

Information Memorandum 2018

Bond Income Funds | NDB Wealth Gilt-Edged Fund



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NDB Wealth Gilt Edged Fund

FUND NAME		NDB WEALTH GILT EDGED FUND		
TYPE OF FUND	Open ended Government of Sri Lanka Securities Fund			
INVESTMENT OBJECTIVE	To maximise the returns from investments by investing the fund exclusively in government securities & government guaranteed securities.			
INVESTMENT STRATEGY	As this fund will invest exclusively in government securities, the Manager will seek opportunities for value addition through market timing; macro-economic analysis that takes account of trends in inflation, government budget and balance of payments will guide decisions relating to the choice of maturity periods. These decisions can make a significant difference to the effective investment yield during a period of high interest rate volatility. Such investments will be made in accordance with yield curve projections which reflect expectations in regard to future interest rates.			
ASSET ALLOCATION	Type of Investments	Asset Allocation	Risk Profile	
	Government of Sri Lanka Treasury Bills, Treasury Bonds (including reverse repo and cash) with maturities greater than 91 days	Max Up to 97%	Low - Mid	
	Government of Sri Lanka Treasury Bills, Treasury Bonds (including reverse repo and cash) with maturities less than 92 days	Max of 3%	Low	
MINIMUM INVESTMENT	Rs. 5,000/-, unless the Manager otherwise determines the minimum value for such initial Subscription. Subsequent investments should be made in multiples of Rs. 1,000/-			

FUND NAME

NDB WEALTH GILT EDGED FUND

<p>FEE STRUCTURE</p>	<p>Management and Trustee Fee: 0.84% per annum (computed daily and levied monthly based on Net Asset Value of the Fund)</p> <p>Custodian Fee: 0.05% per annum computed daily and levied monthly based on the Net Asset value of the fund</p>
<p>RISK FACTORS</p>	<p>This fund will be invested exclusively in securities issued or guaranteed by the Government of Sri Lanka. Therefore, it is anticipated that the investments of the fund would be free of default risk. However, the fund may be subjected to Market Risk.</p>
<p>AUTHORIZED INVESTMENTS</p>	<p>Any investment permitted under the trust deed and the Unit Trust Code and any directions given by the Securities & Exchange Commission (SEC) of Sri Lanka from time to time and includes;</p> <ul style="list-style-type: none"> a. Treasury bills/bonds and other securities issued by the Government of Sri Lanka or Central Bank of Sri Lanka b. Repurchase Agreements c. Deposits in Commercial Banks d. Investment approved by the Trustee and SEC of Sri Lanka which is in line with objectives of the fund
<p>RESTRICTIONS</p>	<p>The main investment restrictions unless specifically permitted by the SEC of Sri Lanka are as follows:</p> <ul style="list-style-type: none"> a. A level of liquidity amounting to not less than five per centum (5%) of the total value of the fund in the form of cash or near cash, shall be maintained at all times. b. The Manager shall not except with the consent of the Trustee make or grant loans out of the Deposited Property or act as the guarantor or indemnity for any party whomsoever. <p>Please refer to the Trust Deed or the circulars and/or directives by the SEC for more information on investment restrictions</p>

FUND NAME**NDB WEALTH GILT EDGED FUND****VALUATION**

The prices at which investors may subscribe for and redeem Units (published price) are calculated on each Subscription Day by reference to the asset value of the fund as at the end of the Subscription Day (as defined in the Trust Deed) The published price will be calculated in the following manner.

- a). Ascertaining the value of the assets of the fund as at 4.30p.m. (Sri Lanka standard time) on the Subscription Day.
- b). Adding/Deducting such sum that the Managers may consider as representing the appropriate provision for duties and charges, and arriving at the net asset value.
- c). Dividing the net asset value by the number of Units then in issue and deemed to be in issue.

INCOME DISTRIBUTION

Dividend declaration will be at the discretion of the Manager.
The Manager expects to make dividend declarations on a quarterly basis.

TRUSTEE

Bank of Ceylon

MANAGER OF THE FUNDS

A fully owned subsidiary of National Development Bank PLC Sri Lanka. NDB Wealth Management Limited is the largest private sector Fund Management Company in Sri Lanka with over Rs. 90.0 Billion or USD 675 Million of funds under management

Incorporated in 1991, NDB Wealth Management Limited is independently owned and managed by a highly qualified and experienced team of professionals, assisted by best in class systems. The local expertise of NDB bank combined with the global breadth and skills offered by Wealth enable us to deliver new and innovative savings and investment solutions to the Sri Lankan market. Our comprehensive product offer caters to investment needs of our clients. NDB Wealth Management Ltd is a Company licensed with and regulated by the Securities and Exchange Commission of Sri Lanka (SEC) as an investment manager. Our clients are offered a range of savings and investment options through a series of risk rated mutual funds managed and promoted by the company. This unique proposition will enable our clients to have reliable and easy access to investments ranging from shares of companies, corporate debt to government securities.

NDB Bank

NDB Bank is a universal bank with operations in the South Asian region. The bank is independently owned and managed, whilst known for its integrity and high standards in compliance. NDB Bank is one of the highest capitalized banks in Sri Lanka with very high quality balance sheet and is rated A+ by Fitch Ratings Lanka Limited. NDB's product offerings in corporate banking, investment banking, retail banking and insurance has made it a truly universal bank.

BOARD OF DIRECTORS

Mr. D. S. P. Wikramanayake	Representing NDB Bank (Chairman)
Mr. C. V. Kulatilake	Representing NDB Bank (Director)
Mr. P.L.D.N. Seneviratne	Representing NDB Bank (Director)
Mr. N.S. Welikala	Representing NDB Bank (Director)

HOW TO INVEST IN NDB WEALTH FUNDS

NDB Wealth Funds are a series of unit trust funds which offer investors with a diversified range of Mutual Funds depending on their different risk, return profiles and liquidity needs. The existence of several Funds will enable investors to determine their preferred level of exposure to risk by spreading their investments across the series of funds.

NDB Wealth Islamic Money Plus Fund, Short term LKR Treasury Fund, NDB Wealth Income Fund, NDB Wealth Income Plus Fund, NDB Wealth Gilt Edged Fund, NDB Wealth Growth Fund, NDB Wealth Growth & Income Fund, NDB Wealth Money Fund & NDB Wealth Money Plus Fund are licensed by the Securities & Exchange Commission of Sri Lanka under the SEC Act No 36 of 1987, amended Act No 26 of 1991 and Act No 47 of 2009.

Each Fund in the series will reflect a particular level of risk ranging from virtually “no risk”, (i.e., through a money market fund invested solely in government securities) to “higher risk” (i.e. through a fund invested being exclusively an Equities) with increasing opportunities for capital appreciation. The spectrum will be completed by the other Mutual Funds offered, by investing in any one or more combinations of asset classes. Therefore, the Funds will offer investors a wide range of investment opportunities according to their risk, return and liquidity preference.

OFFER

By this Memorandum, the general public of Sri Lanka or any other eligible person/s are invited to purchase unit trust funds offered under the NDB Wealth Funds managed by NDB Wealth Management Limited (“NDB Wealth”).

NDB Wealth Funds are a series of authorized open-ended Mutual Funds which can be purchased on a continuing basis. The offer of mutual funds under this Memorandum will continue until the Manager issues a new Memorandum.

MINIMUM INVESTMENT

The minimum amount per initial investment for mutual funds will be Rs. 5,000/- and in multiples of Rs. 1,000/- thereafter

WHO CAN INVEST?

The following persons are eligible and may apply for investment in the My Wealth fund:

1. Resident adult individuals either singly or jointly;
2. Minors through parent / legal guardian;
3. Companies and institutions incorporated in Sri Lanka ;
4. Non-resident Institutional/Individual Investors as permitted by the exchange control rules applicable

HOW TO APPLY?

A. Open Master Account

1. Copies of this Memorandum and application forms can be obtained from NDBW or from Deutsche Bank AG or any authorized Sales Agent appointed by NDBW from time to time
2. All prospective investors shall open a Master Account/MyWealth Account with NDB Wealth before investing into My Wealth Funds
3. Investors must fill in the mandatory fields of mobile number, Correspondence Address, e-mail address and a Bank Account in the Master Account Opening Application ('Form A for Individual Investors, Form B (or Institutional Investors).)
4. Bank Details: In order to protect the interest of investors from fraudulent encashment of cheques, it is mandatory for investors to mention in their Application the bank account details of the investor. All redemptions shall be credited to this bank account at all times
5. NDB Wealth shall have the sole discretion to reject any Application without above details
6. Each Application shall accompany the following documents
 - a. Individual/Joint Accounts – copy of NIC/Passport of each individual
 - b. Minor Account – Copy of Birth Certificate of Minor and NIC/Passport copy of the parent/legal guardian
 - c. Corporate/Institutional – Copy of the Business Registration Certificate, Articles of Association and Board Resolution

B. Fund Registration Application

Before investing into NDB Wealth Funds all Investors shall register with the relevant Fund by completing a Fund Registration Application (Form C).

C. Subscription

Investors may apply for Units and make payment for Units in cash/cheque or through a banker's draft crossed'A/C Payee Only' or by Transfer of Funds made payable to following collection accounts of NDB Wealth Management Ltd or any other collection accounts assigned by NDB Wealth Management from time to time, which may be published in its website www.ndbwealth.com

Bank Name	Collection Account No
Bank Of Ceylon	656
Commercial Bank of Ceylon	1030017137
National Development Bank PLC	101000167232
Sampath Bank	002930025555
Hatton National Bank	003010524854

Completed application along with the crossed cheques shall be sent to NDB Wealth Management Ltd., NDB Capital Building, Level G, No: 135, Bauddhaloka Mawatha, Colombo 4, Sri Lanka.

NDB Wealth reserves the right to scrutinize, review and reject any application received on an ongoing basis, at its discretion, without assigning any reason, in cases where, according to the Manager, accepting the same would not be in the best interests of the Trust

ALLOTMENT

If an application duly made at the office of NDB Wealth Management Ltd is accompanied by cash or bank draft, Units will be allotted on the day of receipt of the monies if it is a Subscription Day, if not, on the following Subscription Day. Allotments on all other applications will be made only after the monies are realised or the application is received at the office of NDB Wealth Management Ltd, whichever is later

STATEMENT OF ACCOUNT

A Statement of Account for each Master Account will be dispatched to investors reflecting deposits, withdrawal, balances or any other activity.

JOINT HOLDERS

In the event the Master Account has more than one registered investor the first-named investor shall receive the Statement of Account, all notices and correspondence with respect to the account, as well as the proceeds of any Withdrawal requests or other distributions.

The Investor must specify the 'mode of holding' in the application form as 'Jointly' or 'Anyone'. In the case of holding specified as 'Jointly', withdrawals would have to be signed by all joint holders. However, in cases of holding specified as 'Anyone', any one of the Unit holders will have the power/ authority to make Withdrawal request, without it being necessary for all the Unit holders to sign. However, in all cases, the proceeds of the Withdrawals will be paid to the first-named Unit holder. In the event the Master Account has more than one registered Unit holder and the mode of holding is not specified in the Application form, the default option would be considered to be 'Anyone'.

In case of death/ insolvency of any one or more of the persons named in the Register of Account holders as the joint holders of any Master Account, the NDBWM shall not be bound to recognise any person/s other than the remaining Unit holders. In all such cases, the proceeds of the Withdrawals will be paid to the first-named of such remaining Unit holders.

PLEDGE INVESTMENTS

Investments in My Wealth Funds by any investor may be offered as security by way of a pledge/charge in favour of scheduled banks, financial institutions, non-banking finance companies, or any other body. A standard ripen-, for this purpose is available on request The NDB Wealth Management Limited shall mark a lien only upon receiving the duly completed form and documents as it may require. Disbursement of such loans will be at the entire discretion of the bank/financial institution or any other body concerned and the NDB Wealth Management Limited assumes no responsibility thereof. The Pledgor will not be able to withdraw investments that are pledged until the entity to which the investments are pledged provides written authorisation to the NDB Wealth Management Limited that the pledge/lien charge may be removed

VALUATION OF UNITS

The assets of the Mutual Fund will be valued at the close of business on each Business Day (or Subscription Day). The Net Asset Value (NAV) per unit of a Mutual Fund will be ascertained by dividing the net assets of the respective fund by the number of Units outstanding under the fund on the valuation date

Each mutual fund will value its investments according to the valuation norms included in the Trust Deed, Directives issued by the Securities & Exchange Commission of Sri Lanka and industry norms applied by the Unit Trust Association of Sri Lanka. The NDB Wealth will calculate and disclose the NAVs of the respective Funds in its official website of the fund www.myeaglefunds.com on a daily basis. A Business Day will be any day other than a day the Colombo Stock Exchange and/or the Central Bank of Sri Lanka is closed for dealings

The price at which Units can be purchased, called the Offer Price or Subscription Price, as well as the price at which the Units can be redeemed, called the Redemption or Realisation Price, will be based on the daily valuation and will be computed in accordance with the principles set out in respective Trust Deeds. The Offer and Redemption Prices will be regularly published in leading newspapers, generally on a daily basis

Government Securities shall be valued on a Mark to Market basis using the daily yield curve released by the Central Bank of Sri Lanka (CBSL) until maturity.

All unquoted fixed income securities shall be valued on a Mark to Market basis using the daily yield curve released by the CBSL until the maturity plus any risk premium attached to the instrument.

All quoted debt securities shall be valued at the last traded price. Where there is no trade for 90 calendar days it shall be valued on a Mark to Market basis using the daily yield curve released by the CBSL until the maturity plus any risk premium attached to the instrument.

The risk premium for valuation of unquoted and quoted debt securities shall continue to be calculated as the difference between the yield on the corporate debt and the yield on the Government Security of a similar maturity at the time of investing.

Repo Investments and Bank Deposits shall be valued at cost plus accrued interest basis

The Offer and Redemption Prices will be regularly published in leading newspapers, generally on a daily basis.

CUT-OFF TIMES - ISSUE OF UNITS

- (i) For moneys deposited and realized on or before 9.00 a.m. on a Business Day, the closing NAV of the previous day shall apply.
- (ii) In respect of money deposited and received after 9.00 a.m. on a Business Day the closing NAV of the same day shall apply.

RIGHT TO LIMIT REDEMPTION

- (i) In respect of valid request received on or before 9.00 am – the closing NAV of the previous day shall apply;
- (ii) In respect of valid applications received after 9.00 a.m. , the closing NAV of the same day shall be applicable

RIGHT TO LIMIT REDEMPTION

The NDB Wealth Management Limited may, in the general interest of the Unit holders of My Wealth Funds, keeping in view the unforeseen circumstances/ unsure conditions, limit the total amount of withdrawal for any Business Day to 5% of the net value of the investment account. NDB Wealth Management Limited shall reserve the right to limit withdrawals to be made by Unit holders based on the mutual fund invested

SWITCHING

A Unit holder may instruct the Manager to switch his investments from any Fund, in which the investment is already made to another Fund under the management of the Manager A switch will be treated as a redemption and a new investment. For example, the Unit holder may instruct the Manager to switch his unit holdings in the My Wealth Funds. This will be treated as a redemption from the NDB Wealth, and a new investment made in the My Wealth Funds The Manager shall comply with the same upon deducting any switching fee, if applicable. However, the fee applicable on a switch between Funds may be waived off at the discretion of the Manager

DIVIDENDS/DISTRIBUTIONS

All distributions shall be either paid out or re-invested in the Mutual Fund for which new units will be issued for the value of dividends distributed and will be at the discretion of NDB Wealth Management Limited. Unit holders may opt to have any declaration of dividends of My Wealth Funds to be re-invested in the same Fund by expressing the selection of this option in the application form. This can be revoked at any time thereafter, by informing the Manager in writing.

In the event of a dividend pay out

- (i) Dividend will be directly credited to the bank account of unit holder/s specified in the Application Form for Account opening
- (ii) In the case of a joint Account dividend will only be directly credited to the bank account of the first named unit holder specified in the Application for Account opening

In the case of the value of the dividend is less than Rs. 1,000/- (NDB Wealth Management Limited may increase or decrease this limit with the approval of the Trustee) the dividend will be re-invested in the same mutual fund and will not be paid out to the unit holder/s. Unit holders who wish to obtain money (for dividend value of less than Rs. 1,000/-) can redeem units in the respective fund and cash their dividends. However this may not be applicable if the unit holder/s invest the dividend in another fund of My Wealth Funds

REPORTS & ACCOUNTS

Annual Reports and Financial Statements of the My Wealth Funds would be made available to investors/unit holders as required under the applicable regulations and will be published in the official website of the fund www.ndbwealth.com of NDB Wealth Management Limited or any other website as designated by the Manager. Unit holders who wish to obtain a printed version of the Financial Statements could obtain a copy by making a written request to the Manager.

FEES AND CHARGES

NDB Wealth Management Limited may recover any fees and charges payable by the Unit holder by debiting such charges to the respective Master Account.

GENERAL INFORMATION

RIGHTS OF INVESTORS

- i. To inspect the Trust Deed free of charge at the office of the Manager during office hours. Copies of the Trust Deed priced at Rs.2,500/- can be purchased from the Manager.
- ii. To redeem Units registered in their names.
- iii. To participate and vote at meetings of the Unitholders.
- iv. To transfer Units on the payment of the appropriate fee.

CHARGES AND FEES PAYABLE BY THE FUNDS

Details of other administrative and professional expenses payable by the fund are as follows:

- i. the cost of dealing in the deposited property
- ii. taxation and duties payable in respect of the deposited property or the issue of units
- iii. any costs incurred in the preparation or modification of the Trust Deed
- iv. any costs incurred in respect of meetings of unit holders
- v. the fees of the Trustee
- vi. any expenses or disbursements of the Trustee, which are authorized by the Trust Deed to be paid out of the deposited property
- vii. the audit fees of the auditor and any expenses of the auditor
- viii. licensing fees imposed by the Commission
- ix. all direct and indirect taxes imposed by the Government from time to time that are required to be charged to the deposited property
- x. legal expenses incurred in safeguarding the deposited property
- xi. any other fee approved by the Commission and specified in the Trust Deed.

CONSENT

The following parties have given written consent to include their names in the Explanatory Memorandum and have not withdrawn their consent upto the time of publication of this Memorandum

Deutsche Bank AG
Bank of Ceylon
SJMS Associates (Lawyers)

<p>NDB WEALTH MANAGEMENT LIMITED NDB Capital Building, Level G, No: 135, Bauddhaloka Mawatha, Colombo 4, Sri Lanka.</p>	<p>Fund Name: Growth Fund, Income Fund, Gilt Edged TRUSTEE AND CUSTODIAN Bank of Ceylon 4, Bank of Ceylon Mawatha, Colombo 1, Sri Lanka</p>	<p>Fund Name: Growth and Income Fund Deutsche Bank AG Colombo Branch 86, Galle Road, Colombo 3 Sri Lanka</p>
<p>FUND AUDITORS Deloitte Sri Lanka (Chartered Accountants) 11, Castle Lane, Colombo 4.</p>	<p>TAX ADVISORS KPMG Ford Rhodes Thornton & Co. Chartered Accountants 32A Sir Mohamed Macan Markar Mawatha Colombo 3. Sri Lanka</p>	

IMPORTANT

Read and retain the document for further reference. If you are in any doubt about the contents of this Information Memorandum you should consult your Fund Manager, or Financial Adviser.

All inquiries about the NDB Wealth Investment Accounts should be directed to:

NDB WEALTH MANAGEMENT LTD

NDB Capital Building, Level G, No: 135, Bauddhaloka Mawatha, Colombo 4, Sri Lanka.

Tel (+94) 77 744 8888 | (+94) 11 230 3232 | E-mail : contact@ndbinvestors.com | Web : www.ndbwealth.com

IMPORTANT

This document does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and may be used only in connection with this offering of units to which it relates by distributors as contemplated herein

“The Board of Directors of the Trustee hereby declare that it will carry out the transactions with the Management Company at arm’s length basis and on terms which are best available for the fund, as well as act, at all times, in the best interests of the fund’s unit holders and also that the requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds issued by the Securities & Exchange Commission of Sri Lanka have been complied with. The Trustee further certify that it has read and agrees with the representation contained herein”

Trustee – Hatton National Bank, Colombo

Trustee – Bank of Ceylon

“The Board of Directors of the Managing Company hereby declare that it will carry out the transactions with the Trustee at arm’s length basis and on terms which are best available for the fund, as well as act, at all times, in the best interests of the fund’s unit holders and also that the requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds issued by the Securities & Exchange Commission of Sri Lanka have been complied with”

“This Explanatory Memorandum has been seen and approved by the Directors of the NDB Wealth Management Limited and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable inquiries and to the best of their knowledge and belief, there are no other facts, the omission of which, would make any statements herein misleading”

NDB Wealth Management Limited

IMPORTANT

Read and retain the document for further reference. If you are in any doubt about the contents of this Explanatory Memorandum you should consult your Fund Manager, or Financial Adviser/ Relationship Manager.



NDB Wealth Management Limited Company Reg. No. PB 624
NDB Capital Building, Level G, No: 135, Bauddhaloka Mawatha, Colombo 4, Sri Lanka