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# MARKET UPDATE AND FUND REVIEW

*!t's time*

**NDB** | WEALTH

2021  
JUNE

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## MARKET BRIEF BY NDB WEALTH

### SIGNIFICANT SPIKE IN INFLATION RATE

Inflation as measured by the CCPI (2013=100), increased to 5.2% in June 2021 on a year-on-year basis from the previous month's 4.5% primarily due to increases in food prices. During the month, the index rose 1.5% with food prices increasing by a considerable 3.9% (the largest monthly increase since May 2019), whilst non-food prices increased by 0.3%. On an annual average basis inflation edged up to 4.1% in June. Core inflation, which excludes the more volatile aspects of price movements (food, energy and transport) remained flat at 3.2% year-on-year in June 2021 and followed a similar trend on an annual average basis at 3.0%.

### SRI LANKAN RUPEE DEPRECIATED AGAINST THE HARD CURRENCIES

Sri Lankan Rupee depreciated against the US Dollar and other hard currencies during the second quarter of 2021. Sri Lankan Rupee depreciated by 1.04%, 1.98%, 2.67% and 1.19% against the US Dollar, Sterling Pound, Euro and the Japanese Yen respectively, during the second quarter of 2021. The Central Bank was a net buyer of USD 92.9 million in the foreign currency market during the first five months of 2021. Gross official reserves declined to USD 4.03 billion as at May 2021, equivalent to 2.8 months of imports.

### GRADUAL INCREASE IN INTEREST RATES

The benchmark 364-day Treasury bill rate increased to 5.23% as at end of the second quarter 2021, while the 91 day and the 182 day Treasury bill rates increased to 5.19%. The private sector credit growth improved to 10.4% on a year on year basis in May 2021, on account of improved economic activity levels witnessed during the festive season and the low base effect. Foreign holding of LKR denominated debt as at end of second quarter of 2021 stood at 0.3%, as it continued to decline during the second quarter from 0.08% as at March 2021. Reduction in money market liquidity levels, currency and inflationary pressures are exerting pressure on interest rates. However, due to the low economic activity levels, interest rates may continue to hover at current levels in the short term.

### MIXED INVESTOR SENTIMENT WITNESSED IN COLOMBO STOCK EXCHANGE

Mixed sentiments was witnessed in the CSE, mainly owing to the impacts of the third wave outbreak of the Covid-19 virus and continued low interest rates in fixed income instruments. Speculative trading patterns were witnessed on selected counters which kept driving indices upwards despite the selling pressures in the market. Given the weak macroeconomic fundamentals, we expect the ASPI and the S&P SL 20 indices to be range bound during the second half of 2021.

**Indika De Silva**

Fund Manager

## EQUITY OUTLOOK

	Past month Performance (Jun 2021)	Past 12 months Performance (Jun 2020 - Jun 2021)	Year to Date Performance (upto 30th Jun 2021)
All Share Price Index	5.87%	52.20%	15.70%
S&P SL 20	-0.35%	30.83%	12.52%
MSCI Frontier Markets Index	2.68%	38.90%	15.19%
MSCI World Index	1.49%	39.04%	13.05%
MSCI Emerging Markets	0.17%	40.90%	7.45%
MSCI Asia Ex Japan	-0.12%	39.65%	6.40%

Source: [www.cse.lk](http://www.cse.lk) and [www.msci.com](http://www.msci.com) >

The All Share Price Index (ASPI) and the S&P SL 20 Index (S&P SL), two main indices of the Colombo Stock Exchange (CSE), depicted mixed results during the month of June 2021, where the ASPI appreciated by 5.87% while the S&P SL index declined by 0.35%.

Quarterly earnings for all companies in the CSE surged, on an aggregate basis, for the quarter of March 2021 compared to the first quarter 2020.

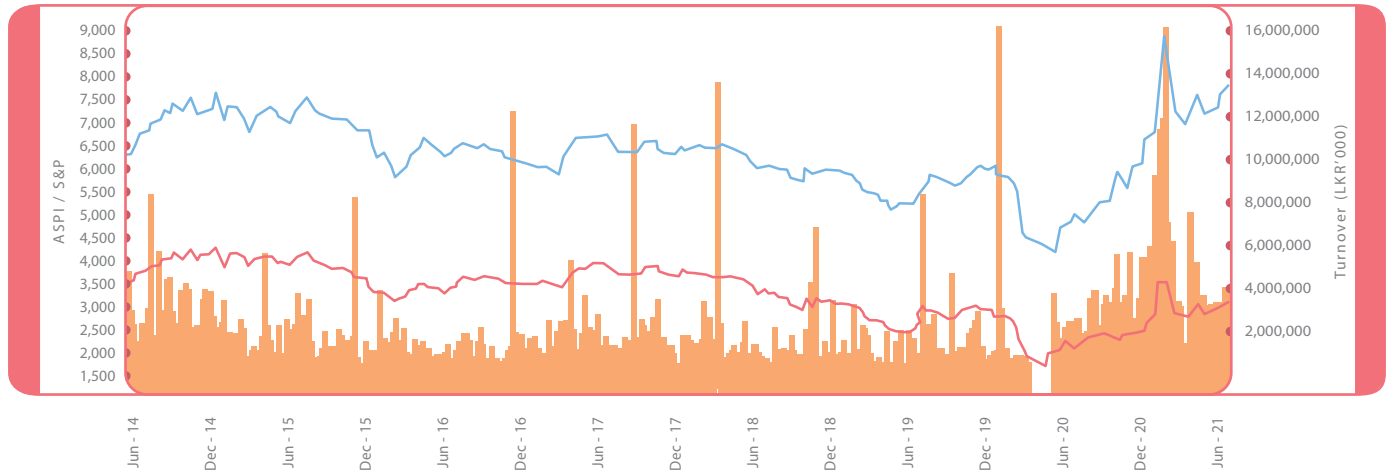
However, investor interest continued to be on speculative shares rather than fundamentally sound companies, which in turn caused blue chip counters to underperform in comparison to the overall market.

ASPI performance continued to be in line with the benchmark MSCI Frontier Market Index returns.

However, the recovery in the US Dollar and China's tighter monetary policy have contributed to the underperformance of emerging market assets compared to frontier and developed market assets so far in 2021.

Moreover, developed markets continue to ride the vaccine and stimulus induced wave of positive performance, which sets them further apart from emerging markets. Frontier markets and emerging markets grow at a much faster pace than developed markets. However, these markets also carry risks, particularly liquidity risk where markets are small, leading to entry and exit problems if you are invested in these markets.

### Colombo Stock Exchange Performance



■ Turnover 
 ■ S&P 
 ■ ASPI

Source: [www.cse.lk](http://www.cse.lk) >

		Jun 2021	Jun 2020
<b>CSE</b>	Market PER	10.59 X	9.50 X
	Market PBV	1.12 X	0.96 X
	Market DY	2.60%	3.58%
<b>MSCI Frontier Market</b>	Market PER	18.22 X	11.11 X
	Market PBV	2.19 X	1.52 X
	Market DY	2.72%	4.29%

Source: [www.cse.lk](http://www.cse.lk) >

Despite the positive performance in equity markets, weak macroeconomic fundamentals coupled with a weakening rupee propelled foreign investors to be net sellers for another quarter, as year-to-date net foreign outflows reached to LKR. 26.4 billion.

Colombo Stock Exchange	Jan-Jun 2021	Jan-Jun 2020
Foreign Inflows	LKR 22.10 Billion	LKR 38.17 Billion
Foreign Outflows	LKR 48.54 Billion	LKR 58.84 Billion
<b>Net Foreign Inflows/(Outflows)</b>	<b>(LKR 26.44 Billion)</b>	<b>(LKR 20.67 Billion)</b>

Source: [www.cse.lk](http://www.cse.lk) >

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**“ IF WE CAN'T FIND THINGS  
WITHIN OUR CIRCLE OF COMPETENCE,  
WE DON'T EXPAND THE CIRCLE. WE WAIT. ”**

— Warren Buffett —



# FIXED INCOME OUTLOOK

## Interest Rates in Sri Lanka

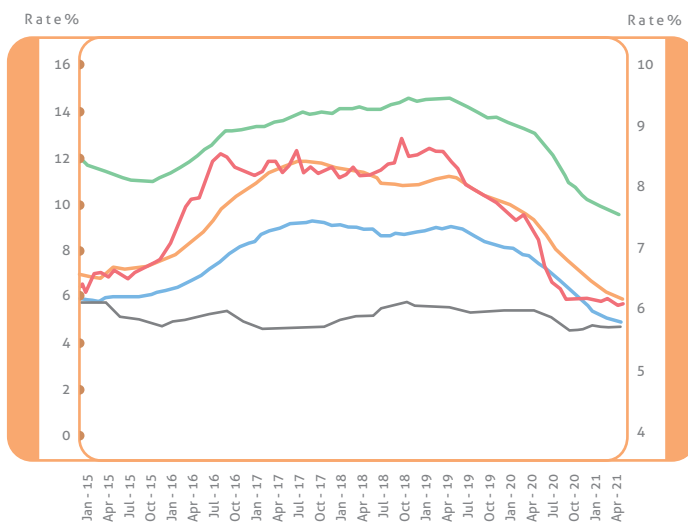
The Central Bank has maintained the Standing Lending Facility Rate (the rate CBSL lends to commercial banks) and the Standing Deposit Facility Rate (the rate which commercial banks place their excess cash with CBSL) at 5.50% and 4.50% respectively since the monetary policy meeting in May.

	Jun 20	Dec 20	May 21	Jun 21
<b>364 Day T-bill</b>	5.66%	5.03%	5.18%	5.23%
<b>5-Year Bond</b>	7.12%	6.63%	7.31%	7.30%
<b>1-Year Finance Company Fixed Deposit Ceiling Rate</b>	10.19%	6.88%	7.11%	7.11%

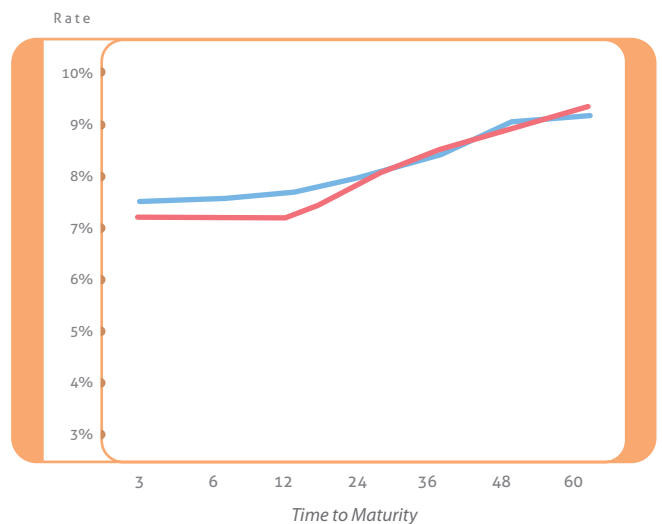
\*Gross Rates provided. Net returns would change based on prevailing tax regulations.

Source: Central Bank of Sri Lanka >

### AVERAGE LENDING & DEPOSIT RATES & SPREAD



### YIELD CURVE - LKR TREASURIES



AWDR (%)    AWFDR (%)    AWLR (%)    AWPR (%)    Spread

Jun-20    Jun-21

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

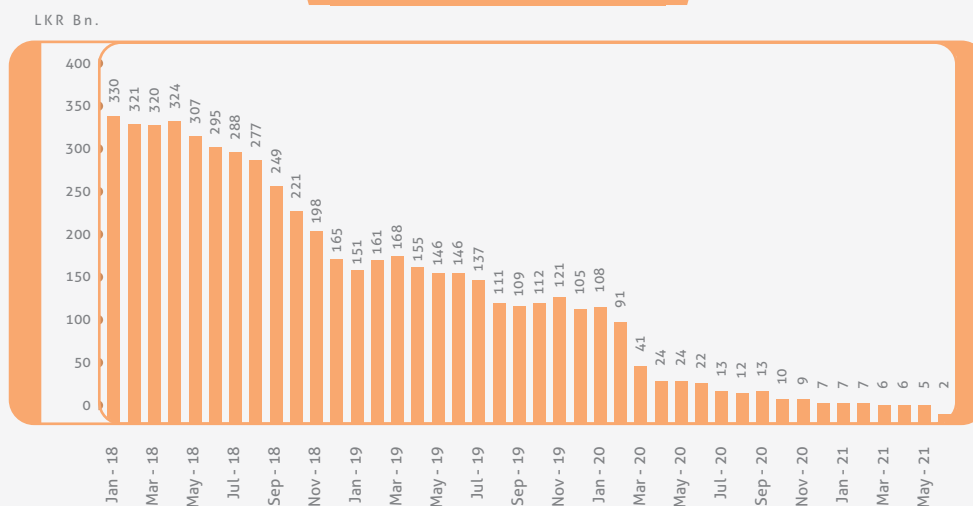
Treasury Bill rates increased across the board, albeit marginally, with the benchmark 364-day T-Bill rate rising by 5 basis points to 5.23% and the 91-day and 182-day T-Bills increasing by 7 basis points and 5 basis points to 5.18% and 5.19% respectively.

Broad money (M2b) growth increased marginally to 21.0% year-on-year in May, from the previous month's 20.4% whilst credit to the private sector accelerated by 10.5% year-on-year from 8.2% in April primarily owing to the base effect. Monthly private sector credit disbursements increased by LKR 55.6 bn or 0.9% (slower from LKR 57.7 bn observed the month before) with economic activity slowing down following the third wave of the pandemic.

Outstanding LKR Govt. Securities LKR 7,890 Billion	
<b>T Bills (Total)</b>	<b>T Bonds (Total)</b>
LKR 1,796 Billion	LKR 6,094 Billion
<b>Domestic (Bills &amp; Bonds)</b>	<b>Foreign (Bills &amp; bonds)</b>
LKR 7,888 Billion	LKR 2 Billion
<b>Total Foreign Holding of Bills and Bonds: 0.03%</b>	

Source: Central Bank of Sri Lanka >

### FOREIGN HOLDING OF LKR G-SEC



Source: Central Bank of Sri Lanka >

Foreign holding of LKR denominated bills and bonds declined in May by LKR 1.65 bn (the largest drop for the year) to a low of 0.06% off outstanding treasury securities, and foreign investors remained net sellers on a year to date basis at LKR 2.33 bn.

### 1 Year FD Rates - Sri Lankan Banks

	Jun 2021	May 2021
NSB	5.00%	5.00%
COMB	4.50%	4.50%
SAMP	4.25%	4.25%
HNB	4.50%	4.50%
NDB	5.00%	5.00%

### Rates on Credit Cards

Jun 21

HSBC	18.00%
SCB	18.00%
Sampath	18.00%
NDB	18.00%
AMEX	18.00%

Source: Respective Commercial Banks >

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

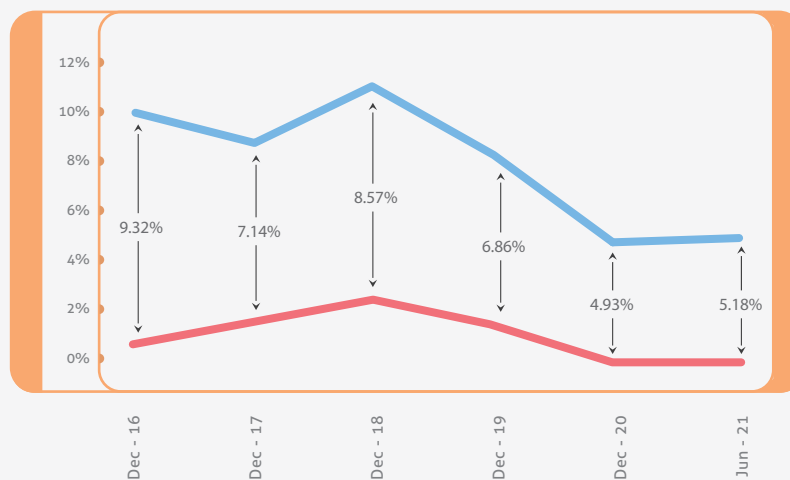
NDBIB CRISIL Fixed Income Indices Total return as at 30/06/2021	3 Month Return	1 Year Return	3 Year Return
NDBIB-CRISIL 91 Day T-Bill Index	1.24%	4.81%	7.45%
NDBIB-CRISIL 364 Day T-Bill Index	1.11%	4.83%	8.74%
NDBIB-CRISIL 3 Year T-Bond Index-TRI	1.31%	6.00%	12.49%
NDBIB-CRISIL 5 Year T-Bond Index-TRI	0.87%	5.27%	13.81%

Source: [www.crisil.com](http://www.crisil.com) >

Central Bank Policy Rates	2018	2019	2020	Latest
Sri Lanka	8.00%	7.00%	4.50%	4.50%
US	2.25% - 2.50%	1.50% - 1.75%	0.00% - 0.25%	0.00% - 0.25%
Euro Zone	0.00%	0.00%	0.00%	0.00%
Australia	1.50%	0.75%	0.10%	0.10%
India	6.50%	5.15%	4.00%	4.00%

Source: [www.cbrates.com](http://www.cbrates.com) >

### 1 YEAR TREASURY RATE - USD Vs. LKR & SPREAD



Sri Lanka US

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



364 Day Treasury Bill Rate	Jun 20	Dec 20	May 21	Jun 21
<b>Sri Lanka</b>	5.66%	5.03%	5.18%	5.23%
<b>India</b>	3.52%	3.44%	3.71%	3.88%
<b>US</b>	0.16%	0.10%	0.05%	0.07%
<b>Euro Zone</b>	-0.64%	-0.76%	-0.68%	-0.69%

Source: Respective Central Banks >

The US Federal Reserve is expected to raise interest rates in 2023, earlier than expected, as the US economy is projected for faster growth and much higher inflation in 2021 than initially anticipated.

Eurozone industrial production rose ahead of expectations, with consumer goods and energy leading the increase, whilst in China, industrial production slowed in May as Covid-19 outbreaks in manufacturing-dominated cities weighed on production.

	Rates on Savings Accounts Jun 2021
<b>Sri Lanka</b>	3.50%
<b>US</b>	0.01%
<b>Euro Zone</b>	0.11%
<b>Australia</b>	0.35%
<b>India</b>	3.00%

Source: Respective Commercial Banks >

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**“ BECOME ‘MONEY SMART’ AT AN EARLY AGE TO  
ENSURE A BRIGHT FINANCIAL FUTURE ”**

— NDB Wealth —



# INFLATION RATES

Country	Jun 20	Dec 20	May 21	Jun 21
Sri Lanka	3.92%	4.23%	4.55%	5.25%
US	0.65%	1.36%	4.99%	4.99%*
Euro Zone	0.27%	-0.27%	1.98%	1.98%*
India	6.23%	4.59%	6.30%	6.30%*

\*May 2021

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

Inflation as measured by the CCPI (2013=100), spiked to 5.2% in June on a year-on-year basis from the previous month's 4.5% primarily due to increases in food prices.

During the month, the index rose 1.5% with food prices increasing by a considerable 3.9% (the largest monthly increase since May 2019) whilst non-food prices increased by 0.3%.

Price increases in mainly rice, vegetables and sea fish impacted food prices. Within the non-food category, price increases were observed in the health and transport (petrol, diesel) sectors in the backdrop of the fuel price hike in mid-June.

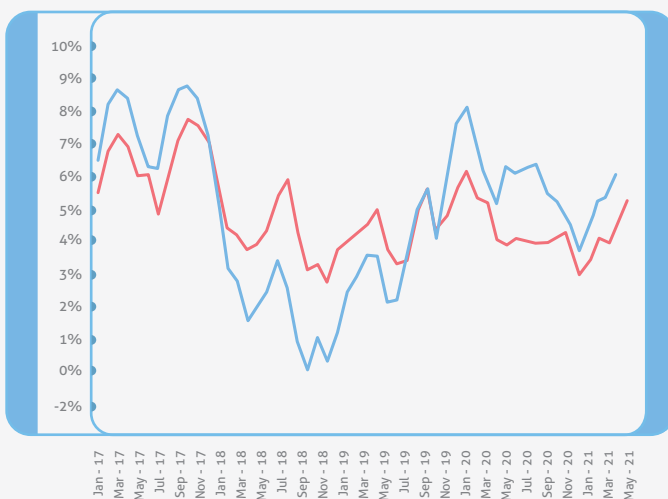
On an annual average basis inflation edged up to 4.1% in June.

Core inflation, which excludes the more volatile aspects of price movements (food, energy and transport) remained flat at 3.2% year-on-year in June, and followed a similar trend on an annual average basis at 3.0%.

We expect to see further pressures building on inflation owing to the recent fuel price hike, increasing global commodity prices as well as the LKR depreciation.

On the global front, both US and Euro zone inflation increased to 4.99% and 1.98% respectively in May.

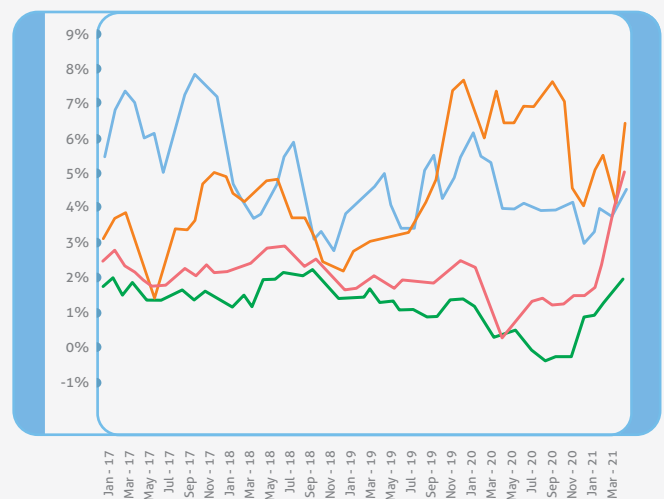
INFLATION - POINT TO POINT CHANGE - CCPI VS. NCPI



CCPI NCPI

Source: Department of Census and Statistics Sri Lanka >

GLOBAL INFLATION RATES



Sri Lanka US Euro zone India

Source: <http://www.inflation.eu/> >

## FOREX OUTLOOK

Exchange Rates Vs. LKR	Jun 20	Dec 20	Jun 21	1 Year App/(Dep) LKR	YTD App/(Dep) LKR
USD	186.23	186.41	201.14	-7.41%	-7.32%
GBP	229.18	254.35	278.74	-17.78%	-8.75%
EURO	209.41	229.42	239.49	-12.56%	-4.20%
YEN	1.73	1.81	1.82	-5.00%	-0.57%
AUD	128.12	143.66	151.28	-15.31%	-5.03%
CAD	136.32	146.35	162.34	-16.03%	-9.85%
INR	2.47	2.55	2.71	-8.85%	-5.80%
BHD	493.19	494.38	533.52	-7.56%	-7.34%
CNY	26.35	28.59	31.15	-15.44%	-8.23%

Source: Central Bank of Sri Lanka >

The Sri Lankan Rupee depreciated against the USD in June by 0.81% to close the month at LKR 201.14. The Rupee also remains a net loser against the USD on a year to date basis at 7.32%. The Rupee however appreciated 1.63% each against both the Pound Sterling and the Euro during the month.

Worries over the Delta variant have weighed on the currencies of countries where it is spreading rapidly, including the Australian Dollar and the Pound Sterling and has contributed to a rally in the US Dollar.

The USD strengthened against a basket of peers in June propelled by the US Federal Reserve's hawkish stance on interest rates.

Asian currencies faced a double whammy from a strengthening dollar as the Fed mulled rate hikes, and the highly transmissible coronavirus variant kept several countries like Malaysia, Thailand and Taiwan under strict controls.

### USD PER 1 EURO MOVEMENT



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

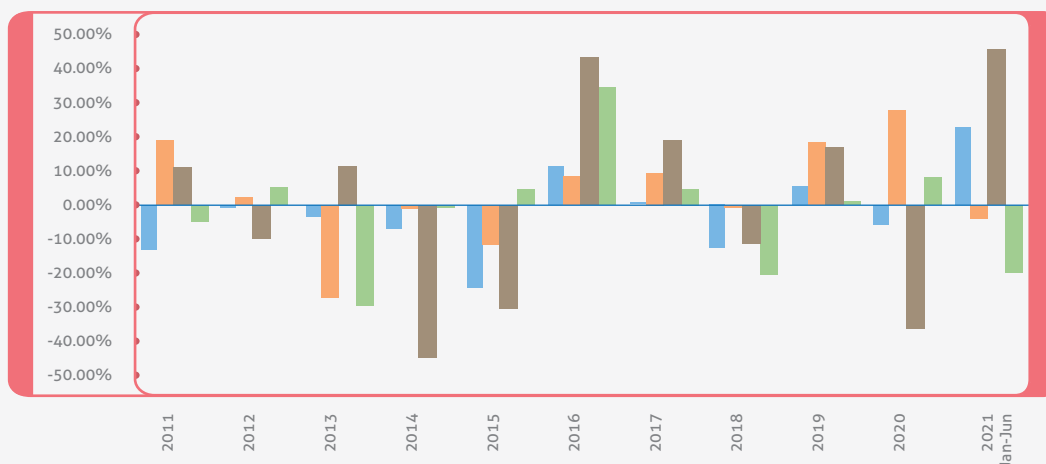
# COMMODITY OUTLOOK

	Past month Performance (Jun 2021)	Past 12 months Performance (Jun 2020 - Jun 2021)	Year to Date Performance (up to 31st Jun 2021)
<b>Bloomberg Commodity Index</b>	1.84%	45.49%	21.13%
<b>Gold</b>	-0.85%	5.91%	-1.28%
<b>Tea</b>	-4.46%	-10.83%	-13.70%
<b>Oil (Brent)</b>	7.39%	83.00%	46.52%

Source: [www.worldbank.com](http://www.worldbank.com), Bloomberg and NDB Wealth Research >

- The Bloomberg Commodity Index gained 1.84% during the month of June 2021, mainly owing to the rise in global oil prices. Inflationary pressures are also paving the way for investors to use commodities as a hedging alternative.
- The Federal Reserve (the Central Bank of USA) signaled two possible rate hikes in 2023 and acknowledged that members have started to discuss reducing the size of its bond purchasing program which in turn caused bond yields to decline and the US Dollar to rise. This is a negative factor for commodities, which are priced in USD.
- Oil prices broke above USD 75 a barrel to a near three-year-high ahead of a decision from key producers on production policy for the second half of 2021. Brent crude oil prices have increased by more than 46.50% during the first six months of 2021.
- Revival of economic activity with the containment of the virus and the fast pace of vaccination and concerns regarding supply constraints due to the ongoing stalemate between the UAE and the OPEC countries have been the two primary factors governing the sharp rally in petroleum prices in 2021.
- International gold prices remained steady with economies around the world staging a recovery from the effects of the pandemic. However, new strains and further lockdowns may cause gold prices to increase as investors are likely to flock back to safe havens.

## Commodity Price Movements



DJUBS Gold Oil Tea

Source: NDB Wealth Research >

## PROPERTY OUTLOOK

Up until the COVID – 19 outbreak in FY2020 the real-estate sector has experienced strong demand. However, this was short lived with the onset of the pandemic which hampered demand for real-estate.

However, since the second half of 2020 real-estate markets experienced a gradual pick-up with property prices increasing. This too was short lived with the third wave of the pandemic starting towards the end of April 2021.

However, given the limited investment options available, experts in the industry are confident that the real-estate market will bounce back. They believe equity markets volatility and bank interest rates being below mid-single digit levels will compel investors to re look at the real-estate market with the low mortgage loan rates acting as a catalyst to encourage investors to re-enter the market.

Interest for the property market is currently concentrated mostly within the western province. However, with the completion of the Ruwanpura Expressway and Central Expressway there will be a rapid development drive along these routes, extending away from the Western Province.

The demand has been in tandem for both middle income housing and luxury apartments and experts believe that there will be stronger demand for gated housing, apartments and condominiums in smaller towns and cities.

As the US Dollar rate continues to move in an upward trajectory, construction costs are set to increase by as much as 20% going forward which in itself will drive up housing prices and offer a strong incentive for investors to enter the market as soon as possible.

Investors with the capacity to have a longer holding period have the potential to realize a satisfactory investment return with the conclusion of the global pandemic.

# 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: Hatton National Bank PLC)

## Mudharabah Deposit Rates of Selected Service Providers

	Savings	1 month	3 month	6 month	1 Year <sup>+</sup>	2 Year <sup>+</sup>	3 Year <sup>+</sup>	4 Year <sup>+</sup>	5 Year <sup>+</sup>
<b>Amana Bank - As of June 2021</b>									
Profit Sharing Ratio*	30:70	-	60:40	65:35	75:25	80:20	85:15	-	90:10
Distributed Profit	2.22%	-	4.07%	4.44%	4.81%	5.18%	5.55%	-	6.66%
<b>Bank of Ceylon Islamic Business Unit - As of June 2021</b>									
Profit Sharing Ratio*	45:55	-	-	-	-	-	-	-	-
Distributed Profit	1.10%	-	-	-	-	-	-	-	-
<b>Commercial Bank of Ceylon PLC-AI Adalah Islamic Banking unit - As of June 2021</b>									
Profit Sharing Ratio*	45:55	-	55:45	65:35	75:25	-	-	-	-
Distributed Profit	2.35%	-	2.88%	3.50%	4.10%	-	-	-	-
<b>Hatton National Bank PLC-"Hnb Al- Najah" Islamic Banking unit - As of June 2021 (Published Quarterly)</b>									
Profit Sharing Ratio*	30:70	-	55:45	60:40	70:30	-	-	-	-
Distributed Profit	2.50%	-	3.25%	3.50%	4.50%	-	-	-	-
<b>National Development Bank PLC-"Shareek" Islamic Banking unit - As of June 2021</b>									
Profit Sharing Ratio* (3Mn - 50Mn)	40:60	60:40	65:35	40:60	65:35	-	-	-	-
Distributed Profit	3.00%	3.00%	3.25%	3.50%	4.90%	-	-	-	-
<b>Citizen Development Business Finance PLC- Islamic Banking unit - As of August 2019</b>									
Profit Sharing Ratio*	32:68	52:48	52:48	52:48	55:45	62:38	62:38	-	-
Distributed Profit	6.43%	8.23%	8.64%	9.24%	11.05%	11.65%	12.25%	-	-
<b>Commercial Leasing &amp; Finance PLC- Islamic Finance - As of June 2021</b>									
Profit Sharing Ratio*	30 :70	37:63	38:62	40:60	47:53	49:51	50:50	52:48	54:46
Distributed Profit	4.50%	5.11%	5.36%	5.61%	7.11%	7.86%	8.18%	8.36%	8.83%
<b>LB Al Salamah (LB Finance PLC - Islamic Business Unit) - As of May 2021</b>									
Profit Sharing Ratio*	25:75	31:69	34:66	36:64	38:62	-	-	-	-
Distributed Profit	3.41%	4.23%	4.63%	4.91%	5.18%	-	-	-	-
<b>LOLC Al-Falaah (Lanka Orix Finance PLC - Islamic Business Unit) - As of June 2021</b>									
Profit Sharing Ratio*	30:70	32:68	34:66	36:64	49:51	54:46	57:43	60:40	63:37
Distributed Profit	3.78%	4.04%	4.29%	4.54%	6.18%	6.81%	7.19%	7.57%	7.95%
<b>Peoples Leasing Islamic Business Unit - June 2021</b>									
Profit Sharing Ratio*	45:55	-	60:40	65:35	75:25	-	-	-	-
Distributed Profit	3.45%	-	4.60%	4.98%	5.74%	-	-	-	-

\* Profit sharing ratio provides profit ratio for Customer: Financial Institution; \* Profits distributed at Maturity

Source: Respective Company Data >

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 JULY 2019

Beverages and Food	Singer Industries (Ceylon) Plc
Bairaha Farms PLC	Teejay Lanka PLC
Dilmah Ceylon Tea Company PLC	Power & Energy
Kotmale Holdings PLC	Lanka IOC PLC
Nestle Lanka PLC	Lotus Hydro Power PLC
Renuka Agri Foods PLC	Vallibel Power Erathna PLC
Tea Smallholder Factories PLC	Vidullanka PLC
Chemicals and Pharmaceuticals	Services
Union Chemicals Lanka Plc	Lake House Printing & Publishers PLC
Diversified Holdings	Stores & Supplies
Hemas Holdings PLC	Gestetner of Ceylon PLC
Healthcare	Hunter & Company PLC
Asiri Surgical Hospitals PLC	Trading
Manufacturing	Office Equipment PLC
ACL Plastics PLC	Motors
Bogala Graphite Lanka PLC	Autodrome PLC
Ceylon Grain Elevators PLC	Plantations
Chevron Lubricants Lanka PLC	Aitken Spence Plantation Managements PLC
Lanka Ceramic PLC	Elpitiya Plantations PLC
Richard Pieris Exports PLC	Hatton Plantations PLC
Sierra Cables PLC	Namunukula Plantation PLC

Source: [www.icp.lk](http://www.icp.lk) (I Capital Partners - former Amana Capital Limited) >

**NOTE 1:** The White List has taken to consideration based on the December 2018 company financials

**NOTE 2:** Removals – Amana Takaful PLC, Amana Takaful Life PLC, Amana Bank PLC, Harischandra Mills PLC, Raigam Wayamba Salterns PLC, Renuka Foods PLC, Three Acre Farms PLC, Chemanex PLC, Haycarb PLC, Industrial Asphalts (Ceylon) PLC, J.L. Morison Son & Jones (Ceylon) PLC, Access Engineering PLC, Lankem Developments PLC, Expolanka Holdings PLC, Sunshine Holdings PLC, Ceylon Leather Products PLC, Hayleys Fabric PLC, Odel PLC, Ceylon Hospitals PLC (Durdans), Singhe Hospitals PLC, Ascot Holdings PLC, Lanka Century Investments PLC, Renuka Holdings PLC, Colombo Land & Development Company PLC, Serendib Engineering Group PLC, Abans Electricals PLC, ACL Cables PLC, Agstar Fertilizers PLC, Alufab PLC, Alumex PLC, B P P L Holdings PLC, Central Industries PLC, Dankotuwa Porcelain PLC, Dipped Products PLC, Kelani Cables PLC, Lanka Aluminium Industries PLC, Lanka Tiles PLC, Lanka Walltiles PLC, Laxapana Batteries PLC, Piramal Glass Ceylon PLC, Printcare (Ceylon) PLC, Regnis(Lanka) PLC, Royal Ceramic Lanka PLC, Samson International, Swadeshi Industrial Works PLC, Swistek Ceylon PLC, Tokyo Cement (Company) PLC, C M Holdings PLC, Diesel & Motor Engineering PLC, Sathosa Motors PLC, United Motors Lanka PLC, Balangoda Plantations PLC, Bogawantalawa Tea Estates PLC, Horana Plantations PLC, Kahawatte Plantation PLC, Kelani Valley Plantations PLC, Madulsima Plantations PLC, Malwatte Valley Plantations PLC, Maskeliya Plantations PLC, Talawakelle Tea Estates PLC, Udapussellawa Plantations PLC, Watawala Plantations PLC, Hapugastanne Plantations PLC, Panasian Power PLC, Paragon Ceylon PLC, Dialog Axiata PLC, Sri Lanka Telecom PLC, C. W. Mackie PLC, Eastern Merchants PLC

**NOTE 3:** Additions – Kotmale Holdings PLC, Hemas Holdings PLC, Hatton Plantations PLC



# 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

## Fund Overview

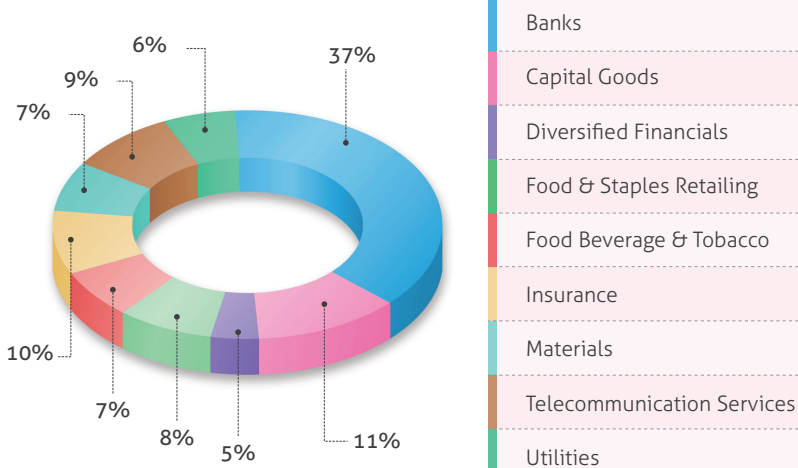
### NDB Wealth Growth Fund

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.

### Equity Allocation



### Historical Returns

Period	Fund Returns *	ASPI Returns
Last Month	4.42%	2.71%
Last 3 months	2.58%	-0.98%
Last 6 months	13.94%	18.57%
Last 12 months	39.53%	52.75%
Year 2020	-4.46%	10.52%
Year 2019	-0.59%	1.27%

\* After fees, excluding front end and back end loads \*\* AUM before expense allowance adjustment

### Fund Snapshot

31-May-21

YTD Yield	9.48%
NAV per unit	10.61
AUM (LKR Mn.)**	289.20
Fund Currency	LKR
Fund Inception	1-Dec-97
Expense Ratio	3.15%
Max Equity Allocation	97.00%
Current Equity Allocation	94.05%
Fund Leverage	0.00%

### Top 5 Portfolio Holdings (In Alphabetical Order)

ACCESS ENG LTD
COMMERCIAL BANK OF CEYLON PLC
DIALOG AXIATA PLC
HATTON NATIONAL BANK PLC
PEOPLES INSURANCE LTD

### Fixed Income Allocation

Minimum Fixed Income Allocation	3.00%
Current Fixed Income Allocation	5.95%
Average Duration	0.0013
Maturity	% Holding
Under 1 Month	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

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# Fund Overview

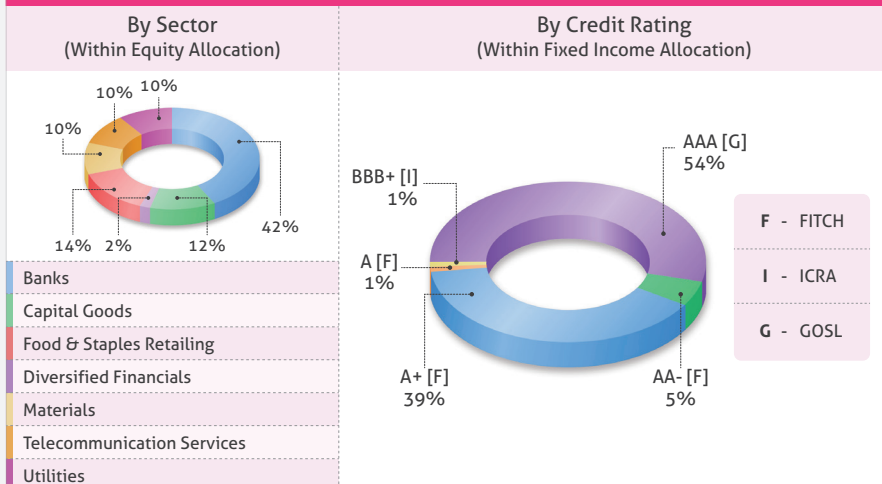
## NDB Wealth Growth and Income Fund

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.

## Portfolio Allocation



## Fund Snapshot

31-May-21

YTD Yield	8.09%
NAV per unit	46.57
AUM (LKR Mn.)**	2,986.31
Fund Currency	LKR
Fund Inception	1-Dec-97
Expense Ratio	1.79%
Max Equity Allocation	97.00%
Current Equity Allocation	62.05%
Fund Leverage	0.00%

## Top 5 Portfolio Holdings (In Alphabetical Order)

ACCESS ENG LTD
CARGILLS (CEYLON) PLC
COMMERCIAL BANK OF CEYLON PLC
DIALOG AXIATA PLC
HATTON NATIONAL BANK PLC

## Historical Returns

Period	Fund Returns*	ASPI Returns
Year to Date	8.09%	9.29%
Last month	2.16%	2.71%
Last 3 months	2.38%	-0.98%
Last 6 months	10.62%	18.57%
Last 12 months	19.30%	52.75%
Year 2020	9.82%	10.52%
Year 2019	11.09%	1.27%

\* After fees, excluding front end and back end loads \*\* AUM before expense allowance adjustment

## Fixed Income Allocation

Minimum Fixed Income Allocation	3.00%
Current Fixed Income Allocation	37.95%
Average Duration	0.02
Maturity	% Holding
Under 3 Months	98.49%
3 Months - 6 Months	0.61%
1 Year - 5 Years	0.90%

## Other Features

<b>Valuation</b>	Daily Valuation Instruments less than one year - cost plus accrued basis, Instruments greater than one year - marked to market.
<b>Investment/Withdrawal</b>	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.
<b>Exposure Restrictions</b>	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.
<b>Fee Details</b>	Management Fee : 1.5% p.a. of NAV / Trustee fee : 0.11-0.15% p.a. of NAV, depending on fund size. Custody Fee : Rs.10,000 per Month, Front-end fee : 1.5%.
<b>Fund Manager</b>	NDB Wealth Management Ltd.
<b>Trustee &amp; Custodian</b>	Hatton National Bank PLC

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# Fund Overview

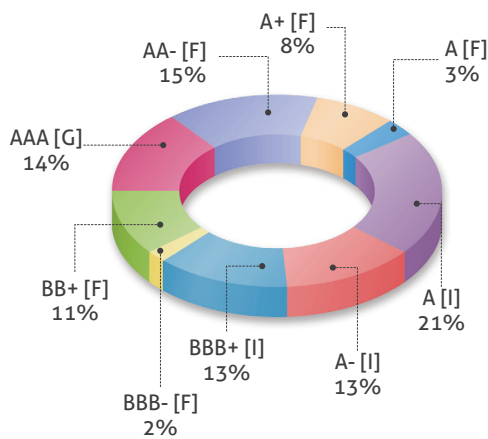
## NDB Wealth Income Fund

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.

## Portfolio Allocation By Credit Rating



F - FITCH

I - ICRA

G - GOSL

## Fund Snapshot

31-May-21

YTD Yield	3.20%
YTD Yield (Annualized)	7.74%
NAV per unit	16.4210
AUM (LKR Mn.)	478.44
Fund Currency	LKR
Fund Inception	1-Dec-97
Expense Ratio	1.39%
Average Maturity (Yrs)	0.96
Average Duration	0.74

## Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	28.76%	8.12%
1 Month - 3 Months	20.58%	7.50%
3 Months - 6 Months	14.33%	9.80%
6 Months - 1 Year	13.38%	9.50%
1 Year - 5 Years	22.94%	11.70%

## Historical Returns

Period	Fund Returns	Annualized Return
Year to Date	3.20%	7.74%
Last month	0.70%	8.25%
Last 3 months	1.93%	7.66%
Last 6 months	3.96%	7.93%
Last 12 months	10.03%	10.03%
Year 2020	13.12%	13.12%
Year 2019	12.97%	12.97%

## 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

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# Fund Overview

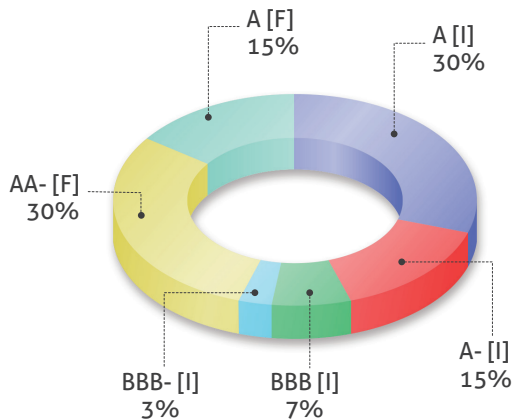
## NDB Wealth Income Plus Fund

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.

## Portfolio Allocation By Credit Rating



## Fund Snapshot

31-May-21

YTD Yield	2.72%
YTD Yield (Annualized)	6.58%
NAV per unit	17.4128
AUM (LKR Mn.)	573.52
Fund Currency	LKR
Fund Inception	7-Apr-16
Expense Ratio	0.77%
Average Maturity (Yrs)	0.47
Average Duration	0.45

## Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	3.59%	5.15%
3 Months - 6 Months	81.48%	6.40%
6 Months - 1 Year	14.92%	8.40%

## Historical Returns

Period	Fund Returns	Annualized Return
Year to Date	2.72%	6.58%
Last month	0.52%	6.08%
Last 3 months	1.38%	5.48%
Last 6 months	3.60%	7.23%
Last 12 months	9.44%	9.44%

## 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

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# Fund Overview

## NDB Wealth Money Fund

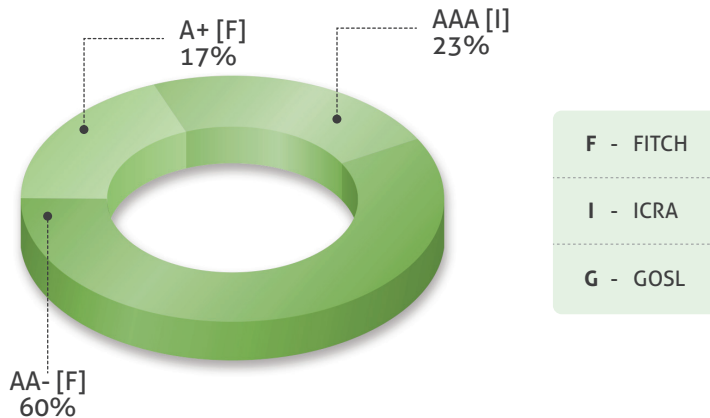
Type: Open Ended  
Currency: LKR

Investments: Short Term Bank Deposits  
ISIN: LKNWMNU00002

NDB Wealth Money Fund is an open-ended money market fund incorporated in Sri Lanka, invested in short-term high credit quality LKR based bank deposits.

The Fund aims to provide optimal returns with low risk and moderate liquidity to investors by investing in short-term high quality bank deposits with maturities less than 365 days with credit ratings of A- and above.

## Portfolio Allocation By Credit Rating



## Fund Snapshot

31-May-21

YTD Yield	2.15%
YTD Yield (Annualized)	5.20%
NAV per unit	20.9858
AUM (LKR Mn.)	818.24
Fund Currency	LKR
Fund Inception	1-Jun-12
Expense Ratio	0.78%
Average Maturity (Yrs)	0.24
Average Duration	0.24

## Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	29.95%	4.93%
1 Month - 3 Months	32.38%	5.20%
3 Months - 6 Months	29.08%	5.30%
6 Months - 1 Year	8.59%	6.00%

## Historical Returns

Period	Fund Returns	Annualized Return
Year to Date	2.15%	5.20%
Last month	0.41%	4.79%
Last 3 months	1.27%	5.04%
Last 6 months	2.64%	5.30%
Last 12 months	6.56%	6.56%
Year 2020	8.20%	8.20%
Year 2019	10.24%	10.24%

## 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 : 0.11-0.15% p.a. of NAV, depending on fund size. Custody Fee : Rs.10,000 per Month
Fund Manager	NDB Wealth Management Ltd.
Trustee & Custodian	Hatton National Bank PLC

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## 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.

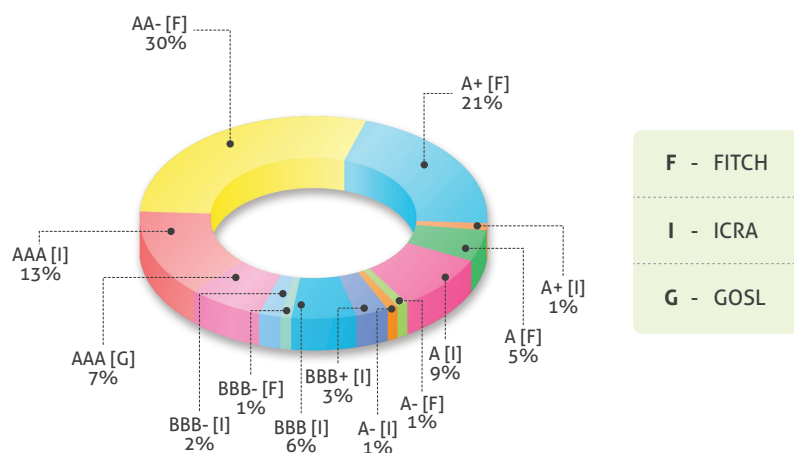
The Fund aims to provide liquidity to investors while enhancing returns by investing in a diversified portfolio of short term corporate debt securities with maturities less than 365 days

### Fund Snapshot

31-May-21

YTD Yield	2.39%
YTD Yield (Annualized)	5.78%
NAV per unit	24.0118
AUM (LKR Mn.)	78,488.11
Fund Currency	LKR
Fund Inception	1-Jun-12
Expense Ratio	0.80%
Average Maturity (Yrs)	0.30
Average Duration	0.29

### Portfolio Allocation By Credit Rating



### Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	21.02%	7.31%
1 Month - 3 Months	31.96%	5.60%
3 Months - 6 Months	33.38%	5.50%
6 Months - 1 Year	13.64%	6.90%

### Historical Returns

Period	Fund Returns	Annualized Return
Year to Date	2.39%	5.78%
Last month	0.46%	5.42%
Last 3 months	1.41%	5.58%
Last 6 months	2.95%	5.91%
Last 12 months	7.11%	7.11%
Year 2020	9.46%	9.46%
Year 2019	11.73%	11.73%

### Other Features

Valuation	Daily Valuation Instruments less than one year - cost plus accrued basis, Instruments greater than one year - n/a.
Investment/Withdrawal	Any Time A notice period of 07 working days may be required prior to large redemptions. However, the time period can be discussed with potential investors prior to the investment.
Exposure Restrictions	Maximum exposure restrictions on investments depend on the features of each security, (Ex: Rated, Guaranteed, etc) and are regulated by the Trustee and the SEC.
Fee Details	Management Fee : 0.65% p.a. of NAV. Trustee fee : 0.11- 0.15% p.a. of NAV, depending on fund size. Custody Fee : Rs.10,000 per Month
Fund Manager	NDB Wealth Management Ltd.
Trustee & Custodian	Hatton National Bank PLC

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## Fund Overview

### NDB Wealth Islamic Money Plus Fund

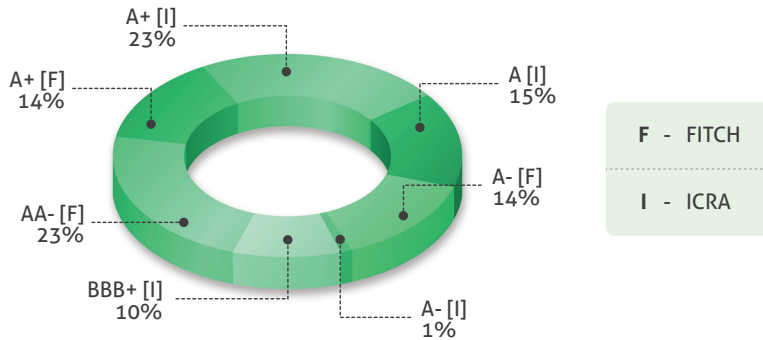
Type: Open Ended  
Currency: LKR

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 compliant securities.

### Portfolio Allocation By Credit Rating



### Fund Snapshot

31-May-21

YTD Yield	2.14%
YTD Yield (Annualized)	5.16%
NAV per unit	16.5884
AUM (LKR Mn.)	1,269.45
Fund Currency	LKR
Fund Inception	1-Jun-15
Expense Ratio	1.11%
Average Duration	0.18

### Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	60.28%	5.21%
1 Month - 3 Months	14.91%	5.70%
3 Months - 6 Months	13.94%	7.00%
6 Months - 1 Year	10.87%	7.30%

### 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%

### 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

### Shariah Supervisory Board

Shafique Jakhura	Mufti
Muhammed Huzaifah	Maulana

### Historical Returns

Period	Fund Returns	Annualized Return
Year to Date	2.14%	5.16%
Last month	0.41%	4.87%
Last 3 months	1.26%	5.00%
Last 6 months	2.69%	5.40%
Last 12 months	6.93%	6.93%

### 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 : 0.11% - 0.15% p.a. of NAV, based on the fund size Custody Fee : Rs.10,000 per Month.
Fund Manager	NDB Wealth Management Ltd.
Trustee & Custodian	Hatton National Bank PLC

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## Fund Overview

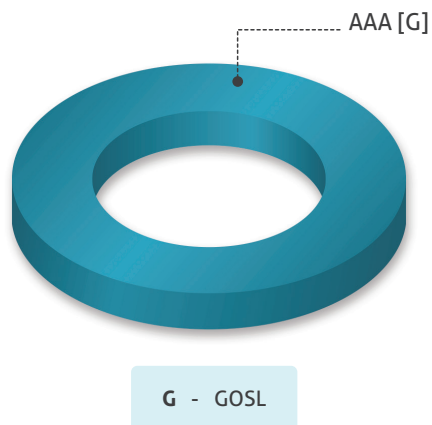
### NDB Wealth Gilt Edged Fund

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.

### Portfolio Allocation By Credit Rating



### Fund Snapshot

31-May-21

YTD Yield	1.61%
YTD Yield (Annualized)	3.89%
NAV per unit	18.9504
AUM (LKR Mn.)	59.94
Fund Currency	LKR
Fund Inception	1-Dec-97
Expense Ratio	1.51%
Average Maturity (Yrs)	0.09
Average Duration	0.09

### Maturity Profile

Maturity	% Holding	AVG YTM (Net)
Under 1 Month	14.90%	4.85%
1 Month - 3 Months	85.10%	5.20%

### Historical Returns

Period	Fund Returns	Annualized Return
Year to Date	1.61%	3.89%
Last month	0.34%	3.95%
Last 3 months	0.98%	3.88%
Last 6 months	1.98%	3.97%
Last 12 months	8.99%	8.99%
Year 2020	10.14%	10.14%
Year 2019	19.12%	19.12%

### 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

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### **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](mailto:contact@ndbinvestors.com) | Web : [www.ndbwealth.com](http://www.ndbwealth.com)