflation and increases in U.S. yields and the dollar gaining thereby putting continued pressure on gold prices.
- Oil prices declined on the backdrop of higher production from OPEC and the US, which led to increase in inventories.
- The American Petroleum Institute (API) reported a crude oil inventory buildup of 5.59 million barrels of U.S. crude oil inventories during the last week of July as US crude oil production as estimated by the Energy Information Administration hit a new high.
- Moreover, Saudi Arabia pumped close to its all-time high in July and several of its OPEC counterparts posted their largest crude oil output figures in more than a year and a half, as the bloc appears to be following through on its agreement to unleash more barrels on the market.
- OPEC produced 32.66 million barrels per day (bpd) in July, a 340,000 bpd rise from June, according to the latest S&P Global Platts survey of industry officials, analysts and shipping data.

Commodity Price Movements



Source: NDB Wealth Research

PROPERTY OUTLOOK

With the recent announcement that the much-anticipated Colombo Light Rail Transit (LRT) project is all set to proceed with Phase 1, there has been widespread speculation on its effect on the price of property within close proximity to the line.

Construction of the LRT is scheduled to commence in 2020 at a cost of USD1.7 billion, funded by Japanese government loans, and re-payable over 40 years, at 0.1% interest, and with a 12-year initial grace period.

The first line travelling from Fort/Pettah to Malabe is projected to begin commercial operations in 2024 and promises a considerably reduced travel time of approximately 30 minutes between the two termini. Phase 1 is reported to be fully elevated, with a total of 16 stops over the 15.3 km length of the line.

According to JLL, in the case of Colombo where commercial activity is restricted to a single central business district (CBD), the pressure on existing infrastructure is more intense, and the cost of construction and disruption during the construction phase is much higher.

Infrastructure has subsequently becomes the lifeblood of prosperity and confidence, driving sustainability, and, by upgrading the inadequate systems and removing the transport bottlenecks will provide significant lifestyle improvements for those who benefit.

As per JLL research, the urban population which currently accounts for approximately 48% of the total population is projected to increase to 72% by 2033. This rapid pace of urbanization underscores the need for discovering alternate channels to leverage the city's workforce and increase efficiency, thereby improving the standard of living of its citizens on par with the rest of the world's leading metropolises.

The suburb of Malabe, according to online data, already enjoys projected, year on year, land price increases of 16%, with per perch prices already approaching LKR1 million. This is partly due to good access to the southern expressway, and the proliferation of high tech IT and business parks providing excellent employment prospects for graduates from nearby educational institutions.

The new focus on the suburban development under the megapolis has already factored in to property valuations. However, with tangible developments been undertaken by the policy makers we can expect further revision in property valuations in selected suburban areas along the proposed LRT system. This will be a game changer for real-estate investors and developers in the long term.

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 June 2018									
*Profit Sharing Ratio**	30:70	-	60:40	65:35	75:25	80:20	85:15	-	90:10
Distributed Profit	3.45%	-	6.91%	7.48%	8.63%	9.21%	9.78%	-	10.36%
Bank of Ceylon Islamic Business Unit - As of June 2018									
*Profit Sharing Ratio**	45:55	-	-	-	-	-	-	-	-
Distributed Profit	4.02%	-	-	-	-	-	-	-	-
Commercial Bank of Ceylon PLC-Al Adalah Islamic Banking unit - As of June 2018									
*Profit Sharing Ratio**	45:55	-	55:45	65:35	75:25	-	-	-	-
Distributed Profit	5.60%	-	6.90%	8.10%	9.50%	-	-	-	-
Hatton National Bank PLC-"Hnb Al- Najah" Islamic Banking unit - As of June 2018 (Released Quarterly)									
*Profit Sharing Ratio**	30:70	-	55:45	60:40	70:30	-	-	-	-
Distributed Profit	3.61%	-	8.50%	9.50%	10.50%	-	-	-	-
National Development Bank PLC-"Shareek" Islamic Banking unit - As of June 2018									
Profit Sharing Ratio* (3Mn - 50Mn)	40:60	60:40	65:35	40:60	65:35	65:35	-	-	-
Distributed Profit	5.25%	5.25%	6.50%	7.50%	10.75%	10.50%	-	-	-
Citizen Development Business Finance PLC- Islamic Banking unit - As of June 2018									
*Profit Sharing Ratio**	32:68	52:48	52:48	52:48	55:45	62:38	62:38	-	-
Distributed Profit	6.45%	9.68%	10.49%	10.49%	11.09%	12.50%	12.50%	-	-
Commercial Leasing & Finance PLC- Islamic Finance – As of June 2018									
*Profit Sharing Ratio**	35 :65	50:50	53:47	55:45	55:45	59:41	60:40	64:36	65:35
Distributed Profit	5.00%	11.29%	11.97%	12.42%	12.42%	13.32%	13.46%	14.45%	14.68%
LB Al Salamah (LB Finance PLC - Islamic Business Unit) - As of June 2018									
*Profit Sharing Ratio**	20:80	26:74	28:72	30:70	31:69	-	-	-	-
Distributed Profit	7.24%	9.41%	10.13%	10.86%	11.22%	-	-	-	-
LOLC Al-Falaah (Lanka Orix Finance PLC - Islamic Business Unit) - As of June 2018									
*Profit Sharing Ratio**	30:70	60:40	62:38	66:34	66:34	67:33	69:31	70:30	74:26
Distributed Profit	4.90%	9.80%	10.13%	10.78%	10.78.%	10.94%	11.27%	11.43%	12.09%
Peoples Leasing Islamic Business Unit - As of June 2018									
*Profit Sharing Ratio**	45:55	-	60:40	65:35	75:25	-	-	-	-
Distributed Profit	6.61%	-	8.81%	9.54%	11.01%	-	-	-	-

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 APRIL 2018

Finance and Insurance	Healthcare	Laxapana Batteries PLC	Namunukula Plantation PLC
Amana Takaful PLC	Asiri Surgical Hospitals PLC	Piramal Glass Ceylon PLC	Talawakelle Tea Estates PLC
Amana Takaful Life PLC	Ceylon Hospitals PLC (Durdans)	Printcare (Ceylon) PLC	Udapussellawa Plantations PLC
Amana Bank PLC	Singhe Hospitals PLC	Regnis(Lanka) PLC	Watawala Plantations PLC
Beverages and Food	Investment Trust	Royal Ceramic Lanka PLC	Hapugastanne Plantations PLC
Bairaha Farms PLC	Ascot Holdings PLC	Samson International	Power & Energy
Dilmah Ceylon Tea Company PLC	Lanka Century Investments PLC	Sierra Cables PLC	Lanka IOC PLC
Harischandra Mills PLC	Renuka Holdings PLC	Singer Industries (Ceylon) Plc	Lotus Hydro Power PLC
Nestle Lanka PLC	Land and Property	Swadeshi Industrial Works PLC	Panasian Power PLC
Raigam Wayamba Salterns PLC	Colombo Land & Development Company PLC	Swisstek Ceylon PLC	Vallibel Power Erathna PLC
Renuka Agri Foods PLC	Serendib Engineering Group PLC	Teejay Lanka PLC	Vidullanka PLC
Renuka Foods PLC	Manufacturing	Tokyo Cement (Company) PLC	Services
Tea Smallholder Factories PLC	Abans Electricals Plc	Richard Pieris Exports PLC	Lake House Printing & Publishers PLC
Three Acre Farms PLC	ACL Cables PLC	Motors	Paragon Ceylon PLC
Chemicals and Pharmaceuticals	ACL Plastics PLC	Autodrome PLC	Stores & Supplies
Chemanex PLC	Agstar Fertilizers PLC	C M Holdings PLC	Gestetner of Ceylon PLC
Haycarb PLC	Alufab PLC	Diesel & Motor Engineering PLC	Hunter & Company PLC
Industrial Asphalts (Ceylon) Plc	Alumex PLC	Sathosa Motors PLC	Telecommunications
J.L. Morison Son & Jones (Ceylon) PLC	B P P L Holdings PLC	United Motors Lanka PLC	Dialog Axiata PLC
Union Chemicals Lanka Plc	Bogala Graphite Lanka PLC	Plantations	Sri Lanka Telecom PLC
Construction & Engineering	Central Industries PLC	Aitken Spence Plantation Managements PLC	Trading
Access Engineering PLC	Ceylon Grain Elevators PLC	Balangoda Plantations PLC	C. W. Mackie PLC
Lankem Developments PLC	Chevron Lubricants Lanka PLC	Bogawantalawa Tea Estates PLC	Eastern Merchants PLC
Diversified Holdings	Dankotuwa Porcelain PLC	Elpitiya Plantations PLC	Office Equipment PLC
Expolanka Holdings PLC	Dipped Products PLC	Horana Plantations PLC	
Sunshine Holdings Plc	Kelani Cables PLC	Kahawatte Plantation PLC	
Footwear & Textiles	Lanka Aluminium Industries PLC	Kelani Valley Plantations PLC	
Ceylon Leather Products PLC	Lanka Ceramic PLC	Madulsima Plantations PLC	
Hayleys Fabric PLC	Lanka Tiles PLC	Malwatte Valley Plantations PLC	
Odel PLC	Lanka Walltiles PLC	Maskeliya Plantations PLC	

Source: www.icp.lk (I Capital Partners - former Amana Capital Limited)

NOTE 1: The White List has taken to consideration the latest company financials and September 2017 Management Accounts

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
- NDB Wealth Gilt Edged Fund

NDB | WEALTH

Fund Overview

NDB Wealth Growth Fund

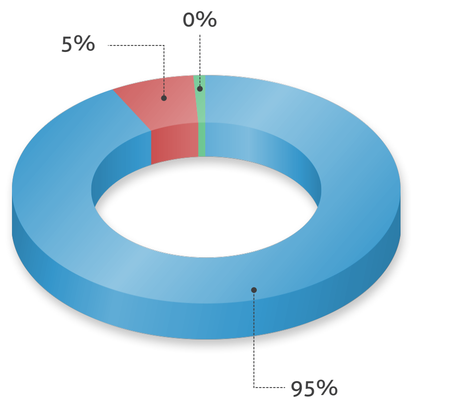
Type: Open Ended
Currency: LKR
Investments: Listed Equities
ISIN: LKNWGRU00005

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 30-Jun-18

YTD Yield	-1.76%
NAV per unit	10.7825
AUM (LKR Mn.)	255.32
Fund Currency	LKR
Fund Inception	1-Dec-97
Expense Ratio	2.73%
Max Equity Allocaiton	97.00%
Current Equity Allocaiton	62.23%
Fund Leverage	0.00%

Equity Allocation



Top 5 Portfolio Holdings (In Alphabetical Order)

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

Historical Returns

Period	Fund Returns *	ASPI Returns
Last Month	-2.95%	-3.19%
Last 3 months	-2.86%	-4.36%
Last 6 months	-1.76%	-2.74%
Last 12 months	-0.81%	-8.19%
Year 2017	7.09%	2.26%
Year 2016	-0.92%	-9.66%

* After fees, excluding front end and back end loads

Fixed Income Allocation

Minimum Fixed Income Allocation	3.00%
Current Fixed Income Allocation	37.77%
Average Duration	0.67

Maturity	% Holding
6 Months - 1 Year	100.00%

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.
Trustee & Custodian	Bank of Ceylon

Fund Overview

NDB Wealth Growth and Income Fund

Type: Open Ended
Currency: LKR

Investments: Listed Equities and Corporate Debt
ISIN: LKNWGIU00004

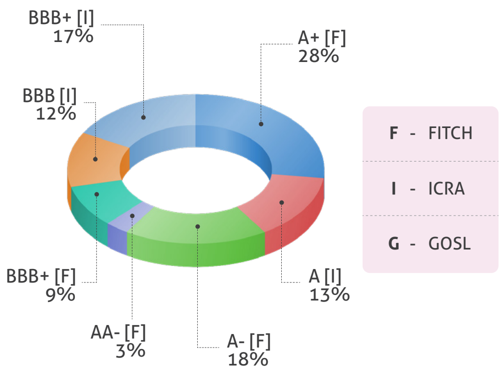
NDB Wealth Growth and Income Fund is an open-ended balanced fund incorporated in Sri Lanka, invested in a combination of listed shares in the Colombo Stock Exchange and LKR based corporate debt instruments and government securities. The Fund aims to achieve income on a medium to long term basis by investing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

Fund Snapshot — 30-Jun-18

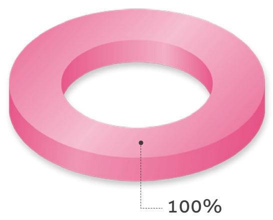
YTD Yield	4.69%
NAV per unit	34.3985
AUM (LKR Mn.)	188.40
Fund Currency	LKR
Fund Inception	1-Dec-97
Expense Ratio	2.13%
Max Equity Allocaiton	97.00%
Current Equity Allocaiton	1.98%
Fund Leverage	0.00%

Portfolio Allocation

By Credit Rating



By Equity Sector



Top 2 Portfolio Holdings (In Alphabetical Order)

- SINGER FINANCE (LANKA) PLC
- SAMPATH BANK PLC

Historical Returns

Period	Fund Returns*	ASPI Returns
Last month	0.61%	-3.19%
Last 3 months	2.50%	-4.36%
Last 6 months	4.69%	-2.74%
Last 12 months	8.84%	-8.19%
Year 2017	10.10%	2.26%
Year 2016	4.13%	-9.66%

* After fees, excluding front end and back end loads.

Fixed Income Allocation

Minimum Fixed Income Allocation	3.00%
Current Fixed Income Allocation	98.02%
Average Duration	0.74

Maturity	% Holding
Under 1 Month	11.60%
1 Month - 3 Months	20.20%
3 Months - 6 Months	43.50%
1 Year - 5 Years	24.70%

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	NDB Wealth Management Ltd.
Trustee & Custodian	Deutsche Bank

Fund Overview

NDB Wealth Income Fund

Type: Open Ended
Currency: LKR

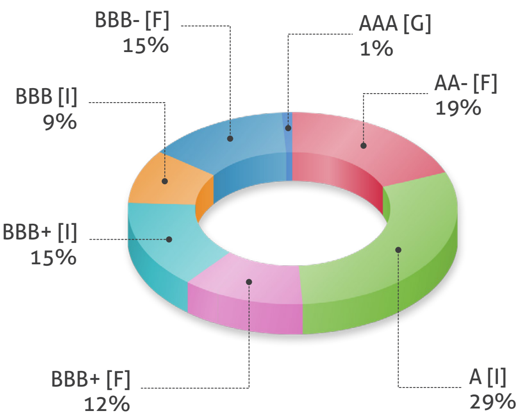
Investments: Corporate Debt Instruments
ISIN: LKNWINU00000

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

Fund Snapshot	30-Jun-18
YTD Yield	5.74%
YTD Yield (Annualized)	11.58%
NAV per unit	11.9818
AUM (LKR Mn.)	348.22
Fund Currency	LKR
Fund Inception	1-Dec-97
Expense Ratio	1.26%
Average Maturity (Yrs)	2.18
Average Duration	1.55

Portfolio Allocation By Credit Rating



F - FITCH
I - ICRA
G - GOSL

Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	1.00%	8.10%
3 Months - 6 Months	10.70%	11.70%
6 Months - 1 Year	24.70%	11.60%
1 Year - 5 Years	45.80%	12.00%
Over 5 Years	17.80%	12.10%

Historical Returns

Period	Fund Returns	Annualized Return	Equivalent Gross Return (Annualized) *
Year to Date	5.74%	11.58%	12.19%
Last month	1.01%	12.23%	12.88%
Last 3 months	3.00%	12.02%	12.65%
Last 6 months	5.74%	11.58%	12.19%
Last 12 months	13.40%	13.40%	14.11%
Year 2017	14.34%	14.34%	15.10%
Year 2016	8.00%	8.00%	8.43%

* Reflects the equivalent return from a similar investment prior to deducting WHT of 5%

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.
Trustee & Custodian	Bank of Ceylon

Fund Overview

NDB Wealth Income Plus Fund

Type: Open Ended
Currency: LKR

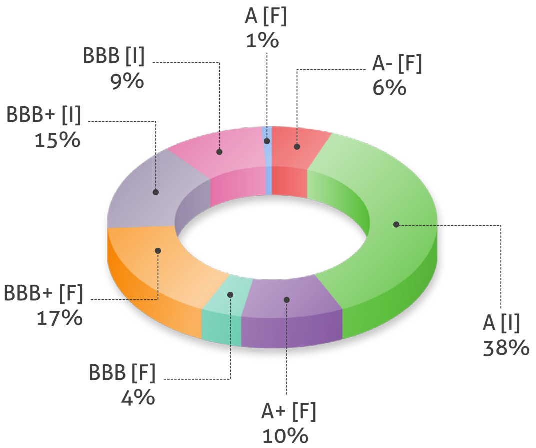
Investments: Fixed Income Securities
ISIN: LKNWIPU00005

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-Jun-18
YTD Yield	5.94%
YTD Yield (Annualized)	11.97%
NAV per unit	12.7301
AUM (LKR Mn.)	862.02
Fund Currency	LKR
Fund Inception	7-Apr-16
Expense Ratio	0.77%
Average Maturity (Yrs)	0.54
Average Duration	0.5

Portfolio Allocation By Credit Rating



F - FITCH	
I - ICRA	
G - GOSL	

Maturity Profile

Maturity	% Holding	AVG YTM (Net)
3 Months - 6 Months	68.10%	12.00%
6 Months - 1 Year	28.50%	12.30%
1 Year - 5 Years	3.40%	12.40%

Historical Returns

Period	Fund Returns	Annualized Return	Equivalent Gross Return (Annualized)*
Year to Date	5.94%	11.97%	12.60%
Last month	0.94%	11.47%	12.08%
Last 3 months	3.01%	12.05%	12.69%
Last 6 months	5.94%	11.97%	12.60%
Last 12 months	12.17%	12.17%	12.81%

* Reflects the equivalent return from a similar investment prior to deducting WHT of 5%.

Other Features

Valuation	Daily Valuation Cost plus accrued basis
Investment/Withdrawal	Any Time A notice period of 07 working days may be required prior to large redemptions. However, the time period can be discussed with potential investors prior to the investment.
Fee Details	Management Fee : 0.50% p.a. of NAV. Trustee and Custodian fee : 0.065 - 0.1% p.a. of NAV, based on fund size. Exit fee : 2% if less than 1 year ; 0 if greater than 1 year
Fund Manager	NDB Wealth Management Ltd.
Trustee & Custodian	Bank of Ceylon

Fund Overview

NDB Wealth Money Fund

Type: Open Ended
Currency: LKR

Investments: Short Term Government Securities
ISIN: LKNWMNU00002

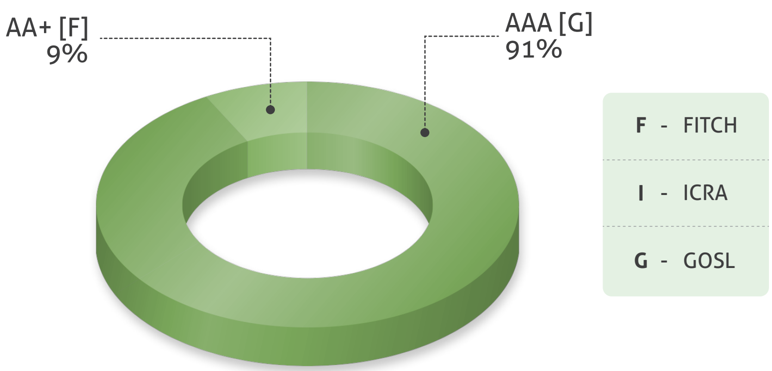
NDB Wealth Money Fund is an open-ended money market fund incorporated in Sri Lanka,invested in Government of Sri Lanka Treasury Bills, government securities backed Repurchase transactions and short term bank deposits.

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-Jun-18
YTD Yield	4.16%
YTD Yield (Annualized)	8.39%
NAV per unit	16.4973
AUM (LKR Mn.)	342.47
Fund Currency	LKR
Fund Inception	1-Jun-12
Expense Ratio	0.83%
Average Maturity (Yrs)	0.12
Average Duration	0.12

Portfolio Allocation By Credit Rating



Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	40.00%	8.80%
1 Month - 3 Months	60.00%	9.30%

Historical Returns

Period	Fund Returns	Annualized Return
Year to Date	4.16%	8.39%
Last month	0.68%	8.27%
Last 3 months	2.18%	8.76%
Last 6 months	4.16%	8.39%
Last 12 months	8.86%	8.86%
Year 2017	9.50%	9.50%
Year 2016	8.94%	8.94%

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 : 0.11 - 0.16% p.a. of NAV, depending on fund size.
Fund Manager	NDB Wealth Management Ltd.
Trustee & Custodian	Deutsche Bank

Fund Overview

NDB Wealth Money Plus Fund

Type: Open Ended
Currency: LKR

Investments: Money Market Corporate Debt Securities
ISIN: LKNWMPU00007

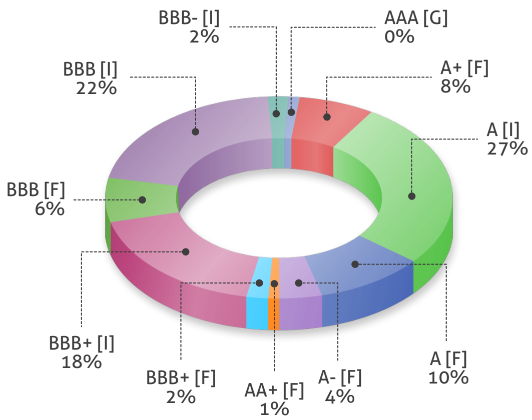
NDB Wealth Money Plus Fund is an open-ended money market fund incorporated in Sri Lanka, invested in short term LKR based corporate debt instruments including commercial paper, securitized paper, bank deposits as well as Sri Lanka Treasury Bills, Bonds and government securities backed Repurchase transactions.

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-Jun-18
YTD Yield	5.58%
YTD Yield (Annualized)	11.25%
NAV per unit	18.1510
AUM (LKR Mn.)	11,428.92
Fund Currency	LKR
Fund Inception	1-Jun-12
Expense Ratio	0.86%
Average Maturity (Yrs)	0.22
Average Duration	0.22

Portfolio Allocation By Credit Rating



F -	FITCH
I -	ICRA
G -	GOSL

Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	23.20%	10.30%
1 Month - 3 Months	34.30%	11.30%
3 Months - 6 Months	37.00%	11.40%
6 Months - 1 Year	5.50%	12.30%

Historical Returns

Period	Fund Returns	Annualized Return	Equivalent Gross Return (Annualized) *
Year to Date	5.58%	11.25%	11.84%
Last month	0.88%	10.76%	11.32%
Last 3 months	2.93%	11.75%	12.37%
Last 6 months	5.58%	11.25%	11.84%
Last 12 months	11.48%	11.48%	12.09%
Year 2017	11.38%	11.38%	11.98%
Year 2016	8.81%	8.81%	9.27%

* Reflects the equivalent return from a similar investment prior to deducting WHT of 5%

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, et) 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.
Trustee & Custodian	Deutsche Bank

Disclaimer

Fund Overview

NDB Wealth Islamic Money Plus Fund

Type: Open Ended
Currency: LKR

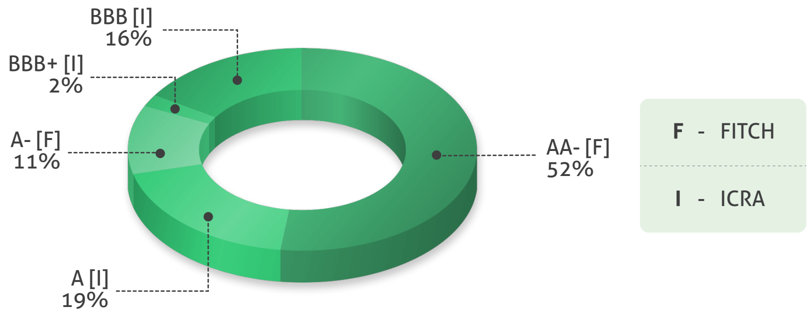
Investments: Short Term Shariah Compliant Investments
ISIN: LKNWISU00009

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 compaliant securities.

Fund Snapshot

Fund Snapshot	30-Jun-18
YTD Yield	4.72%
YTD Yield (Annualized)	9.52%
NAV per unit	12.75
AUM (LKR Mn.)	338.08
Fund Currency	LKR
Fund Inception	1-Jun-15
Expense Ratio	1.13%
Average Duration	0.11

Portfolio Allocation By Credit Rating



Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	72.53%	9.25%
1 Month - 3 Months	26.91%	11.60%
3 Months - 6 Months	0.56%	10.80%

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	4.72%	9.52%	10.03%
Last month	0.75%	9.10%	9.58%
Last 3 months	2.44%	9.81%	10.32%
Last 6 months	4.72%	9.52%	10.03%
Last 12 months	10.01%	10.01%	10.54%

* Reflects the equivalent return from a similar investment prior to deducting WHT of 5%

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.
Trustee & Custodian	Deutsche Bank

Fund Overview

NDB Wealth Glit Edged Fund

Type: Open Ended
Currency: LKR

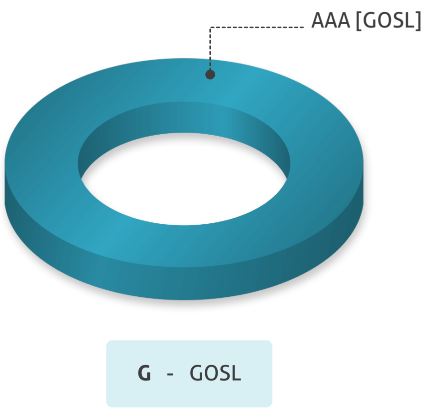
Investments: Government of Sri Lanka Securities
ISIN: LKNWGEU00003

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

Fund Snapshot	30-Jun-18
YTD Yield	3.87%
YTD Yield (Annualized)	7.80%
NAV per unit	13.2488
AUM (LKR Mn.)	53.77
Fund Currency	LKR
Fund Inception	1-Dec-97
Expense Ratio	0.90%
Average Maturity (Yrs)	0.08
Average Duration	0.08

Portfolio Allocation By Credit Rating



Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	3.1%	8.10%
1 Month - 3 Months	96.9%	9.30%

Historical Returns

Period	Fund Returns	Annualized Return
Year to Date	3.87%	7.80%
Last month	0.67%	8.15%
Last 3 months	1.96%	7.85%
Last 6 months	3.87%	7.80%
Last 12 months	10.19%	10.19%
Year 2017	10.41%	10.41%
Year 2016	20.19%	20.19%

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	NDB Wealth Management Ltd.
Trustee & Custodian	Bank of Ceylon

DISCLAIMER

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