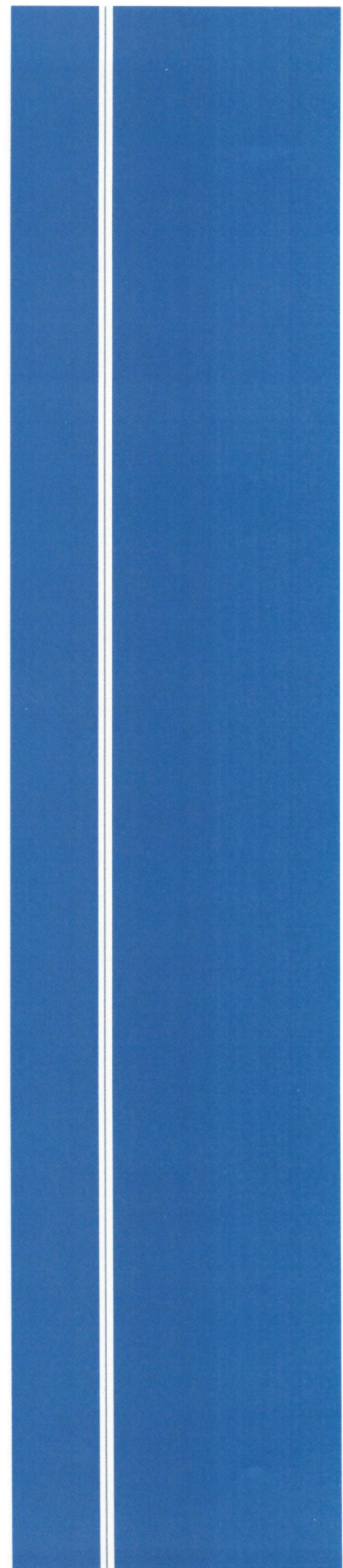


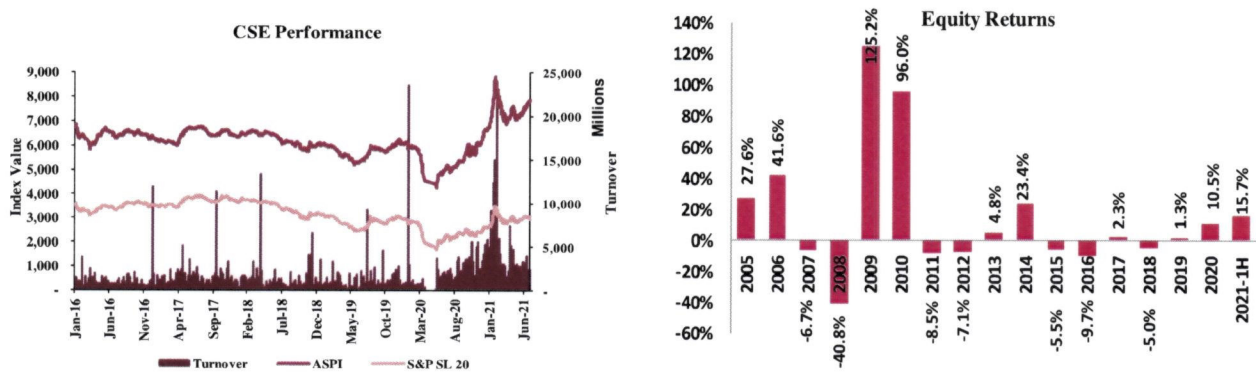
# **NDB Wealth Growth & Income Fund**

Financial Statements for the Period  
Ended 30<sup>th</sup> June 2021



## Fund Review 1<sup>st</sup> Half 2021 – NDB Wealth Growth & Income Fund

The Colombo Stock Exchange accelerated during the first half of 2021 with the All Share Price Index (ASPI) gaining 15.70% and the more liquid S&P SL 20 index rising 12.52% on the back of renewed investor interest amidst historically low interest rates and the lack of alternate investment opportunities, despite the continued impact of the pandemic weighing-in on the economy. Speculative trading patterns by high net-worth and retail investors were particularly witnessed on select counters, contributing to the upward trajectory of the indices. As of 30<sup>th</sup> June 2021, Market PE stood at 10.59x whilst market capitalization was LKR 3.47 trillion (Source: Colombo Stock Exchange).



Source: Colombo Stock Exchange

Despite the positive performance in the indices, weak macroeconomic fundamentals coupled with a declining rupee, drove foreign investors to be aggressive sellers on the bourse during the first half of the year, amounting to LKR 26.44 bn (net) resulting in value-driven, blue-chip counters favoured by foreign investors to underperform in comparison to the broader market. (Source: Colombo Stock Exchange)

In line with these market conditions, the NDB Wealth Growth and Income Fund which is invested in a balanced portfolio of equity and fixed income, yielded returns of 9.03% to its investors during the first half of 2021.

	NDB Wealth Growth and Income Fund	*ASPI	*S&P SL 20	*Average Weighted Fixed Deposit Rate (AWFDR) *6-month avg.
Performance - 1 <sup>st</sup> Half 2021	9.03% (after fees)	15.70%	12.52%	N/A
Annualized Performance - 1 <sup>st</sup> Half 2021	N/A	N/A	N/A	6.26%

\*Source: Colombo Stock Exchange

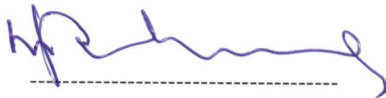
We expect corporate earnings to come under pressure in the period ahead, owing to the normalization of pent-up demand which was observed during the previous quarters. Thus, given the uncertainties surrounding the pandemic and macro-economic headwinds, we expect the equity market to be range-bound during the second half of 2021 however, not ruling out the possibility of intermittent rallies sparked by speculative trading patterns by retail and high net-worth investors.

**NDB WEALTH GROWTH AND INCOME FUND**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2021**

	Notes	2021 LKR	2020 LKR
<b>Investment income</b>			
Interest income	1.	25,706,895	15,860,559
Dividend income		81,246,538	2,912,040
		<u>106,953,433</u>	<u>18,772,599</u>
Net realised loss on financial assets at fair value through profit or loss		152,013,946	(5,814,658)
Unrealised gain / (loss) on financial assets at fair value through profit or loss	4.	(7,532,050)	(2,192,857)
<b>Total investment income</b>		<u>251,435,329</u>	<u>10,765,084</u>
Fees and expenses	2.	(41,137,879)	(5,900,950)
<b>Profit before tax</b>		<u>210,297,450</u>	<u>4,864,134</u>
Income tax expenses	3.	-	-
<b>Profit for the period</b>		<u>210,297,450</u>	<u>4,864,134</u>
<b>Other Comprehensive Income not to be reclassified to the statement of profit or loss</b>			
Fair value gain / (loss) from financial instrument at fair value through other comprehensive income	5.1	(629,151)	784,482
<b>Total comprehensive income for the period</b>		<u>209,668,298</u>	<u>5,648,615</u>
Increase in net assets attributable to unitholders		<u>209,668,298</u>	<u>5,648,615</u>

**NDB WEALTH GROWTH AND INCOME FUND  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

	Notes	30.04.2021 LKR	31.12.2020 LKR
<b>Assets</b>			
Cash at bank		25,000	24,999
Other receivable on Sale of Equity		44,602,632	-
Dividend Receivabl from Investments in Listed Equities		2,926,748	-
Financial assets at fair value through profit or loss	4.	1,619,042,766	1,972,320,614
Financial assets at fair value through other comprehensive	5.	22,864,362	23,791,147
Financial assets measured at amortised cost	6.	1,325,298,149	507,108,857
Taxes recoverable	7.	-	-
<b>Total assets</b>		<u>3,014,759,657</u>	<u>2,503,245,619</u>
 <b>Unit holders' funds and liabilities</b>			
<b>Liabilities</b>			
Amount payable on purchase of shares		-	-
Accrued expenses	8.	4,487,371	4,399,205
<b>Total liabilities</b>		<u>4,487,371</u>	<u>4,399,205</u>
<b>Net assets attributable to unitholders</b>		<u>3,010,272,286</u>	<u>2,498,846,414</u>
 <b>Unitholders' funds</b>			
Unit capital		611,468,227	553,573,008
Retained earnings		2,398,804,059	1,945,273,406
<b>Net assets attributable to unitholders</b>	9.	<u>3,010,272,286</u>	<u>2,498,846,414</u>



Director  
NDB Wealth Management Limited  
Fund Management Company



Director  
NDB Wealth Management Limited  
Fund Management Company

**NDB WEALTH GROWTH AND INCOME FUND  
STATEMENT OF CHANGES IN UNITHOLDERS' FUND  
FOR THE PERIOD ENDED 30 JUNE 2021**

	<b>Unit Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>LKR</b>	<b>LKR</b>	<b>LKR</b>
Balance as at 1 January 2020	81,547,249	249,618,565	331,165,814
Net increase due to creations and redemptions	472,025,759	1,594,056,210	2,066,081,969
Profit for the year	-	101,698,742	101,698,742
Other comprehensive expenses	-	(100,112)	(100,112)
Total comprehensive income for the year	-	101,598,630	101,598,630
Distributions to unitholders	-	-	-
Balance as at 31 December 2020	<u>553,573,008</u>	<u>1,945,273,406</u>	<u>2,498,846,414</u>
Net increase due to creations and redemptions	57,895,219	243,862,355	301,757,574
Profit for the period	-	210,297,450	210,297,450
Other comprehensive income	-	(629,151)	(629,151)
Total comprehensive income for the period	<u>-</u>	<u>209,668,298</u>	<u>209,668,298</u>
Balance as at 30 June 2021	<u><u>611,468,227</u></u>	<u><u>2,398,804,059</u></u>	<u><u>3,010,272,286</u></u>

**NDB WEALTH GROWTH AND INCOME FUND  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2021**

	<b>2021</b>	<b>2020</b>
	<b>LKR</b>	<b>LKR</b>
<b>Cash flows from operating activities</b>		
Interest received	31,344,562	14,067,997
Dividend received	78,319,790	2,912,040
Net investment in equity instruments	453,157,112	175,772,841
Net investment in asset backed securities	-	10,000,000
Net investment in corporate debentures	-	5,970,700
Net withdrawals in fixed deposits	114,899,810	(133,099,941)
Net withdrawals/(investment) in treasury bills	-	-
Net investment in money market investments	(942,044,989)	(27,360,575)
Management fees and trustee fees paid	(23,572,479)	(2,674,856)
Other expenses paid	(17,477,234)	(4,413,327)
<b>Net cash used in from operating activities</b>	<u>(305,373,429)</u>	<u>(3,825,122)</u>
<b>Cash Flows from financing activities</b>		
Amount received on units created	464,737,495	16,263,750
Amount paid on redemption of units	(162,979,921)	(12,438,628)
Net cash from / (used in) financing activities	<u>301,757,574</u>	<u>3,825,122</u>
Net decrease in cash and cash equivalents	-3,615,855	0
Cash and cash equivalents at the beginning of the year	368,640,855	25,000
Cash and cash equivalents at the end of the period	<u>365,025,000</u>	<u>25,000</u>
<b>Cash and cash equivalents at the end of the period comprise of</b>		
Cash at bank	25,000	25,000
Treasury bills under repurchase agreements	<u>365,000,000</u>	<u>-</u>
	<u>365,025,000</u>	<u>25,000</u>

**NDB WEALTH GROWTH AND INCOME FUND**  
**NOTES FOR THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2021**

	<b>2021</b>	<b>2020</b>
	<b>LKR</b>	<b>LKR</b>
<b>1. Interest income</b>		
Corporate debentures	1,406,661	3,150,555
Term deposits	3,100,545	8,405,082
Asset backed securities	-	494,515
Commercial papers	-	2,546,507
Money market saving accounts	5,185,227	992,191
Treasury bills under repurchase agreements (Short term)	4,452,478	271,708
Treasury bills under repurchase agreements (long term)	11,561,983	-
	<u>25,706,895</u>	<u>15,860,559</u>
<b>2. Operating expenses</b>		
Management fees	21,835,316	2,404,022
Trustee fees	2,358,214	259,843
Custodian fees	64,267	64,277
Audit fees	-65,685	96,593
Equity transaction cost	16,923,967	3,040,425
Bank charges	45,953	26,164
Tax consultancy charges	-24,152	33,307
Write off & other expenses	-	-23,679
	<u>41,137,879</u>	<u>5,900,950</u>
<b>3. Income tax expenses</b>		
Current year tax expenses (Note 3.1 )	-	-
Under / (over) provision of previous year taxes	-	-
	<u>-</u>	<u>-</u>
<b>3.1 Current income tax</b>		
Profit before tax for the taxable period	210,297,450	4,864,134
Add:	-	-
Less:	-	-
Total assessable income / taxable income	<u>210,297,450</u>	<u>4,864,134</u>
Income tax rate applicable	-	-
Income tax expense for current period	<u>-</u>	<u>-</u>
<b>3.2</b>		
The fund is deemed as conducting an eligible investment business and is treated as a tax pass through vehicle in accordance with the new Inland Revenue Act No. 24 of 2017 effective from 1 April 2018. 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 PERIOD ENDED 30 JUNE 2021**

**4. 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	30.06.2021				31.12.2020			
	No. of shares	Cost of the Investment	Market Value	Holdings as a % of Net Asset Value	No. of shares	Cost of the Investment	Market Value	Holdings as a % of Net Asset Value
		LKR	LKR			LKR	LKR	
<b>Trading</b>								
<b>Banks</b>								
Commercial Bank of Ceylon PLC	3,002,002	239,924,792	264,176,176	9%	4,197,099	331,626,057	339,545,309	14%
Hatton National Bank PLC	2,975,000	362,547,862	398,650,000	13%	2,346,607	280,079,398	296,845,786	12%
Sampath Bank PLC	-	-	-	0.0%	2,291,954	297,166,735	310,788,962	12%
National Development Bank	1,000	81,000	80,200	0.00%	-	-	-	0%
<b>Capital Goods</b>								
John Keells Holdings PLC	-	-	-	0%	2,151,344	306,724,765	321,841,062	13%
Access Eng Ltd	9,337,150	226,733,543	213,820,735	7%	9,337,150	226,733,543	229,693,890	9%
<b>Diversified Financials</b>								
Vallibel Finance Plc	254,775	34,608,599	39,999,675	1.33%	-	-	-	0%
<b>Materials</b>								
Tokyo Cement Company (Lanka) PLC	2,584,594	183,636,730	170,066,285	6%	1,492,151	89,596,182	113,701,906	5%
<b>Food Beverage &amp; Tobacco</b>								
Distilleries Company Of Sri Lanka Plc	-	-	-	0%	2,881,243	53,247,932	59,065,482	2%
<b>Telecommunication Services</b>								
Dialog Axiata PLC	14,954,638	182,390,658	182,446,584	6%	11,633,130	140,751,153	144,250,812	6%
<b>Food &amp; Staples Retailing</b>								
Cargills (Ceylon) Plc	713,841	142,675,326	171,321,840	6%	763,841	145,129,790	156,587,405	6%
<b>Utilities</b>								
Windforce Limited	9,544,453	152,711,248	178,481,271	6%	-	-	-	6%
<b>Total value of quoted equity securities (at market value)</b>		<u>1,525,309,758</u>	<u>1,619,042,766</u>	<u>54%</u>		<u>1,871,055,556</u>	<u>1,972,320,614</u>	<u>85%</u>
<b>Total unrealized gain / (loss)</b>			<u>93,733,008</u>				<u>101,265,059</u>	
<b>Unrealised gain for the period</b>			<u>(7,532,050)</u>					

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



**NDB WEALTH GROWTH AND INCOME FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2021**

	30.06.2021 LKR	As a % of net asset value	31.12.2020 LKR	As a % of net asset value
<b>5. Financial assets measured through other comprehensive income</b>				
Quoted corporate debentures (Note 5.1)	22,864,362	1%	23,791,147	1%
	<u>22,864,362</u>		<u>23,791,147</u>	

**5.1 Quoted corporate debentures**

	30.06.2021			31.12.2020	
	Market Value	Amortized Cost	As a % of net asset value	Market Value	Amortized Cost
	LKR	LKR		LKR	LKR
Seylan Bank PLC	4,622,580	4,607,346	0%	4,800,452	4,612,711
Siyapatha Finance PLC	7,067,512	6,953,368	0%	6,875,262	6,529,282
Citizens Development Business Finance PLC	11,174,269	10,351,761	0%	12,115,433	11,068,116
	<u>22,864,362</u>	<u>21,912,475</u>	1%	<u>23,791,147</u>	<u>22,210,109</u>
<b>Total unrealised gain / (loss)</b>	<u><b>951,887</b></u>			<u><b>1,581,038</b></u>	
<b>Unrealised gain / (loss) on the changes in the fair value recognised in other comprehensive income</b>	<u><b>(629,151)</b></u>				

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

	30.06.2021	As a % of net asset value	31.12.2020	As a % of net asset value
<b>6. Financial assets measured at amortised cost</b>				
Fixed deposits (Note 6.1)	-	0%	124,377,410	5%
Money market savings account (Note 6.2)	958,948,148	32%	13,926,403	1%
Treasury bills under repurchase agreements (short/long term) (Note 6.3)	366,350,000	12%	368,805,045	15%
	<u>1,325,298,149</u>	<u>44%</u>	<u>507,108,857</u>	<u>20%</u>

	30.06.2021	As a % of net asset value	31.12.2020	As a % of net asset value
<b>6.1 Fixed deposits</b>				
LB Finance PLC	-	0%	27,437,810	3%
HNB Finance PLC	-	0%	49,042,340	5%
Sampath Bank PLC	-	0%	47,897,260	5%
	<u>-</u>	<u>0%</u>	<u>124,377,410</u>	<u>12%</u>

**NDB WEALTH GROWTH AND INCOME FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2021**

	30.06.2021	As a % of net asset value	31.12.2020	As a % of net asset value
<b>6.2 Money market savings account</b>				
Hatton National Bank PLC	262,425,067	9%	13,926,403	1%
DFCC Bank	696,523,081	23%	-	0%
	<b>958,948,148</b>	<b>32%</b>	<b>13,926,403</b>	<b>1%</b>
<b>6.3 Treasury bills under repurchase agreements (short term)</b>				
First Capital Treasuries Ltd	366,350,000	12%	267,376,074	27%
Wealthtrust Sec Ltd	-	0%	101,428,970	10%
	<b>366,350,000</b>	<b>12%</b>	<b>368,805,044</b>	<b>47%</b>

	30.06.2021 LKR	31.12.2020 LKR
<b>7. Taxes recoverable</b>		
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>

	30.06.2021 LKR	31.12.2020 LKR
<b>8. Accrued expenses</b>		
Management fees	3,754,392	3,193,877
Trustee fees	405,474	344,939
Custodian fees	10,652	10,978
Audit fees	42,500	193,185
Tax consultancy fees	36,359	133,229
Front end fees (reversal) / payable	237,994	522,997
	<u>4,487,371</u>	<u>4,399,205</u>

**9. 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:

	30-Jun-21 Units	31-Dec-20 Units	30-Jun-21 LKR	31-Dec-20 LKR
Opening capital balance	58,003,620	8,438,224	2,498,846,413	331,165,814
Units issued during the year	9,649,091	51,360,272	464,737,495	2,139,850,072
Units redeemed during the year	(3,569,841)	(1,794,876)	(162,979,921)	(73,768,103)
Increase in net assets attributable to unitholders	-	-	210,297,450	101,698,742
Distributions to unitholders	-	-	-	-
Other comprehensive income	-	-	(629,151)	(100,112)
<b>Closing balance</b>	<u>64,082,870</u>	<u>58,003,620</u>	<u>3,010,272,286</u>	<u>2,498,846,413</u>

The creation price was at LKR 47.98 (2020 -LKR.44.13) per unit and the redemption price was at 46.68 (2020 - LKR. 42.70) per unit as at 30th June 2021.

**NDB WEALTH GROWTH AND INCOME FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2021**

**10. Distributions for the period**

There were no distributions for the Period ended 30 June 2021.

**11. Contingencies**

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

**12. 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.

**13. Capital commitments**

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

**NDB WEALTH GROWTH AND INCOME FUND**

For the period ended 30 June 2021

	NAV as per Valuation as at 30.06.2021	3,010,147,969
Add:	Adjustments to the Financial Statements	
	Audit & Tax Consultant Fee - Over Provision adjustment	124,317
	NAV as per Financial Statements (Net Assets attributable to Unit holders)	<u><u>3,010,272,286</u></u>