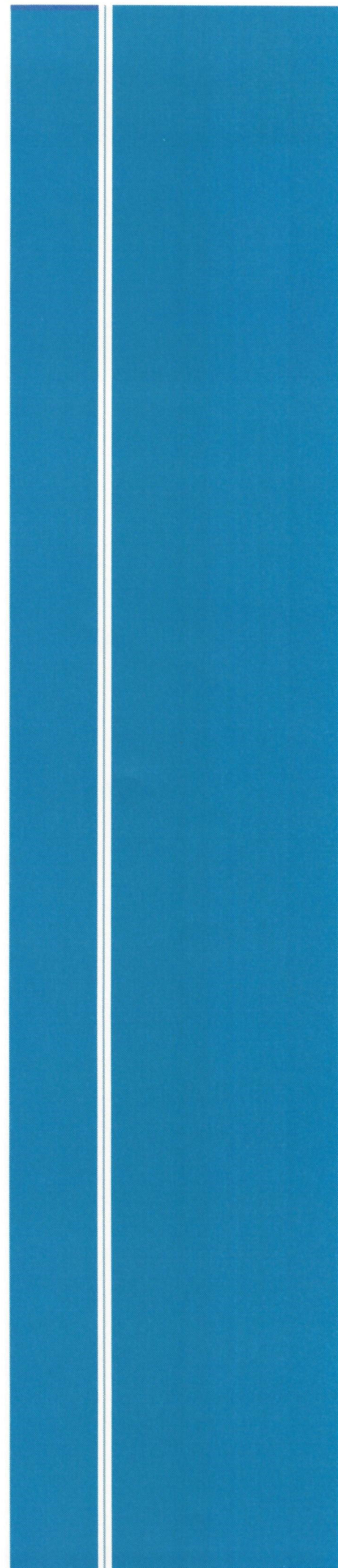


NDB Wealth

Income Plus Fund

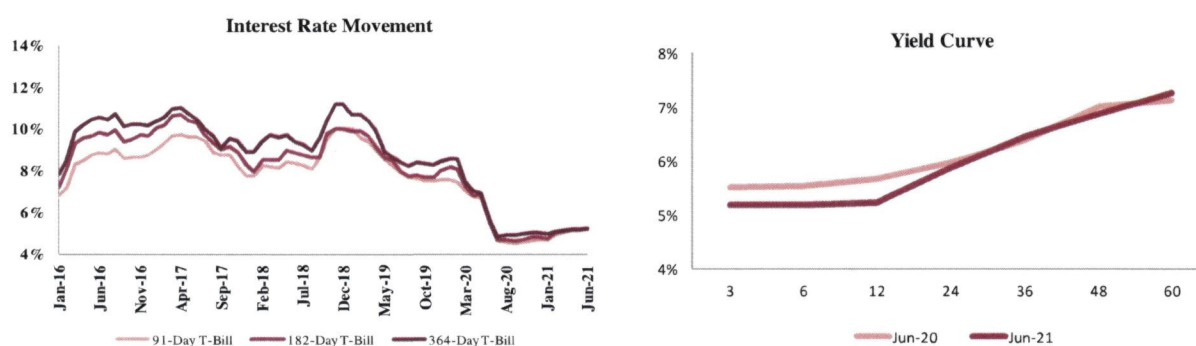
Financial Statements for the Period
Ended 30th June 2021



Fund Review 1st Half 2021 - NDB Wealth Income Plus Fund

The Central Bank of Sri Lanka (CBSL) held its policy rates stable during the period under review, with a view of maintaining an accommodative monetary policy stance, to support the ongoing recovery of the economy hampered by the Covid-19 pandemic. Accordingly, the Standing Lending Facility Rate (SLF) and the Standing Deposit Facility Rate (SDF) were maintained at 5.50% and 4.50% respectively while the Statutory Reserve Ratio (SRR) was maintained at 2.00% during the first half of the year. However, interest rates saw upward pressure across the yield curve with the benchmark 364-day Treasury bill rate edging up to 5.23% by the end of June 2021 from lows of 4.98% seen at the beginning of the year (Source: Central Bank of Sri Lanka).

Overall, macro-economic weakness, the depreciating rupee and the heavy external debt servicing burden continued to deter foreign investors from the local market, with foreign investors continuing to exit out of Rupee denominated government securities and foreign holding of local Treasury bills and bonds declining to a historic low of LKR 2.49 bn as of 30th June 2021 (Source: Central Bank of Sri Lanka).



Source: Central Bank of Sri Lanka

Credit to the private sector recovered considerably during the period under review on the back of Central Bank's loose monetary policy stance, leading to historically low lending rates driving private sector demand for credit. On the fiscal front, overall budget deficit for 2021 is expected to expand significantly, amidst the continued impact of the pandemic leading to slower growth, fragile revenue collections and the escalation of expenditure.

During the period under review the NDB Wealth Income Plus Fund yielded the following returns commensurate with the risk parameters and the objective of the Fund:

	NDB Wealth Income Plus Fund	*Average Weighted Fixed Deposit Rate (AWFDR) ^{*6-month avg.}
Performance - 1 st Half 2021	3.23% (after fees)	N/A
Annualized Performance - 1 st Half 2021	6.46% (after fees)	6.26%

*Source: Central Bank of Sri Lanka

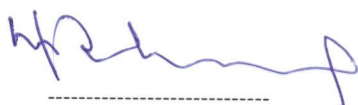
We expect interest rates to see upward pressure during the second half of the year owing to fiscal slippage, the high debt servicing burden and the increasing demand for credit from the private sector. Further, inflationary pressures stemming from rising global commodity prices, the Rupee depreciation and demand side factors may prompt policymakers to engage in appropriate policy action in terms of monetary tightening.

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


	Note	2021 LKR	2020 LKR
Investment income			
Interest income	1	7,347,346	20,858,575
Expenses	2	(712,737)	(1,081,748)
Profit before tax		<u>6,634,608</u>	<u>19,776,827</u>
Income tax expense	3	<u>-</u>	<u>-</u>
Profit for the year		6,634,608	19,776,827
Other comprehensive income		-	-
Total comprehensive income for the year		<u>6,634,608</u>	<u>19,776,827</u>
Increase in net assets attributable to unit holders		<u>6,634,608</u>	<u>19,776,827</u>

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

	Note	30.06.2021 LKR	31.12.2020 LKR
Assets			
Cash at bank		18,785	47,647
Financial assets measured at amortised cost	4	576,900,193	53,719,860
Tax recoverable	5	-	-
Other Receivables		9,122	-
Total assets		<u>576,928,101</u>	<u>53,767,507</u>
Liabilities			
Accrued expenses	6	<u>331,896</u>	<u>118,186</u>
Total liabilities		<u>331,896</u>	<u>118,186</u>
Net assets attributable to unitholders		<u>576,596,205</u>	<u>53,649,321</u>
Unitholders' funds			
Unit capital		329,147,497	31,505,265
Retained earnings		247,448,708	22,144,056
Net assets attributable to unitholders	7	<u>576,596,205</u>	<u>53,649,321</u>



Director
NDB Wealth Management Ltd
Fund Management Company



Director
NDB Wealth Management Ltd
Fund Management Company

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

	LKR	Retained earnings LKR	Total LKR
Balance as at 01 January 2020	164,837,067	84,530,844	249,367,910
Net decrease due to creation and redemption of units	(133,331,802)	(87,295,355)	(220,627,157)
Increase in net assets attributable to unitholders	-	24,908,567	24,908,567
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	24,908,567	24,908,567
Balance as at 31 December 2020	<u>31,505,265</u>	<u>22,144,056</u>	<u>53,649,321</u>
Net increase due to creation and redemption of units	297,642,232	218,670,043	516,312,275
Increase in net assets attributable to unitholders	-	6,634,608	6,634,608
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	6,634,608	6,634,608
Balance as at 30 June 2021	<u><u>329,147,497</u></u>	<u><u>247,448,708</u></u>	<u><u>576,596,205</u></u>

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

	2021	2020
	LKR	LKR
Cash flows from operating activities		
Interest received	4,272,602	25,343,765
Management fees paid	(328,451)	(710,728)
Other expenses paid	(170,577)	(197,789)
Net movement in investments	(501,900,000)	40,000,000
Net cash generated from / (used in) operating activities	<u>(498,126,426)</u>	<u>64,435,248</u>
Cash flows from financing activities		
Proceeds on creation of units	580,016,698	194,500,870
Payments on redemption of units	(63,704,423)	(260,476,483)
Net cash generated from / (used in) financing activities	<u>516,312,275</u>	<u>(65,975,614)</u>
Net increase in cash and cash equivalents	18,185,849	(1,540,366)
Cash & cash equivalents at the beginning of the year	2,165,509	7,090,301
Cash & cash equivalents at the end of the year	<u>20,351,358</u>	<u>5,549,936</u>
Cash and cash equivalents at the end of the period comprises of:		
Cash at bank	18,783	219,557
Financial instruments - maturity within 3 months	20,332,575	5,330,379
	<u>20,351,358</u>	<u>5,549,936</u>

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

	2021	2020
	LKR	LKR
1. Interest income		
Interest on fixed deposits	4,159,852	12,883,655
Interest on commercial papers	1,529,973	3,283,559
Interest on trust certificates	-	4,220,847
Interest on structured debt	1,436,880	-
Interest on money market saving accounts	196,063	470,514
Interest on treasury bills repo - short term	24,578	-
	<u>7,347,346</u>	<u>20,858,575</u>
2. Expenses		
Management fee	542,090	810,076
Trustee fee	99,530	148,730
Custodian fee	16,036	26,247
Auditor's remuneration	44,550	76,545
Bank charges	10,531	20,150
	<u>712,737</u>	<u>1,081,748</u>
3. Income tax expense	<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.

NDB WEALTH INCOME PLUS FUND
NOTES FOR THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021

	30-Jun-21	As a % of net	31-Dec-20	As a % of net
	LKR	asset value	LKR	asset value
4. Financial assets measured at amortised cost				
Investment in fixed deposits (Note 4.1)	383,890,760	66.58%	9,299,871	17.33%
Investment in trust certificates (Note 4.2)	-	-	26,594,041	49.57%
Investment in money market saving accounts (Note 4.3)	20,422,690	3.54%	2,129,071	3.97%
Investment in commercial papers (Note 4.4)	86,266,849	14.96%	15,696,877	29.26%
Investment in Structured Debt (Note 4.5)	86,319,894	14.97%	-	-
	<u>576,900,193</u>	<u>100%</u>	<u>53,719,860</u>	<u>100%</u>
4.1 Investment in fixed deposits				
Company	30-Jun-21	As a % of net	31-Dec-20	As a % of net
	LKR	asset value	LKR	asset value
LB Finance PLC	-	-	3,168,663	5.91%
AMW Capital Leasing & Finance PLC	85,836,121	14.89%	-	-
Richard Pieris Finance Limited	85,910,641	14.90%	-	-
Union Bank of Colombo PLC	40,410,301	7.01%	-	-
HNB Finance PLC	85,823,056	14.88%	-	-
Commercial Leasing & Finance PLC	85,910,641	14.90%	6,131,208	11.43%
	<u>383,890,760</u>	<u>66.58%</u>	<u>9,299,871</u>	<u>17.33%</u>
4.2 Investment in trust certificates				
Company	30-Jun-21	As a % of net	31-Dec-20	As a % of net
	LKR	asset value	LKR	asset value
Singer Finance (Lanka) PLC	-	-	26,594,041	49.57%
	<u>-</u>	<u>-</u>	<u>26,594,041</u>	<u>49.57%</u>
4.3 Investment in money market saving accounts				
Company	30-Jun-21	As a % of net	31-Dec-20	As a % of net
	LKR	asset value	LKR	asset value
Hatton National Bank PLC	7,078.37	0.00%	2,006,145	3.74%
Sanasa Development Bank PLC	71,813.49	0.01%	122,926	0.23%
DFCC Bank PLC	20,343,798	3.53%	-	-
	<u>20,422,690</u>	<u>3.54%</u>	<u>2,129,071</u>	<u>3.97%</u>
4.4 Investment in commercial papers				
Company	30-Jun-21	As a % of net	31-Dec-20	As a % of net
	LKR	asset value	LKR	asset value
Lanka ORIX Leasing Company PLC	86,266,849	14.96%	15,696,877	29.26%
	<u>86,266,849</u>	<u>14.96%</u>	<u>15,696,877</u>	<u>29.26%</u>
4.5 Investment in Structured Debt				
Company	30-Jun-21	As a % of net	31-Dec-20	As a % of net
	LKR	asset value	LKR	asset value
Safe Holdings-LOLC Development Finance	86,319,894	14.97%	-	-
	<u>86,319,894</u>	<u>14.97%</u>	<u>-</u>	<u>-</u>

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

	30-Jun-21	31-Dec-20
	LKR	LKR
5. Tax recoverable		
Balance as at 01 January	-	-
WHT-Recoverable	781,633	781,633
Accumulated Impairment provision for Tax Recoverable	(781,633)	(781,633)
Income tax expense	-	-
Balance as at 30 June 2021	<u>-</u>	<u>-</u>
6. Accrued expenses		
Management fee	236,304	22,665
Trustee fee	43,385	4,159
Audit fee	44,550	89,100
Custodian fee	7,656	2,262
	<u>331,896</u>	<u>118,186</u>

7. Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the period is as follows:

	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	Units	Units	LKR	LKR
Opening capital balance	3,150,566	16,483,741	53,649,321	249,367,910
Units issued during the period	33,506,714	14,212,245	580,016,698	220,500,870
Units redeemed during the period	(3,720,373)	(27,545,420)	(63,704,423)	(441,128,026)
Increase in net assets attributable to unit holders	-	-	6,634,608	24,908,567
Closing balance	<u>32,936,906</u>	<u>3,150,566</u>	<u>576,596,205</u>	<u>53,649,321</u>

The creation price was at LKR 17.4993 (2020 -LKR. 16.0616) per unit and the redemption price was at 17.4993 (2020 LKR. 16.0616) per unit as at 30 June 2021.

8. Distributions for the year

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

9. Contingencies

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

10. 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.

11. Capital commitments

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

NDB Wealth Income Plus Fund

For the period ended 30 June 2021

	NAV as per valuation as at 30.06.2021	576,374,616
Add:	<u>Adjustments to the Financial Statements</u>	
	Audit fee payable - Over Provision adjustment	50,839
	Tax Consultant Fee - Over Provision adjustment	170,750
	NAV as per Financial Statements	<u>576,596,205</u>
	(Net Assets attributable to Unit holders)	