



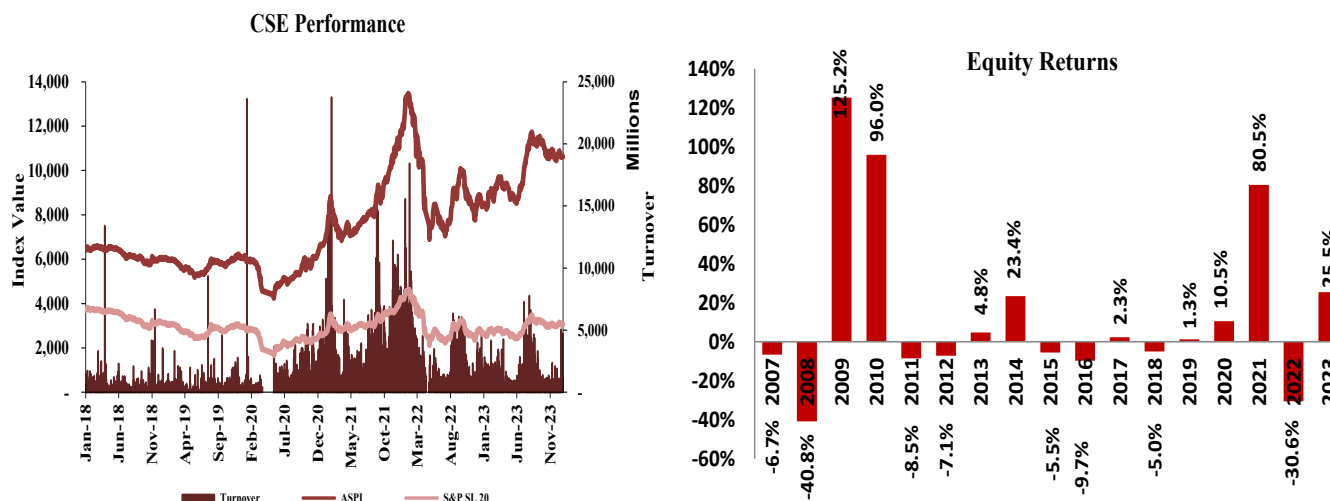
NDB | WEALTH

**NDB WEALTH
GROWTH & INCOME
FUND**

Financial statements for the period
ended 31st December 2023

Fund Review 2023 – NDB Wealth Growth & Income Fund

The Colombo Stock Exchange (CSE) had a positive year with the All Share Price Index (ASPI) rising by 25.50% and the more liquid S&P SL 20 index increasing by 16.42% in 2023, following the approval of the USD 2.9 bn IMF (International Monetary Fund) bailout program, placing the country on a path towards macro-economic stability. The completion of the domestic debt optimization (DDO) process also helped improve investor sentiment and market activity. Market PE was 11.10x whilst market capitalization stood at LKR 4.25 trillion as of 31st December 2023 (Source: CSE).



Source: Colombo Stock Exchange

With tighter monetary and fiscal policies in place, the economy contracted during the first half of 2023 declining 11.5% and 3.1% respectively during the first two quarters of the year. However, the economy showed signs of recovery during the second half, with GDP growing by 1.6% during the 3rd quarter, following six consecutive quarters of contraction. (Source: Department of Census and Statistics). Given the strengthening macro-economic fundamentals foreign investors were net buyers on the CSE, recording a net inflow of LKR 4.35 bn. (Source: CSE).

During the year under review, the NDB Wealth Growth and Income Fund showed exceptional performance, outperforming the ASPI and the S&P SL 20 by 7.84% and 16.92% respectively, aided by timely asset allocation and stock selection decisions.

	NDB Wealth Growth and Income Fund	*ASPI	*S&P SL 20
Performance - 2023	33.34% (after fees)	25.50%	16.42%

*Source: Colombo Stock Exchange

We expect corporate earnings to gradually improve in the period ahead given the declining interest rates, and expenses stabilizing on the backdrop of manageable levels of inflation. On this backdrop we expect the equity market to react positively in 2024. However, heightened political risks, given the country going in to elections and any delays on the external debt restructuring (EDR) process could derail the country's reform agenda, prompting investors to opt for a wait-and-see approach in making investment decisions.

NDB WEALTH GROWTH AND INCOME FUND

FINANCIAL STATEMENTS

31 DECEMBER 2023



W.R.RODRIGO & CO.,
chartered accountants

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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF NDB WEALTH GROWTH AND INCOME FUND

Report on the Financial Statements

Opinion

We have audited the financial statements of NDB Wealth Growth and Income Fund ("The Fund"), which comprise the Statement of Financial Position as at 31 December 2023, and the Statement Of Profit Or Loss And Other Comprehensive Income, Statement of Changes in Unitholders' and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The fund management company is responsible for the other information. The other information generally comprises the information included in the fund manager's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on work we have performed, we conclude that there is a materially misstatements of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The fund management company and trustee are responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The fund management company is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with fund management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by Rule 27(3) of the Unit Trust Code of September 2011 issued by the Securities and Exchange Commission of Sri Lanka under the Act no. 36 of 1987 as Amended by Act no. 26 of 1991, Act no. 18 of 2003 and Act No. 47 of 2009 and the trust deed.



**W. R. Rodrigo & Co.,
Chartered Accountants**

26 March 2024
Colombo



NDB WEALTH GROWTH AND INCOME FUND

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 Rs.	2022 Rs.
ASSETS			
Cash at Bank		25,000	25,000
Other Receivable on Sale of Equity		250	250
Financial Assets at Fair Value Through Profit or Loss	6	152,274,000	92,955,150
Financial Assets at Fair Value Through Other Comprehensive Income	7	45,067,768	10,558,927
Financial Assets Measured at Amortised Cost	8	63,615,196	98,772,785
Taxes Recoverable	9	-	-
Total Assets		260,982,214	202,312,113
Unit holders' Funds and Liabilities			
Liabilities			
Accrued Expenses	10	516,209	450,136
Total Liabilities		516,209	450,136
Net Assets Attributable to Unitholders		260,466,005	201,861,977
Unitholders' Funds			
Unit Capital		46,191,856	47,722,406
Investment in Revaluation Reserve		5,128,821	(491,089)
Retained Earnings		209,145,328	154,630,660
Net Assets Attributable to Unitholders	11	260,466,005	201,861,977

These financial statements are in compliance with the requirement of the Securities and Exchange Commission Act No. 47 of 2009.

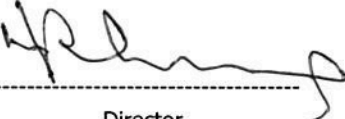
The Fund Management Company and the trustee is responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka Accounting Standards.



 Director
 NDB Wealth Management Limited
 Fund Management Company



 Trustee
 Hatton National Bank PLC



 Director
 NDB Wealth Management Limited
 Fund Management Company



Figures in bracket indicate deductions.

The accounting policies and notes in pages from 7 to 20 an integral part of these financial statements.

26 March 2024
 Colombo

NDB WEALTH GROWTH AND INCOME FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2023

	Notes	2023 Rs.	2022 Rs.
Investment Income			
Interest income	3	16,235,752	60,031,510
Dividend income		<u>2,582,350</u>	<u>47,264,007</u>
		18,818,101	107,295,517
Net realised gain / (loss) on financial assets at fair value through profit or loss		15,592,870	(243,676,418)
Unrealised gain / (loss) on financial assets at fair value through profit or loss	6	32,995,348	(301,096,367)
Total Investment Income		<u>67,406,319</u>	<u>(437,477,267)</u>
Fees and expenses	4	(8,315,367)	(37,202,937)
Profit Before Tax		<u>59,090,952</u>	<u>(474,680,204)</u>
Income tax expenses	5	-	-
Profit for the Year		<u>59,090,952</u>	<u>(474,680,204)</u>
Other Comprehensive Income not to be Reclassified to the Statement of Profit or Loss			
Fair value gain / (loss) from financial instrument at fair value through other comprehensive income	7.1	5,619,911	(801,205)
Total Comprehensive Income for the Year		<u>64,710,862</u>	<u>(475,481,408)</u>
Increase in net assets attributable to unitholders		<u>64,710,862</u>	<u>(475,481,408)</u>

Figures in bracket indicate deductions.

The accounting policies and notes in pages from 7 to 20 an integral part of these financial statements.



NDB WEALTH GROWTH AND INCOME FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUND
For the Year Ended 31 December 2023

	Unit Capital Rs.	Fair Value Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 January 2022	566,808,190	310,115	2,478,472,234	3,045,590,539
Net increase due to creations and redemptions	(519,085,784)	-	(1,849,161,370)	(2,368,247,154)
Profit for the year	-	-	(474,680,204)	(474,680,204)
Other comprehensive expenses	-	(801,205)	-	(801,205)
Total comprehensive income for the year	-	(801,205)	(474,680,204)	(475,481,408)
Distributions to unitholders	-	-	-	-
Balance as at 31 December 2022	47,722,406	(491,089)	154,630,660	201,861,977
Net increase due to creations and redemptions	(1,530,550)	-	(4,576,284)	(6,106,833)
Profit for the year	-	-	59,090,952	58,090,952
Other comprehensive income	-	5,619,911	-	5,619,911
Distributions to unitholders	-	-	-	-
Total comprehensive income for the year	-	5,619,911	59,090,952	64,710,862
Balance as at 31 December 2023	46,191,856	5,128,821	209,145,329	259,466,005

Figures in bracket indicate deductions.

The accounting policies and notes in pages from 7 to 20 an integral part of these financial statements.



NDB WEALTH GROWTH AND INCOME FUND

STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2023

	2023	2022
	Rs.	Rs.
Cash Flows from Operating Activities		
Interest received	14,734,841	62,010,543
Dividend received	2,582,350	58,960,010
Net investment in equity instruments	(14,690,095)	1,325,735,892
Net investment in corporate debentures	(1,500,000)	-
Net investment in Tbond	(20,433,597)	-
Management fees and trustee fees paid	(3,892,730)	(22,047,770)
Other expenses paid	(4,356,564)	(19,041,995)
Net cash Flow Generated / (Used in) From Operating Activities	<u>(27,555,796)</u>	<u>1,405,616,680</u>
Cash Flows from Financing Activities		
Amount received on units created	9,586,596	10,956,168
Amount paid on redemption of units	(15,693,430)	(2,379,203,322)
Net Cash from / (used in) Financing Activities	<u>(6,106,833)</u>	<u>(2,368,247,154)</u>
Net decrease in cash and cash equivalents	(33,662,629)	(962,630,474)
Cash and cash equivalents at the beginning of the year	97,069,812	1,059,700,285
Cash and cash equivalents at the end of the period	<u>63,407,183</u>	<u>97,069,813</u>
Cash and Cash Equivalents at the End of the Year Comprise of		
Cash at bank	25,001	25,000
Money Market Investment	23,382,182	17,044,811
Treasury bills under repurchase agreements	40,000,000	80,000,000
	<u>63,407,183</u>	<u>97,069,813</u>

Figures in bracket indicate deductions.

The accounting policies and notes in pages from 7 to 20 an integral part of these financial statements.



NDB WEALTH GROWTH AND INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

1. CORPORATE INFORMATION

1.1. Domicile and Legal Form

NDB Wealth Growth and Income Fund ("the fund") is an open-ended unit trust fund licensed by the Securities and Exchange Commission of Sri Lanka and established under trust deed signed on 07 January 1992. The trust which invests mainly in government securities and listed securities at the Colombo Stock.

The fund is managed by NDB Wealth Management Limited while Hatton National Bank acts as the trustee of the fund. The registered office of the fund manager is located at No. 40, Nawam Mawatha, Colombo 02, Sri Lanka and principal place of business is located at Level G, NDB Capital Building, No.135, Bauddhaloka Mawatha, Colombo 04, Sri Lanka.

The trustee's principal place is located at Level 15, HNB Towers, Colombo 10, Sri Lanka.

1.2. Date of Authorization for Issue

The financial statement of the fund for the year ended 31 December 2023 were authorized for issue by the fund management company and the trustee on 26 March 2024.



NDB WEALTH GROWTH AND INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

2. PREPARATION OF FINANCIAL STATEMENTS

2.1. Basis of Preparation

The financial statements are prepared and presented in accordance with and comply with the relevant Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. The statement of financial position is presented on a liquidity basis and assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. The financial statements have been prepared on the historical cost basis, except as noted in the following accounting policies. Historical cost is generally the fair value of the consideration given in exchange of assets. The financial statements are presented in Sri Lankan rupees (LKR).

2.2. Statement of Compliance

The financial statements which comprise the statement of financial position as at 31 December 2023, statement of profit or loss and other comprehensive income, statement of changes in unitholders' funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards.

2.3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with SLFRSs requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the company's accounting policies, which are described below, the fund management company is required to make judgments and assumptions and use assumptions in measuring items reported in the financial statements. These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods as well, if the revision affects both current and future periods.

Management considers credit, liquidity and market risks and assesses the impact on valuation of investments when determining the fair value.

Management uses its judgment in determining the appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Other financial instruments are valued using a discounted cash flow analysis based on the assumptions supported, where possible, by observable market prices or rates.

Determination of Fair Value and Fair Value Hierarchy

The fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.



NDB WEALTH GROWTH AND INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: Techniques which use all inputs other than quoted prices included within level 1, that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3: Techniques which use inputs that are not based on observable market data.

2.4. Summary of Significant Accounting Policies

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2.4.1. Financial instruments

(i) Classification and Measurement of Financial Assets and Financial Liabilities

SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

(ii) Recognition and Initial Measurement

All financial assets are initially recognized on the date the fund becomes a party to the contractual provisions of the instrument. This includes purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(iii) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The fund's financial assets classified under amortised cost include Treasury bill/ bond purchases agreements and cash and cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets, if any.



NDB WEALTH GROWTH AND INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

(iv) Subsequent Measurement and Gains and Losses

<i>Financial assets at amortised cost</i>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
<i>Debt investments at FVOCI</i>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. The changes in fair value of FVOCI debt instruments are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<i>Financial assets at FVTPL</i>	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognised in profit or loss.

(v) Impairment

The fund recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The fund measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the fund is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data: –

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

As of the date of the statement of financial position the fund has not observed any of the above thus no impairment provision has been recognized in the financial statements.



NDB WEALTH GROWTH AND INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

2.4.2. Financial Liabilities – Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss. Financial liabilities measured at amortised cost include accrued expenses and other payables.

2.4.3. Derecognition

Financial assets

The fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The fund enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.4.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



NDB WEALTH GROWTH AND INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

2.4.5. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in values.

2.4.6. Payables and Provisions

Payables are initially recognized at fair value, which is the fair value of the consideration to be paid in the future for goods and service received, whether or not billed to the Fund, and subsequently at amortised cost.

Provisions are recognised when the fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

2.4.7. Recognition of Income

Income is recognized to the extent that it is probable that the economic benefits will flow to the fund and the revenue can be reliably measured. The following specific criteria must also be met before interest income is recognised.

(i) Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income of treasury securities, fixed deposit and corporate debt securities are recognized gross of or withholding tax up to 31.03.2018 and thereafter net of withholding tax, due to the changes in the new inland revenue Act No. 24 of 2017.

2.4.8. Unitholders' Funds and Net Assets Attributable to Unitholders

Unitholders' Funds has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unitholders, as at the date of the statement of financial position.

Units can be issued and redeemed based on the fund's net asset value per unit, calculated by dividing the net assets of the fund calculated in accordance with the valuation guidelines issued by the Unit trust Association of Sri Lanka and directive issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue.

2.5. TAXATION

Unit Trusts that conduct eligible investment business are treated as pass through vehicles and tax will be payable by unitholders in accordance with the new Inland Revenue Act No. 24 of 2017.



NDB WEALTH GROWTH AND INCOME FUND

NOTES FOR THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

3. INTEREST INCOME	2023 Rs.	2022 Rs.
Corporate debentures	2,994,866	1,401,901
T-Bonds	1,595,502	-
Money market saving accounts	2,827,502	17,411,868
Treasury bills under repurchase agreements (Short term)	1,528,169	-
Treasury bills under repurchase agreements (long term)	7,289,712	41,217,742
	16,235,752	60,031,510
4. OPERATING EXPENSES	2023 Rs.	2022 Rs.
Management fees	3,560,663	16,429,478
Trustee fees	409,476	1,785,576
Custodian fees	141,538	134,209
Audit fees	81,458	95,000
Equity transaction cost	4,093,289	18,614,052
Bank charges	47,609	-
Tax consultancy charges	(18,667)	120,955
Front end fees (reversal) / payable	-	23,667
	8,315,367	37,202,937
5. INCOME TAX EXPENSES	2023 Rs.	2022 Rs.
Current year tax expenses	-	-
	-	-

- 5.1.** Following enactment of the new Inland Revenue Act No. 24 of 2017 effective from 1 April 2018, the fund is deemed as conducting an eligible investment business and is treated as a tax pass through vehicle. Hence no provision for the income tax was made in the financial statements.



NDB WEALTH GROWTH AND INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net change in total unrealized gain / (loss) on equity securities at fair value through profit or loss.

Company	2023				2022			
	No. of shares	Cost of the Investment Rs.	Market Value Rs.	Holdings as a % of Net Asset Value	No. of Shares Rs.	Cost of the Investment Rs.	Market Value Rs.	Holdings as a % of Net Asset Value
Trading								
Banks								
Commercial Bank of Ceylon PLC	75,000	6,000,000	7,162,500	3%	-	-	-	0%
Hatton National Bank PLC	150,000	18,532,895	25,387,500	10%	-	-	-	0%
Sampath Bank PLC	275,000	15,939,182	19,387,500	7.4%	-	-	-	0%
Capital Goods								
Access Eng Ltd	800,000	12,375,579	16,240,000	6%	-	-	-	0%
Hayleys Plc	285,000	24,921,493	20,349,000	8%	-	-	-	0%
Richard Pieris And Company Plc	-	-	-	0%	350,000	10,834,732	8,435,000	4%
Energy								
Lanka IOC Plc	-	-	-	0%	104,600	17,698,102	21,207,650	11%
Telecommunication Services								
Dialog Axiata PLC	-	-	-	0%	-	-	-	0%
Consumer Services								
Aitken Spence Hotel Holdings Plc	150,000	9,230,739	9,450,000	4%	200,000	12,750,500	10,160,000	5%
Consumer Durables & Apparel								
Hayleys Fabric Plc	-	-	-	0%	500,000	19,162,718	11,300,000	6%
Teejay Lanka Plc	525,000	18,149,907	19,057,500					
Food Beverage & Tobacco								
Sunshine Holdings Plc	400,000	18,905,163	20,400,000	8%	300,000	13,505,163	10,440,000	5%
Watawala Plantations Plc	-	-	-	0%	100,000	9,052,838	7,400,000	4%
Ceylon Cold Stores Plc	350,000	12,250,000	14,840,000					
Transportation								
Expolanka Holdings Plc	-	-	-	0%	50,000	10,977,404	9,112,500	5%
Utilities								
Windforce Limited	-	-	-	0%	1,000,000	16,000,000	14,900,000	7%
Total value of quoted equity securities (at market value)		<u>136,304,959</u>	<u>152,274,000</u>	<u>45%</u>		<u>109,981,457</u>	<u>92,955,150</u>	<u>46%</u>
Total unrealized gain / (loss)			<u>15,969,041</u>				<u>(17,026,307)</u>	
Unrealised gain for the period			<u>32,995,348</u>					

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



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For the Year Ended 31 December 2023

7. FINANCIAL ASSETS MEASURED THROUGH OTHER COMPREHENSIVE INCOME	2023 Rs.	As a % of net asset value	2022 Rs.	As a % of net asset value
Quoted corporate debentures (Note 7.1.)	18,548,253	7%	10,558,927	5%
Investment in GOSL TBondss (Note 7.2.)	26,519,515	10%	-	0%
	45,067,768		10,558,927	

7.1. Quoted Corporate Debentures

	2023			2022		
	Market Value Rs.	Amortized Cost Rs.	As a % of net asset value	Market Value Rs.	Amortized Cost Rs.	As a % of net asset value
Sampath Bank PLC	18,548,253	14,195,883	7.13%	-	-	-
Citizens Development Business Finance PLC	-	-	0.00%	10,558,927	11,050,017	5.00%
	18,548,253	14,195,883	7.13%	10,558,927	11,050,017	5.00%
Total unrealised gain / (loss)	4,352,370			(491,090)		
Unrealised gain / (loss) on the changes in the fair value recognised in other comprehensive income	4,843,460					

7.2. Quoted Corporate Bond

	2023			2022		
	Market Value Rs.	Amortized Cost Rs.	As a % of net asset value	Market Value Rs.	Amortized Cost Rs.	As a % of net asset value
LKB01628G019	26,519,515	25,743,065	12.88%	-	-	-
	26,519,515	25,743,065	12.88%	-	-	-
Total unrealised gain / (loss)	776,451			-		
Unrealised gain / (loss) on the changes in the fair value recognised in other comprehensive income	776,451					

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



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For the Year Ended 31 December 2023

8. FINANCIAL ASSETS MEASURED AT AMORTISED COST	2023 Rs.	As a % of net asset value	2022 Rs.	As a % of net asset value
	0.00		Rs.	
Money market savings account (Note 8.1.)	23,570,812	9%	17,361,278	9%
Treasury bills under repurchase agreements (short/long term) (Note 8.2.)	40,044,384	15%	81,411,507	40%
	63,615,196	24%	98,772,785	49%
8.1. Money Market Savings Account	2023 Rs.	As a % of net asset value	2022 Rs.	As a % of net asset value
Hatton National Bank PLC	23,557,776	9%	16,298,532	8%
DFCC Bank	13,009	0%	1,062,724	1%
Union Bank	26.98	0%	21	0%
	23,570,812	9%	17,361,278	9%
8.2. Treasury Bills Under Repurchase Agreements (Long Term)	2023 Rs.		2022 Rs.	
Union Bank	-	0%	-	0%
Capital Alliance Limited	40,044,384	15%	81,411,507	40%
	40,044,384	15%	81,411,507	40%
9. TAXES RECOVERABLE			2023 Rs.	2022 Rs.
Withholding tax recoverable			2,075,815	2,075,815
Notional tax credit			1,216,203	1,216,203
			<u>3,292,018</u>	<u>3,292,018</u>
Less				
Impairment allowance for WHT			(2,075,815)	(2,075,815)
Impairment allowance for Notional Tax			(1,216,203)	(1,216,203)
			<u>-</u>	<u>-</u>
10. ACCRUED EXPENSES			2023 Rs.	2022 Rs.
Management Fees			337,948	268,523
Trustee Fees			38,864	30,880
Custodian Fees			12,021	12,021
Audit Fees			78,708	95,000
Tax Consultancy Fees			25,000	43,667
Front end fees (Reversal)/Payable			23,667	45
			516,209	450,136



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For the Year Ended 31 December 2023

11. NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS

The movement in the number of units and net assets attributable to unitholders during the period were as follows:

	2023 Units	2022 Units	2023 Rs.	2022 Rs.
Opening capital balance	4,886,981	59,393,288	201,861,976	3,045,590,540
Units issued during the year	178,606	217,525	9,586,596	10,956,168
Units redeemed during the year	(339,325)	(54,723,833)	(15,693,430)	(2,379,203,322)
Increase in net assets attributable to unitholders	-	-	59,090,952	(474,680,204)
Distributions to unitholders	-	-	-	-
Other comprehensive income	-	-	5,619,911	(801,205)
Closing balance	4,726,262	4,886,981	260,466,005	201,861,976

The creation price was at LKR 56.25 (2022 -LKR 42.13) per unit and the redemption price was at 54.68 (2022 - LKR. 41.06) per unit as at 31 December 2023.

12. CONTINGENCIES

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

13. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosures in the financial statements.

14. CAPITAL COMMITMENTS

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

15. RELATED PARTY TRANSACTIONS

The following have been identified as related parties to NDB Wealth Growth & Income Fund in accordance with LKAS 24 for the reasons stated below.

The management company, NDB Wealth Management Ltd is a subsidiary of NDB Capital Holdings PLC. The company's ultimate parent entity and controlling party is National Development Bank PLC, which is incorporated and domiciled in Sri Lanka.

Mr. D.S.P. Wickramanayake, Mr. Bernand Sinniah, Mr.Senaka Kakiriwaragodage, Mr. Sanjaya Perera and Mr.Dimantha Senevirathne are directors of the NDB Wealth Management Ltd.

Details of fund management fees and trustee fees paid/ payable to related parties are as follows:

Name of the Related Party	Nature of Interest	Particulars of Financial Dealings	Transaction Value Rs.	Outstanding Value Rs.
NDB Wealth Management Limited	Fund Management Company	Management fees	3,560,663	337,948
Hatton National Bank (HNB)	Trustee	Trustee fees Custodian fee	409,476 141,538	38,864 12,021

The fund maintains a current account with the Trustee, Hatton National Bank through which all settlements of transactions of the fund were made.



NDB WEALTH GROWTH AND INCOME FUND

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For the Year Ended 31 December 2023

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Financial Instruments

The fund's principal financial assets comprise investment in corporate debentures, fixed deposits, quoted equities and assets backed securities. The main purpose of these financial instruments is to generate a return on the investment made by unitholders. The fund's financial liabilities comprise of mainly with accrued expenses.

(b) Financial Risk Management Objectives, Policies and Processes

Risks arising from holding financial instruments are inherent in the fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The fund is exposed to credit risk, market risk and liquidity risk.

Concentration of risk arises when a number of financial instruments or contracts are entered in to with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions.

(c) Credit Risk

Credit risk is the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss of interest and/or principal.

The fund's exposure to credit risk from its financial assets arises from default of the counterparty and the current exposure equal to the fair value of these instruments as detailed below and main concentration of credit risk, to which fund is exposed arises from fund's investment in debt securities, cash and cash equivalents and other receivables.

It is the fund's policy to enter into financial instruments with reputable counterparties with credit ratings.

Risk Concentration of Credit Risk Exposure

Concentration of credit risk is managed by counterparty and by market sector. The Fund is also subject to credit risk on its bank balance and receivables. The credit risk exposure on these instruments is not deemed to be significant.

The Fund's maximum exposure to credit risk can be analysed as follows:

	2023 Rs.	2022 Rs.
Conservative- Government securities and treasury bill/bond repurchase agreements	40,044,383	81,411,507
Balanced- Corporate debentures, fixed deposits, asset back securities and money market accounts	68,638,580	27,920,205

(d) Market Risk

Market risk represents the risk that the value of the fund's investment portfolios will fluctuate as a result of changes in market prices.

This risk is managed by ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.



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(e) Price Risk

Price risk is the risk that the fair value of the fund's investments in trading securities fluctuates as a result of changes in the price of the fund's investments in trading securities. Price risk exposure arises from the fund's investment portfolio.

The table below shows the impact on the statement of profit or loss and other comprehensive income and statement of financial position due to a reasonably possible change in the price of the fund's investment in trading securities, with all other variables held constant.

changes in the price of the fund's investments in trading securities existing as of reporting date	2023		2022	
	Increases / (decreases) on profit before tax	Increases/ (decreases) on amounts attributable to unitholders	Increases/ (decreases) on profit before tax	Increases/ (decreases) on amounts attributable to unitholders
	Rs	Rs	Rs	Rs
+10%	15,227,400	15,227,400	9,295,515	9,295,515
-10%	(15,227,400)	(15,227,400)	(9,295,515)	(9,295,515)

The above figures are calculated across the entire investment portfolio on an annual basis. There is a corresponding change to the fair value of trading securities within the statement of financial position.

(f) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant.

Change in interest rate of fund's investments in financial assets measured at amortized cost and FVOCI	Increases/ (decreases) on profit before tax for the year	Increases/ (decreases) on profit before tax for the year
	2023 Rs	2022 Rs
+1%	748,822	1,070,448
-1%	(748,822)	(1,070,448)

The fund's exposure to interest rate risk primarily arises from changes in interest rates applicable to the investments classified under financial assets at amortised cost.

(g) Liquidity Risk

Liquidity risk is the risk that the fund will encounter difficulty in raising funds to meet its obligation to pay unitholders.

Due to the nature of a unit trust, it is unlikely that a significant number of unitholders would exit at the same time. However, to control liquidity risk, the fund investments in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the fund invests within established limits to ensure that there is no concentration of risk.

The fund's exposure to liquidity can be analyzed as follows:

	2023 Rs.	2022 Rs.
Fixed income securities		
Long term (more than 1 year)	45,067,768	10,558,927
Short term (less than 1 year)	63,615,195	98,772,785
	108,682,963	109,331,712

