



NDB | WEALTH



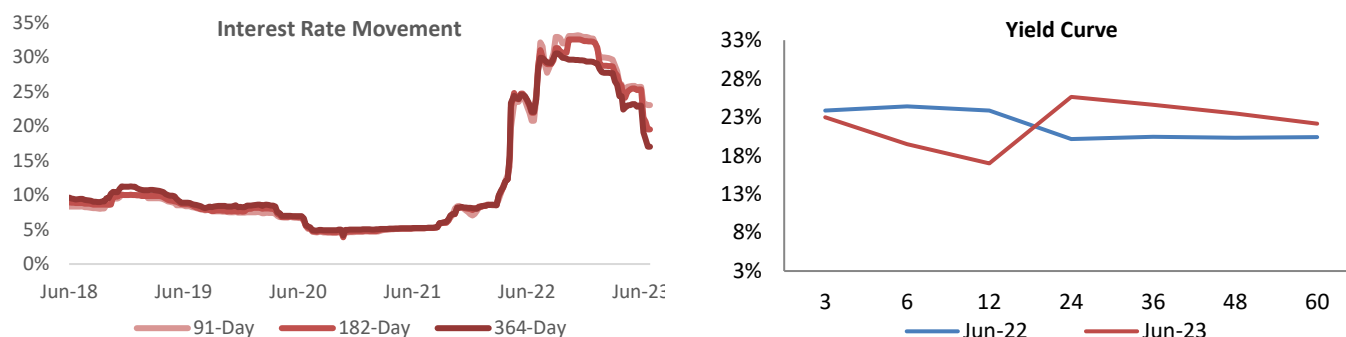
**NDB WEALTH
ISLAMIC MONEY PLUS FUND**

Financial statements for the period ended 30th June 2023

Fund Review 1st Half 2023 - NDB Wealth Islamic Money Plus Fund

In the first half of 2023, Sri Lanka experienced a significant decrease in interest rates. The Central Bank of Sri Lanka (CBSL) and the Monetary Board raised policy rates by 100 basis points in March 2023 to meet the requirements for securing the IMF Extended Fund Facility (EFF) arrangement. Subsequently however, CBSL implemented aggressive rate cuts from June 2023, reducing policy rates by 250 basis points to stimulate the economy following a historic contraction in 2022. As a result, the Standing Lending Facility Rate (SLF) stood at 14.00% and the Standing Deposit Facility Rate (SDF) at 13.00% by the end of the first half of 2023. In this backdrop, interest rates across the yield curve dropped, with the benchmark 364-day Treasury bill rate falling from 29.16% in end December 2022 to 16.99% by the end of June 2023 (Source: Central Bank of Sri Lanka).

In the 2H2023, a continued decline in inflation is anticipated, primarily attributed to the appreciation of the Sri Lankan Rupee and the easing of global commodity prices as well as the base effect. These factors are expected to provide room for a more relaxed monetary policy stance, aimed at stimulating economic activity during this period.



Source: Central Bank of Sri Lanka

On the fiscal front, overall budget deficit for 2023 is expected to hover in the range of approximately LKR 2.40 Tn (vs. 2.46 Tn in 2022), amidst better revenue collection and curtailment of capital expenditures. Thus, going forward significant fiscal consolidation measures and structural reforms will have to be introduced as part of an IMF program in order to achieve debt sustainability and overall macro-economic stability.

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

	NDB Wealth Islamic Money Plus Fund	*Average Weighted Deposit Rate (AWDR) *6-month avg.
Performance - 1 st Half 2023	8.28% (after fees)	N/A
Annualized Performance - 1 st Half 2023	16.56% (after fees)	14.98%

*Source: Central Bank of Sri Lanka

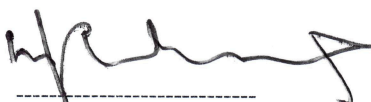
With inflation under control, Central Bank is expected to be able to implement further monetary easing to foster economic recovery and further decreases in interest rates may be foreseen during the second half of the year.

NDB WEALTH ISLAMIC MONEY PLUS FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

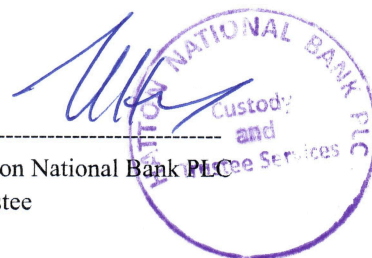
	Note	30-Jun-23 LKR	30-Jun-22 LKR
Profit share on Mudharabah and Wakala investments	1	64,258,215	32,355,632
Expenses	2	(4,214,027)	(3,647,105)
Profit before tax		<u>60,044,188</u>	<u>28,708,527</u>
Income tax expense	3	<u>-</u>	<u>-</u>
Profit for the year		60,044,188	28,708,527
Other comprehensive income		-	-
Total comprehensive income for the year		<u>60,044,188</u>	<u>28,708,527</u>
Increase in net assets attributable to unitholders		<u>60,044,188</u>	<u>28,708,527</u>

NDB WEALTH ISLAMIC MONEY PLUS FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

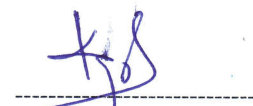
	Note	30-Jun-23 LKR	31-Dec-22 LKR
ASSETS			
Cash at bank		25,000	25,000
Financial assets measured at amortised cost	4	772,480,771	677,059,389
Other Receivables		555,941	1,210,529
Total assets		<u>773,061,712</u>	<u>678,294,918</u>
LIABILITIES			
Accrued expenses	5	784,672	796,971
Total liabilities		<u>784,672</u>	<u>796,971</u>
Net assets attributable to unitholders		<u>772,277,040</u>	<u>677,497,947</u>
UNITHOLDERS' FUNDS			
Unit capital		367,481,010	349,038,047
Retained earnings		404,796,029	328,459,900
Net assets attributable to unitholders	6	<u>772,277,040</u>	<u>677,497,947</u>



Director
NDB Wealth Management Ltd
Fund Management Company



Hatton National Bank PLC
Trustee



Director
NDB Wealth Management Ltd
Fund Management Company

**NDB WEALTH ISLAMIC MONEY PLUS FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUND
FOR THE YEAR ENDED 30 JUNE 2023**

	Unit capital	Retained earnings	Total
	LKR	LKR	LKR
Balance as at 01 January 2022	467,479,443	332,258,942	799,738,385
Net increase due to creation and redemption of units	(118,441,396)	(85,622,838)	(204,064,234)
Increase in net assets attributable to unitholders	-	81,823,796	81,823,796
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	81,823,796	81,823,796
Balance as at 31 December 2022	<u>349,038,047</u>	<u>328,459,900</u>	<u>677,497,947</u>
Prior period adjustment	-	-	-
Net decrease due to creation and redemption of units	18,442,963	16,291,941	34,734,905
Increase in net assets attributable to unitholders	-	60,044,188	60,044,188
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	60,044,188	60,044,188
Balance as at 30 June 2023	<u><u>367,481,010</u></u>	<u><u>404,796,029</u></u>	<u><u>772,277,040</u></u>

NDB WEALTH ISLAMIC MONEY PLUS FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	30-Jun-23	30-Jun-22
	LKR	LKR
Cash flows from operating activities		
Income received from Mudharabah investments	8,996,476	3,022,992
Income received from Wakala investments	50,212,087	29,630,667
Income received from Commercial Paper Wakala	10,516,046	4,041,096
Tax paid	-	
Management fees paid	(3,019,146)	(3,020,972)
Other expenses paid	(1,207,180)	(1,006,576)
Net investments in commercial paper - Wakala	(15,118,594)	50,000,000
Net investments in fixed deposits- Wakala	(145,008,308)	153,839,979
	-	-
Net cash flow generated /(used in) from operating activities	<u>(94,628,620)</u>	<u>236,507,186</u>
Cash flows from financing activities		
proceeds on creation of units	492,193,949	294,700,449
payments on redemption of units	(457,459,044)	(521,420,373)
Net cash generated frim/ (used in) financing activities	<u>34,734,905</u>	<u>(226,719,923)</u>
Net (decrease)/ increase in cash and cash equivalents	(59,893,715)	9,787,262
Cash and cash equivalents at the beginning of the year	<u>140,976,578</u>	<u>121,796,810</u>
Cash and cash equivalents at the end of the year	<u><u>81,082,863</u></u>	<u><u>131,584,073</u></u>
Cash and cash equivalents at the end of the year comprises of:		
Cash at bank	25,000	25,000
Money Market - Mudharabah Savings Account	<u>81,057,863</u>	<u>131,559,073</u>
	<u><u>81,082,863</u></u>	<u><u>131,584,073</u></u>

NDB WEALTH ISLAMIC MONEY PLUS FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	30-Jun-2023	30-Jun-2022
	LKR	LKR
1. Investment income		
Profit on Wakala Investment (Commercial Papers)	12,069,920	3,381,849
Profit on Mudharabah Investment (Saving deposits)	8,047,147	5,273,460
Profit on Wakala Investment (Term deposits)	44,141,148	23,700,323
	64,258,215	32,355,632
2. Expenses		
Management fee	3,065,857	2,876,974
Trustee fee	661,076	585,595
Custodian fee	70,492	64,357
Auditor's remuneration	80,000	75,000
Tax consultancy fee	12,000	12,000
Other professional charges	297,046	-
Bank charges	27,556	33,179
	4,214,027	3,647,105
3. Income tax	2023	2022
Income Tax Expense	-	-
	-	-

3.1 The fund has calculated the income tax liability up to 31 March 2018 in accordance with the previous Inland Revenue Act No.10 of 2006 and following the enactment of 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.

NDB WEALTH ISLAMIC MONEY PLUS FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	30-Jun-23	31-Dec-22
	LKR	LKR
4. Financial assets measured at amortised cost		
Investment in Mudharabah savings deposits (Note 4.1)	83,110,166	143,298,622
Investment in Wakala deposits (Note 4.2)	564,343,504	425,406,136
Investment in Commercial Papers Wakala (Note 4.3)	125,027,100	108,354,631
	772,480,771	677,059,389

4.1 Investment in Mudharabah savings deposits

Company	Amortised cost	As a % of net	Amortised cost	As a % of net
	30-Jun-23	asset value	31-Dec-22	asset value
	LKR		LKR	
Citizens Development Business Finance PLC	38,003,664	4.92%	761	0.00%
Richard Pieris Finance Ltd	859,254	0.11%	764,813	0.11%
Hatton National Bank PLC	4,184,491	0.54%	3,719,176	0.55%
LB Finance PLC	1,049	0.00%	1,024	0.00%
Lanka Orix Leasing Company PLC	1,199	0.00%	1,165	0.00%
National Development Bank PLC	8,951	0.00%	8,817	0.00%
Commercial Leasing & Finance PLC	1,201	0.00%	1,169	0.00%
MCB Bank Ltd	40,050,356	5.19%	138,801,696	20.49%
	83,110,166	10.76%	143,298,622	21.15%

4.2 Investment in Wakala deposits

Company	Amortised cost	As a % of net	Amortised cost	As a % of Net
	30-Jun-23	asset value	31-Dec-22	asset value
	LKR		LKR	
Commercial Leasing and Finance PLC				
Richard Pieris Finance Ltd	50,963,152	6.60%	15,262,904	2.25%
LB Finance PLC	129,593,067	16.78%	102,150,293	15.08%
National Development Bank PLC	55,037,082	7.13%	50,397,568	7.44%
CDB Finance	84,457,678	10.94%	102,012,904	15.06%
Peoples Leasing and Finance PLC	77,179,469	9.99%	-	0.00%
Hatton National Bank PLC	167,113,056	21.64%	155,582,466	22.96%
	564,343,504	73.08%	425,406,136	62.79%

4.3 Investment in Commercial Papers

Company	Amortised cost	As a % of net	Amortised cost	As a % of Net
	30-Jun-23	asset value	31-Dec-22	asset value
	LKR		LKR	
Vidullanka PLC- Wakala	125,027,100	16.19%	108,354,631	15.99%
	125,027,100	16.19%	108,354,631	15.99%

NDB WEALTH ISLAMIC MONEY PLUS FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	30-Jun-23	31-Dec-22
	LKR	LKR
5. Accrued expenses		
Management fee	533,091	486,380
Trustee fee	114,948	104,876
Custodian Fees	11,633	11,716
Auditor's remuneration	69,000	150,000
Tax consultancy fee	56,000	44,000
	<u>784,672</u>	<u>796,971</u>

6. Net assets attributable to unitholders

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

	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	Units	Units	LKR	LKR
Opening capital balance	34,903,813	46,747,955	677,497,947	799,738,385
Units issued during the period	24,455,252	39,185,673	492,193,949	707,617,485
Units redeemed during the period	(22,610,955)	(51,029,816)	(457,459,044)	(911,681,719)
Increase in net assets attributable to unitholders	-	-	60,044,188	81,823,796
Closing balance	<u>36,748,109</u>	<u>34,903,813</u>	<u>772,277,040</u>	<u>677,497,947</u>

The creation price was at LKR 20.99 (LKR 17.80 - 2022) per unit and the redemption price was at LKR 20.99 (LKR 17.80 - 2022) per unit as at 30 June 2023.

7. Distributions for the year

There were no distributions for the period ended 30 June 2023.

8. Contingencies

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

9. 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 statement.

10. Capital commitments

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

**NDB WEALTH ISLAMIC MONEY PLUS FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

11. Related party transactions

The following have been identified as related parties to NDB Wealth Islamic Money Plus Fund in accordance with LKAS 24 for the reasons stated below.

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

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

Details of fund management fee and trustee fees paid/ payable are as follows:

Name of the related party	Nature of interest	Particulars of financial dealings	Transaction value LKR	Outstanding value LKR
NDB Wealth Management Limited	Fund Management Company	Management fee	3,065,857	2,876,974
Hatton National Bank	Trustee	Trustee fees	661,076	585,595
		Custodian fee	70,492	64,357

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

	2023 LKR	2022 LKR
Bank balance held at Hatton National Bank	25,000	25,000
Mudharabah savings deposits held at National Development Bank PLC	8,951	8,817
Wakala investment held at National Development Bank PLC	55,037,082	50,397,568