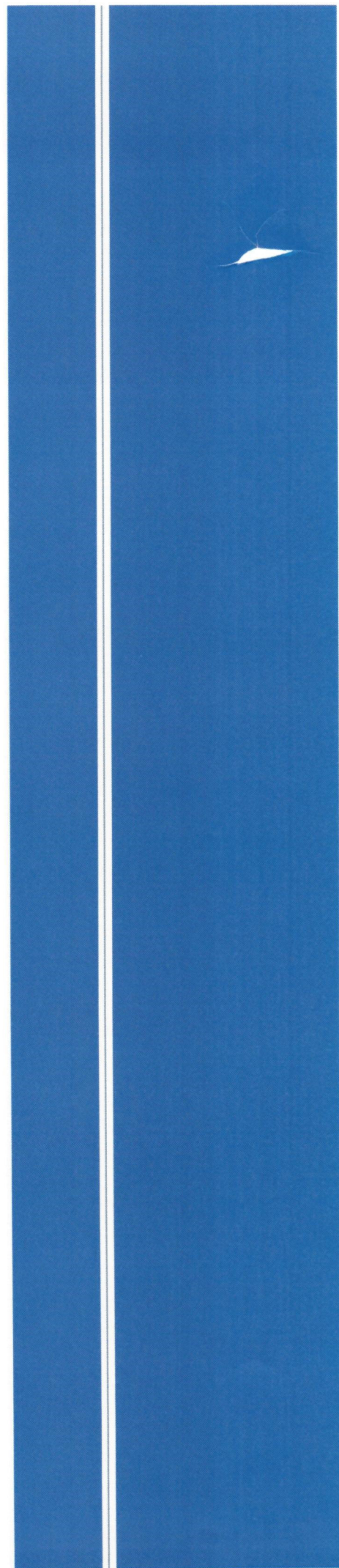


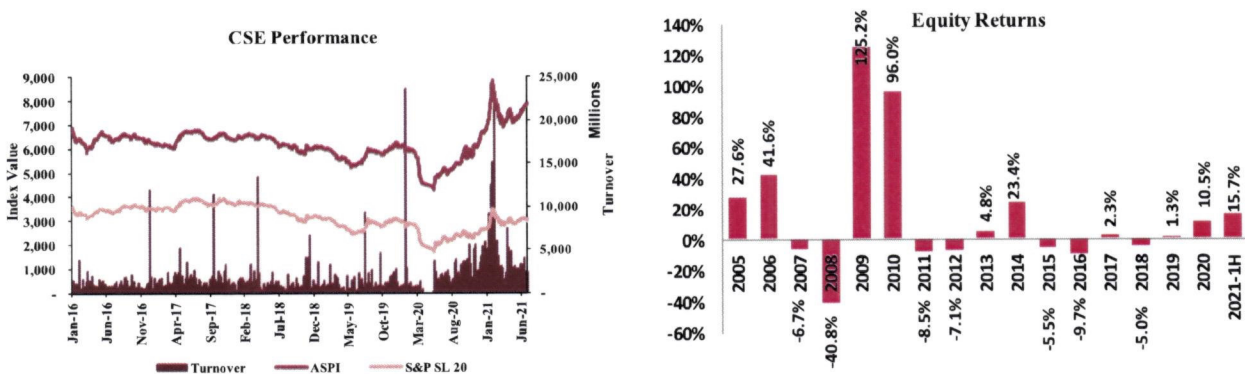
# NDB Wealth Growth Fund

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



## Fund Review 1<sup>st</sup> Half 2021 – NDB Wealth Growth 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 Fund yielded returns of 11.29% during the first half of 2021.

	NDB Wealth Growth Fund	*ASPI	*S&P SL 20
Performance - 1 <sup>st</sup> Half 2021	11.29% (after fees)	15.70%	12.52%

\*Source: Colombo Stock Exchange

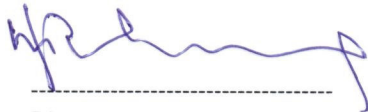
We expect corporate earnings to come under pressure in the period ahead, owing to the normalization of pent-up demand which was observed during the previous quarters. Thus, given the uncertainties surrounding the pandemic and macro-economic headwinds, we expect the equity market to be range-bound during 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 FUND**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2021**


	Note	30.06.2021 LKR	30.06.2020 LKR
<b>Investment income</b>			
Interest income	1.	664,210	1,507,350
Net dividend income		12,398,689	4,129,496
		<u>13,062,899</u>	<u>5,636,846</u>
Realised (loss) / gain on financial assets at fair value through profit or loss	2.	2,737,167	(44,954,787)
Unrealised loss on financial assets at fair value through profit or loss	8.	6,987,352	4,325,843
<b>Total investment income / (loss)</b>		<u>22,787,418</u>	<u>(34,992,098)</u>
Operating expenses	3.	(5,913,046)	(3,498,885)
<b>Loss before tax</b>		<u>16,874,372</u>	<u>(38,490,983)</u>
Income tax expense	4.	-	-
<b>Loss for the period</b>		<u>16,874,372</u>	<u>(38,490,983)</u>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period</b>		<u>16,874,372</u>	<u>(38,490,983)</u>
<b>Decrease in net assets attributable to unitholders</b>		<u>16,874,372</u>	<u>(38,490,983)</u>

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

	Note	30.06.2021 LKR	31.12.2020 LKR
<b>Assets</b>			
Cash at bank	5.	335,048	19,856
Financial assets at fair value through profit or loss	8.	265,621,477	186,277,723
Financial assets measured at amortised cost	9.	26,388,843	7,100,844
Other receivables	6.	20,763	695,124
Dividend Receivabl from Investments in Listed Equities		2,698,100	-
Taxes recoverable	7.	-	-
<b>Total assets</b>		<u>295,064,231</u>	<u>194,093,547</u>
<b>Liabilities</b>			
Accrued expenses	10.	<u>946,574</u>	<u>855,819</u>
<b>Total liabilities</b>		<u>946,574</u>	<u>855,819</u>
<b>Net assets attributable to unitholders</b>		<u><u>294,117,657</u></u>	<u><u>193,237,728</u></u>
<b>Unitholders' fund</b>			
Unit capital		27,308,336	19,991,693
Retained earnings		<u>266,809,321</u>	<u>173,246,035</u>
<b>Net assets attributable to unitholders</b>	11.	<u><u>294,117,657</u></u>	<u><u>193,237,728</u></u>



Director  
NDB Wealth Management Ltd  
Fund Management Company



Director  
NDB Wealth Management Ltd  
Fund Management Company

**NDB WEALTH GROWTH FUND  
STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS  
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>
<b>Balance as at 1 January 2020</b>	19,649,295	179,095,143	198,744,438
Net decrease due to creation and redemption of units	342,398	2,089,934	2,432,332
Decrease in net assets attributable to unitholders	-	(7,939,042)	(7,939,042)
<b>Balance as at 1 January 2021</b>	<u>19,991,693</u>	<u>173,246,035</u>	<u>193,237,728</u>
Net decrease due to creation and redemption of units	7,316,643	76,688,914	84,005,557
Decrease in net assets attributable to unitholders	-	16,874,372	16,874,372
<b>Balance as at 30 June 2021</b>	<u><u>27,308,336</u></u>	<u><u>266,809,321</u></u>	<u><u>294,117,657</u></u>

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

	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>LKR</b>	<b>LKR</b>
<b>Cash flows from operating activities</b>		
Interest received	647,084	1,303,811
Dividend received	9,700,589	4,129,496
Management fees paid	(2,936,807)	(1,634,744)
Other expenses paid	(2,863,722)	(1,621,478)
Proceeds from sale of equity investments	75,283,561	78,194,437
Net investment in equity instruments	(144,228,436)	(33,475,624)
<b>Net cash generated from operating activities</b>	<u>(64,397,732)</u>	<u>46,895,897</u>
 <b>Cash flows from financing activities</b>		
Cash received on creation of units	96,182,370	4,364,882
Cash paid on redemption of units	(12,198,575)	(8,069,080)
<b>Net cash generated from financing activities</b>	<u>83,983,795</u>	<u>(3,704,198)</u>
 Net increase in cash and cash equivalents	19,586,064	43,191,699
Cash and cash equivalents at the beginning of the year	7,080,421	9,746,189
<b>Cash and cash equivalents at the end of the period</b>	<u><u>26,666,485</u></u>	<u><u>52,937,888</u></u>
 <b>Cash and cash equivalents at the end of the period comprises of:</b>		
Cash at bank	335,048	370,466
Money market savings	26,331,437	52,567,422
	<u><u>26,666,485</u></u>	<u><u>52,937,888</u></u>

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

	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>LKR</b>	<b>LKR</b>
<b>1. Interest income</b>		
Interest on fixed deposits	-	166,685
Interest on money market saving accounts	304,491	859,843
Interest on treasury bills Repo	359,719	-
Interest on commercial papers	-	480,822
	<u>664,210</u>	<u>1,507,350</u>
<b>2. Net realised (loss)/gain on financial assets at fair value through profit or loss</b>		
Gross sales proceeds from disposal of equity shares	74,609,201	81,663,188
Weighted average cost of equity shares disposed	<u>(71,872,034)</u>	<u>(126,617,975)</u>
	<u>2,737,167</u>	<u>(44,954,787)</u>
<b>3. Expenses</b>		
Management fee	3,123,036	1,812,826
Trustee fee	271,991	165,340
Custodian fee	74,957	43,510
Auditor's remuneration	86,130	115,607
Tax consultancy fee	55,099	43,404
Bank charges	29,222	43,600
Transaction costs on equity share transactions	<u>2,272,610</u>	<u>1,274,599</u>
	<u>5,913,046</u>	<u>3,498,885</u>
<b>4. Income tax expense</b>		
Tax expense for the year	<u>-</u>	<u>-</u>

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.

	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>LKR</b>	<b>LKR</b>
<b>5. Cash at bank</b>		
Bank of Ceylon operations account	335,048	19,856
	<u>335,048</u>	<u>19,856</u>
<b>6. Other receivables</b>		
Receivable on sale of shares	-	674,362
Receivable on creations	20,763	20,762
	<u>20,763</u>	<u>695,124</u>
<b>7. Taxes recoverable</b>		
Withholding tax receivable	2,304,867	2,304,867
Notional tax credit recoverable	68,339	68,339
Income tax payable	-	-
	<u>2,373,206</u>	<u>2,373,206</u>
<u>Less</u>		
Impairment allowance for Withholding tax	(2,304,867)	(2,304,867)
Impairment allowance for notional tax	(68,339)	(68,339)
Write off - Notional tax recoverable	-	-
	<u>-</u>	<u>-</u>

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

**8. Financial assets at fair value through profit or loss**

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

Company	No. of shares	30.06.2021	Market value LKR	No. of shares	31.12.2020	Market value LKR
		Cost of the investment LKR			Cost of the investment LKR	
<b>Banks</b>						
Commercial Bank Of Ceylon PLC	425,217	36,618,640	37,419,096	242,399	19,591,238	19,610,079
Commercial Bank Of Ceylon PLC (Non Voting)	-	-	-	-	-	-
DFCC Bank PLC	46,066	7,776,034	2,768,567	44,963	7,815,128	2,936,084
Hatton National Bank PLC	354,123	53,442,994	47,452,482	257,509	40,647,647	32,574,889
Hatton National Bank PLC (Non voting)	-	-	-	-	-	-
National Development Bank PLC	933	73,623	74,827	-	-	-
Sampath Bank PLC	-	-	-	64,500	8,726,250	8,746,200
Seylan Bank PLC	301,535	22,048,481	14,835,522	292,920	21,609,101	13,474,320
Seylan Bank PLC (Non Voting)	-	-	-	121,374	5,389,860	4,126,716
		<u>119,959,772</u>	<u>102,550,493</u>		<u>103,779,224</u>	<u>81,468,288</u>
<b>Capital Goods</b>						
John Keells Holdings PLC	31,129	4,880,726	4,210,197	-	-	-
Hemas Holdings PLC	-	-	-	-	-	-
Access Eng Ltd	1,127,000	24,230,500	25,808,300	1,127,000	24,230,500	27,724,200
		<u>29,111,226</u>	<u>30,018,497</u>		<u>24,230,500</u>	<u>27,724,200</u>
<b>Consumer Durables &amp; Apparel</b>						
Hayleys Fabric PLC	-	-	-	-	-	-
		<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
<b>Diversified Financials</b>						
Central Finance Company PLC	-	-	-	169,184	15,040,414	14,042,272
People'S Leasing Company PLC	166,094	1,991,737	2,159,222	-	-	-
Vallibel Finance Plc	85,148	12,702,463	13,368,236	-	-	-
Singer Finance (Lanka) PLC	-	-	-	-	-	-
		<u>14,694,200</u>	<u>15,527,458</u>		<u>15,040,414</u>	<u>14,042,272</u>
<b>Food, Beverage and Tobacco</b>						
Ceylon Cold Stores PLC	5,236	3,321,600	3,534,300	5,236	3,321,600	3,689,286
Distilleries Company Of Sri Lanka Plc	816,555	12,705,407	15,759,512	836,555	13,016,603	17,149,378
Cargills (Ceylon) Plc	91,000	20,020,000	21,840,000	-	-	-
		<u>36,047,007</u>	<u>41,133,812</u>		<u>16,338,203</u>	<u>20,838,663</u>
<b>Insurance</b>						
Peoples Insurance PLC	775,000	11,625,000	25,575,000	775,000	11,625,000	21,855,000
		<u>11,625,000</u>	<u>25,575,000</u>		<u>11,625,000</u>	<u>21,855,000</u>
<b>Materials</b>						
Chevron Lubricants Lanka Plc	18,000	1,539,000	1,890,000	78,000	6,669,000	8,424,000
Tokyo Cement Company (Lanka) PLC	156,500	5,160,356	10,297,700	156,500	5,160,356	11,925,300
		<u>6,699,356</u>	<u>12,187,700</u>		<u>11,829,356</u>	<u>20,349,300</u>
<b>Telecommunications</b>						
Dialog Axiata PLC	1,863,403	23,462,538	22,733,517	-	-	-
		<u>23,462,538</u>	<u>22,733,517</u>		<u>-</u>	<u>-</u>
<b>Utilities</b>						
Windforce Limited	850,000	13,600,000	15,895,000	-	-	-
Laugfs Power Limited (Non Voting)	-	-	-	-	-	-
		<u>13,600,000</u>	<u>15,895,000</u>		<u>-</u>	<u>-</u>
<b>Total value of quoted equity securities</b>		<u>255,199,098</u>	<u>265,621,477</u>		<u>182,842,696</u>	<u>186,277,723</u>
<b>Total unrealised loss</b>			<u>10,422,378</u>			<u>3,435,026</u>
<b>Charged to profit or loss</b>			<u>6,987,352</u>			



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

	As a % of net asset value	Amortised cost	Amortised cost
	30.06.2021	30.06.2021	31.12.2020
		LKR	LKR
<b>9. Financial assets measured at amortised cost</b>			
Investment in money market saving accounts (Note 9.1)	8.97%	26,388,843	7,100,844
		<u>26,388,843</u>	<u>7,100,844</u>

**9.1 Investment in money market saving accounts**

Company	Amortised cost LKR	As a % of net asset value 30.06.2021	Amortised cost LKR	As a % of net asset value 31.12.2020
Union Bank of Colombo PLC	88,863	0.03%	1,166,119	0.60%
Hatton National Bank PLC	44,690	0.02%	5,934,725	3.07%
DFCC Bank PLC	26,255,290	8.93%	-	-
	<u>26,388,843</u>	<u>8.97%</u>	<u>7,100,844</u>	<u>3.67%</u>

**10. Accrued expenses**

	30.06.2021 LKR	31.12.2020 LKR
Front end fee	160,682	182,444
Management fee	554,828	368,598
Trustee fee	44,527	33,618
Auditor's remuneration	86,130	172,260
Custodian fee	13,316	8,846
Tax consultancy fee	87,092	90,053
	<u>946,574</u>	<u>855,819</u>

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

**11. Net assets attributable to unitholders**

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

	<b>30-Jun-21</b>	<b>31-Dec-20</b>	<b>30-Jun-21</b>	<b>31-Dec-20</b>
	<b>Units</b>	<b>Units</b>	<b>LKR</b>	<b>LKR</b>
Opening capital balance	19,985,634	19,643,299	193,237,728	198,744,438
Units issued during the year	8,499,821	1,740,507	96,204,132	14,973,881
Units redeemed during the year	(1,184,697)	(1,398,172)	(12,198,575)	(12,541,549)
Increase in net assets attributable to unitholders	-	-	16,874,372	(7,939,042)
<b>Closing balance</b>	<u>27,300,758</u>	<u>19,985,634</u>	<u>294,117,657</u>	<u>193,237,728</u>

The creation price was at LKR 11.12 (2020 -LKR. 8.42) per unit and the redemption price was at LKR 10.68 (2020 - LKR. 8.12) per unit as at 30 June 2021.

**12. Distributions for the year**

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

**13. Contingencies**

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

**14. 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.

**15. Capital commitments**

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

## NDB Wealth Growth Fund

	<b>NAV as per valuation as at 30.06.2021</b>	<b>294,585,397</b>
Add:	<u>Adjustments to the Financial Statements</u>	
	Difference in Front End Fees	6,116
	Audit Fee - over provision adjustment	53,083
	Custodian Fee & Trustee fee - over provision adjustment	4,634
	Difference in Exit Fees	468
	Write off-amount receivable on creations of units	20,763
Less:	Tax recoverable as per Valuation	(552,403)
	Bank Charge	(400)
	<b>NAV as per Financial Statements</b>	<b>294,117,657</b>
	(Net Assets attributable to Unit holders)	