

NDB | WEALTH

Information Memorandum 2018

Bond Market Fund | NDB Wealth Income Plus Fund



FUND MANAGER



TRUSTEE & CUSTODIAN



REGULATOR

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INFORMATION OF THE FUND

FUND NAME		NDB WEALTH INCOME PLUS FUND		
TYPE OF FUND	Open ended Fixed Income Fund			
INVESTMENT OBJECTIVE	To provide higher returns while providing stable income, by investing in a portfolio of Gilt Edged and Corporate Debt securities.			
ASSET ALLOCATION	Type of Investments	Asset Allocation	Risk Profile	
	Approved investments with maturities more than 91 days	Max Up to 97%	Low	
	Approved investments with maturities less than 92 days	Min of 3%	Low	
UNIT ISSUE PRICE	During the IPO period a Unit shall be issued at Rs. 10/- per unit and thereafter units shall be issued at the daily Net Asset Value per unit of the Fund			
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/-			
IPO (INITIAL PUBLIC OFFER) PERIOD	21 Business Days from the date of issue of the license of the NDB Wealth Income Plus Fund by the Securities & Exchange Commission of Sri Lanka or subscription of 50 units holders to the fund which ever occurs first.			
FEE STRUCTURE	Entry Fee: NIL Exit Fee: 2.00% for any withdrawal within a 365 day period (Maturity) from the date of creation of units Trustee, Custody and Management Fee: 0.585% per annum (on Net Asset Value of the Fund)			

FUND NAME**NDB WEALTH INCOME PLUS FUND****RISK FACTORS**

Mutual Fund investments are subject to market risks. Investments in debt instruments would involve a moderate credit risk.

APPROVED INVESTMENTS

- (a) Government Treasury Bills issued by the Central Bank of Sri Lanka, and
- (b) Government Treasury Bonds issued by the Central Bank of Sri Lanka, and
- (c) Central Bank Securities (CBSL Securities) issued by the Central Bank of Sri Lanka, and
- (d) Quoted and unquoted Debentures, Debenture Stocks and Bond, and
- (e) Commercial Papers, and
- (f) Asset backed securities, and
- (g) Bank guaranteed/or endorsed debt securities, and
- (h) Any Reverse Repurchase Agreement stated on the securities specified above in (a) to (g), with a Maturity Period not Exceeding 365 days, and
- (i) Deposits in a licensed Commercial Banks or Specialised Banks, and Financial Institutions
- (j) Any investment permitted by the Commission and approved by the Trustee in writing

INCOME DISTRIBUTION

At the discretion of the Fund Manager

FUND NAME**NDB WEALTH INCOME PLUS FUND****OTHER**

Every deposit to the fund by an unit holder is encouraged to be invested in for a period of 365 days from the time of creation of that specific deposit as any withdrawal during that period will trigger the exit fee. If an unit holder wish to continue the deposit in the fund, after the first 365 days are completed, the investment period for that specific deposit will be reset to a further period of 365 days. Prior to the completion of the 365 day period unit holder shall inform NDB Wealth Management in writing whether the funds of the investor should be invested for a further term of 365 days and such investment shall be considered as a new investment and will be subject to the exit fee. If Fund Manager has not received instructions either to redeem the specific deposit, or to re-deposit funds for a further period of 365 days, Fund Manager will automatically invest the maturity proceeds in the NDB Wealth Money Fund, until further instructions are received.

MANAGER

NDB Wealth Management Limited

REGISTRAR

NDB Wealth Management Limited

TRUSTEE

Bank of Ceylon

AUDITORS

S. J. M Associates

TAX ADVISORS

S. J. M Associates

MANAGER OF THE FUNDS

Fully owned subsidiary of National Development Bank PLC, Sri Lanka NDB Wealth Management Limited is the largest private sector wealth management company in Sri Lanka with over 20+ years experience and over 90 billion in funds under management from over 5,000 clients including large, small, institutional and mass market.

Incorporated in 1991, NDB Wealth Management Limited is independently owned and managed by a highly qualified and experienced team of professionals, assisted by the best in class systems. Our comprehensive product offer caters to investment needs of our clients. NDB Wealth is 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 to government securities

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 INVESTMENT ACCOUNT

NDB Wealth Funds are a series of mutual funds which offers investors with a diversified range of mutual funds depending on their different risk profile. 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 Funds 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 the NDB Wealth Growth Fund) which has a "higher risk" being exclusively an Equities Fund but with more opportunities for capital appreciation. The spectrum will be completed by many other Mutual Funds investing in one or more different combinations of asset classes. As such, the funds will offer investors a wide range of investment opportunities according to their risk preference

OFFER

By this Memorandum, the general public of Sri Lanka or any other eligible person(s) are invited to purchase units of NDB Wealth Income Plus mutual fund offered under the NDB Wealth Funds managed by NDB Wealth Management Limited ("NDB Wealth" or "Manager"). NDB Wealth Income Plus is an open – ended mutual fund 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 NDB Wealth Income Plus 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 NDB Wealth Income Plus fund :

- i. Resident adult individuals
- ii. Minors through parent/legal guardian;
- iii. Companies and institutions incorporated in Sri Lanka ;
- iv. Non-resident Institutional/Individual Investors as permitted by the exchange control rules applicable

HOW TO APPLY?

DOCUMENTATION

- a) Copies of this Memorandum and application forms can be obtained from NDBW or any authorized Sales Agent appointed by NDBW from time to time.
- b) All prospective investors shall open an Account with NDBW before investing into NDB Wealth Funds
- c) Investors must fill in and submit the account opening application along with the relevant documentation to NDBW or any authorized agent appointed by NDBW
- d) NDBW shall have the sole discretion to reject any Application without above details.

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 NDBWM from time to time, which may be published in its website www.ndbwealth.com. All cash deposits, cheque deposits or fund transfers to the Collection Accounts, the Investor shall inform the bank to include the client account number and product code as the transaction reference [Eg. 1101101-01(Client Account) + 28435 product code]

Account Name – NDB Wealth Management Limited

Bank Name	Account Number
Bank Of Ceylon	656
Commercial Bank of Ceylon	1030017137
National Development Bank PLC	101000167232
Sampath Bank	002930025555
Hatton National Bank	003010524854

Completed Account opening application along with the crossed cheques shall be posted/handover to NDB Wealth Management Ltd., NDB Capital Building, Level G, No: 135, Bauddhaloka Mawatha, Colombo 4 or or any authorized Sales Agent appointed by NDBWM from time to time. NDBWM 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.

In the event that the NDBW as the Manger of the funds at any time determines that it would be detrimental to existing Unit holders to issue or continue to issue new units, then the NDBW shall temporarily suspend the issue of new units during any period which shall be decided by the NDBW and shall notify of such suspension to the Trustee and the Unit holders or new investor (as the case may be) and any monies deposited for new units shall be returned to the Unit holder(s) or new investor

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 subject to the cut-off times applicable for subscriptions. 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 Limited, whichever is later.

PLEDGE OF INVESTMENTS

Investments in NDB Wealth Income Plus 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 form 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.ndbwealth.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.

VALUATION GUIDELINES ISSUED BY THE COMMISSION

h) VALUATION GUIDELINES ISSUED BY THE COMMISSION

- a) Government Securities – on mark to market basis using the yield curve released by the Central Bank of Sri Lanka (CBSL) until maturity
- b) Repo investments and deposits in banks and financial institutions approved by CBSL as deposit taking institutions – cost plus accrued interest
- c) All quoted debt securities – last traded price. Where there is no trade for 90 calendar days, it shall be valued on a mark to market basis using the yield curve released by the Central Bank of Sri Lanka (CBSL) until maturity plus the risk premium attached to the security
- d) Unquoted Fixed income securities other than (a) to (c) listed above - on mark to market basis using the yield curve released by the Central Bank of Sri Lanka until maturity plus the risk premium attached to the security

Risk Premium – applicable for valuation of quoted and unquoted fixed income debt securities specified under (c) and (d) above. This is calculated as the difference between the yield fixed income debt security and yield on the government security of a similar maturity at the time of investing.

i) 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.

CUT-OFF TIMES - Redemption of Units

- (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

REDEMPTION OF UNITS

Investors can withdraw their investments on any Business Day. The withdrawal/transfer request can be made on the pre-printed withdrawal slip, withdrawal instruction form or written request which should be submitted at / may be sent by mail or email to NDB Wealth Management Limited or any designated bank or agent.

The withdrawal would be permitted to the extent of clear credit balance in the NDB Wealth Account. The withdrawal request can be made by specifying the Rupee amount to be withdrawn. The maximum amount of withdrawal may be changed in future by the NDB Wealth Management Limited. All withdrawal instructions shall be credited to the designated bank account of the investor/unit holder. Any withdrawal for third party bank accounts or cash will be based on the written request made by Account holder(s) and NDBW shall not be liable for any loss made to such third party accounts

In the event that the NDBW shall at any time determine with the consent of the Trustee (after consultation with the NDBW and having obtained such advice as they may deem necessary) that it would be detrimental to remaining Unit holders to redeem Units at a price ascertained on the basis of the value of the Deposited Property then NDBW as the Manager of Funds may substitute such value with the latest available value or to adjust the realisation price within the limits permitted by the Trust Deed. The NDBW with prior a notice to the Trustee, may temporarily suspend the redemption of Units during any period of consultation or adjustment arising from the provisions of this sub-clause.

RIGHT TO LIMIT REDEMPTIONS

The NDB Wealth Management Limited may, in the general interest of the Unit holders of NDB Wealth Income Plus, keeping in view the unforeseen circumstances/unsure conditions, limit the total amount of withdrawal for any Business Day to 10% of the total number of units in issue. 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 NDB Wealth Income Plus to NDB Wealth Money Plus. This will be treated as a redemption from the NDB Wealth Income Plus, and a new investment made in the NDB Wealth Money Plus.

The Manager shall comply with the same upon deducting any fees applicable to the respective funds. However, the fee applicable on a switch between Funds may be waived off at the discretion of the Manager.

REPORTS & ACCOUNTS

Annual Reports and Financial Statements of the NDB Wealth Income Plus would be made available to 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.

MINIMUM NUMBER OF UNIT HOLDERS

As per the directive issued by the Securities and Exchange Commission of Sri Lanka on 24th September 2014 the fund is required to obtain a minimum of 50 unit holders during the IPO period for the fund to function. Any failure to meet the above threshold, the fund manager is compelled refund the monies collected at the close of the IPO period.

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.

Bank of Ceylon
SJMS Associates

DOCUMENTS AVAILABLE FOR INSPECTION

Documents available for inspection at the office of the Manager during normal business hours are as follows:

- i. Trust Deed of respective funds
- ii. Memorandum & Articles of Association of NDB Wealth Management Limited

No fee is applicable for inspection of the documents referred to above.

CORPORATE INFORMATION

FUND MANAGER AND REGISTRAR
NDB Wealth Management Limited
NDB Capital Building,
Level G, No: 135, Bauddhaloka Mawatha,
Colombo 4, Sri Lanka.

TRUSTEE AND CUSTODIAN
Bank of Ceylon
No. 4, Bank of Ceylon Mawatha,
Colombo 1,
Sri Lanka.

Fund Auditors
Deloitte Sri Lanka
(Chartered Accountants)
11, Castle Lane, Colombo 4.

Tax Advisors
Deloitte Sri Lanka
(Chartered Accountants)
11, Castle Lane, Colombo 4.

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.

Website: www.ndbwealth.com

Email: contact@ndbinvestors.com

Fax: (94 11) 2303237

This document does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorized 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"

Signed : Director

On behalf of the Board of Directors of the Trustee

"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"

Board of Directors of the Managing Company

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.

NOTES



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