

NDB WEALTH MONEY FUND

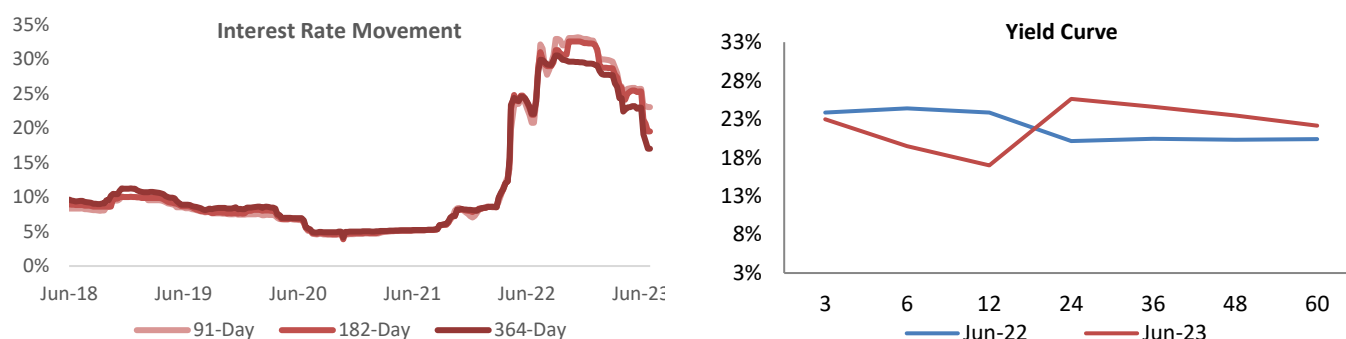
Financial Statements for the period Ended
30th June 2023



Fund Review 1st Half 2023 - NDB Wealth Money 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 Money Fund yielded the following returns commensurate with the risk parameters and the objective of the Fund:

	NDB Wealth Money Fund	*Average Weighted Deposit Rate (AWDR) *6-month avg.
Performance - 1 st Half 2023	13.15% (after fees)	N/A
Annualized Performance - 1 st Half 2023	26.29% (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.

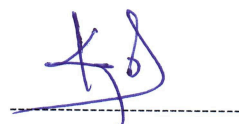
NDB WEALTH MONEY FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

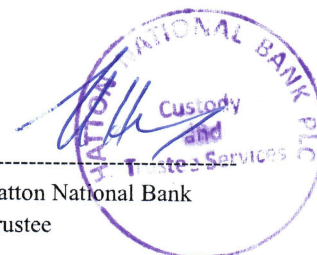
	Note	30-Jun-23 LKR	30-Jun-22 LKR
Interest income	1	8,241,298,725	1,238,507,597
Realised Gain/(Loss) on Sale of financial assets		19,573,030	868,500
Expenses	2	(226,557,300)	(88,011,416)
Profit before tax		<u>8,034,314,455</u>	<u>1,151,364,681</u>
Income tax expense	3	<u>-</u>	<u>-</u>
Profit for the year		8,034,314,456	1,151,364,681
Other comprehensive income		-	-
Total comprehensive income for the year		<u>8,034,314,456</u>	<u>1,151,364,681</u>
Increase in net assets attributable to unitholders		<u>8,034,314,456</u>	<u>1,151,364,681</u>

NDB WEALTH MONEY 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	80,711,686,645	47,569,214,255
Other Receivables		1,100,000,000	
Tax recoverable	5	-	-
Total assets		<u>81,811,711,645</u>	<u>47,569,239,255</u>
UNIT HOLDERS' FUNDS AND LIABILITIES			
LIABILITIES			
Accrued expenses	6	48,730,545	28,249,685
Total liabilities		<u>48,730,545</u>	<u>28,249,685</u>
Net assets attributable to unitholders		<u>81,762,981,100</u>	<u>47,540,989,570</u>
UNITHOLDER'S FUNDS			
Unit capital		28,284,473,060	18,608,001,581
Retained earnings		53,478,508,040	28,932,987,989
Net assets attributable to unitholders	7	<u>81,762,981,100</u>	<u>47,540,989,570</u>


 Director
 NDB Wealth Management Ltd
 Fund Management Company


 Director
 NDB Wealth Management Ltd
 Fund Management Company


 Hatton National Bank
 Trustee

NDB WEALTH MONEY 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 1 January 2022	10,869,132,706	12,707,174,146	23,576,306,851
Net decrease due to creation and redemption of units	7,738,868,875	11,093,816,255	18,832,685,130
Increase in net assets attributable to unitholders	-	5,131,997,587	5,131,997,587
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	5,131,997,587	5,131,997,587
Balance as at 31 December 2022	<u>18,608,001,581</u>	<u>28,932,987,989</u>	<u>47,540,989,569</u>
Net decrease due to creation and redemption of units	9,676,471,480	16,511,205,596	26,187,677,076
Increase in net assets attributable to unitholders	-	8,034,314,456	8,034,314,456
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	8,034,314,456	8,034,314,456
Balance as at 30 June 2023	<u><u>28,284,473,060</u></u>	<u><u>53,478,508,040</u></u>	<u><u>81,762,981,100</u></u>

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

	30-Jun-23 LKR	30-Jun-22 LKR
Cash flows from operating activities		
Interest received	4,298,266,367	1,154,418,625
Tax paid	-	-
Management fees paid	(166,557,642)	(76,250,570)
Other expenses paid	(39,518,800)	(17,388,064)
Net movement in fixed deposits	-	12,936,254,051
Net disposal of/ (investment in) TBills	(27,189,574,302)	1,007,604,425
Net realised gain on security sales	19,573,030	868,500
Net cash generated from operating activities	<u>(23,077,811,346)</u>	<u>15,005,506,966</u>
Cash flows from financing activities		
Proceeds on creation of units	138,990,365,062	48,545,633,442
Payments on redemption of units	(112,802,687,986)	(63,017,330,522)
Net cash generated from /(used in) financing activities	<u>26,187,677,076</u>	<u>(14,471,697,080)</u>
Net increase / (decrease) in cash and cash equivalents	3,109,865,729	533,809,888
Cash and cash equivalents at the beginning of the year	3,371,416,959	2,898,707,350
Cash and cash equivalents at the end of the year	<u><u>6,481,282,689</u></u>	<u><u>3,432,517,238</u></u>
Cash and cash equivalents at the end of the year comprises of:		
Cash at bank	25,001	25,000
Financial instruments - maturity within 3 months	6,481,257,688	3,432,492,238
	<u><u>6,481,282,689</u></u>	<u><u>3,432,517,238</u></u>

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

	30-Jun-23	30-Jun-22
	LKR	LKR
1. Interest income		
Treasury bills under repurchase agreements (long term)	666,416,955	161,925,391
Treasury bills under repurchase agreements (short term)	76,219,747	32,479,544
Fixed deposits	-	555,859,107
Interest on money market saving accounts	256,154,786	132,683,747
Interest Income from GOSL Tbills	7,242,507,237	355,559,808
	<u>8,241,298,725</u>	<u>1,238,507,597</u>
2. Expenses		
Management fee	183,246,054	71,692,578
Trustee fee	42,146,592	15,804,272
Custodian fee	70,188	64,662
Auditors Remuneration	57,500	55,000
Tax consultancy fee	12,000	12,000
Bank charges	1,024,967	382,903
	<u>226,557,300</u>	<u>88,011,416</u>
3. Income tax		
Tax expense for the year	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

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 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.

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

	30-Jun-23	As a % of net	31-Dec-22	As a % of net
	LKR	assets value	LKR	assets value
4. Financial assets measured at amortised cost				
Treasury bills under repurchase agreements (short term) (Note 4.1)	5,545,767,309	6.78%	1,024,657,534	2.16%
Investment in money market saving accounts (Note 4.2)	1,035,620,304	1.27%	2,428,507,336	5.11%
Investment in GOSL Tbills (Note 4.3)	74,130,299,033	90.66%	44,116,049,385	92.80%
	<u>80,711,686,645</u>	<u>99%</u>	<u>47,569,214,255</u>	<u>100%</u>

4.1 Treasury bills under repurchase agreements (short term)

Company	30-Jun-23	As a % of net	31-Dec-22	As a % of net
	LKR	assets value	LKR	asset value
Capital Allaince Ltd	3,792,890,596	4.64%	1,024,657,534	2.16%
First Capital Treasuries	1,752,876,712	2.14%	-	0.00%
	<u>5,545,767,309</u>	<u>6.78%</u>	<u>1,024,657,534</u>	<u>2.16%</u>

4.2 Investment in money market saving accounts

Company	30-Jun-23	As a % of net	31-Dec-22	As a % of net
	LKR	asset value	LKR	asset value
Hatton National Bank	658,807,514	0.81%	323,713,375	0.68%
Cargills Bank Limited	163,691,805	0.20%	1,097,019,641	2.31%
MCB Bank Limited	213,108,037	0.26%	1,006,699,230	2.12%
DFCC Bank	12,947	0.00%	1,075,089	0.00%
	<u>1,035,620,304</u>	<u>1.27%</u>	<u>2,428,507,335</u>	<u>0.68%</u>

4.3 Investment in GOSL Tbills

Company	30-Jun-23	As a % of net	31-Dec-22	As a % of net
	LKR	asset value	LKR	asset value
Wealthtrust Securities	21,960,092,756	26.86%	12,672,989,753	26.66%
Acuity Securities Ltd	7,939,883,891	9.71%	-	0.00%
First Capital Treasuries	19,344,272,874	23.66%	12,947,431,640	27.23%
Capital Allaince Ltd	24,886,049,512	30.44%	14,482,770,967	30.46%
SAFE Holdings (Pvt) Ltd.	-	0.00%	4,012,857,025	0.00%
	<u>74,130,299,033</u>	<u>90.66%</u>	<u>44,116,049,385</u>	<u>84.35%</u>

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

	30-Jun-23	31-Dec-22
	LKR	LKR
5. Tax recoverable		
Balance as at 01 January	-	-
Notional tax credit recoverable	6,749,116	6,749,116
	<u>6,749,116</u>	<u>6,749,116</u>
Less		
Impairment allowance for Notional Tax	(6,749,116)	(6,749,116)
Balance as at 30 June	<u><u>-</u></u>	<u><u>-</u></u>

As of 31 December 2019, the net income tax recoverable comprises of WHT amounting to Rs.6,479,116. The Fund Manager intends to claim the WHT recoverable by means of a refund.

However, subsequent to the enactment to the new Inland Revenue Act No. 24 of 2017, effective 01 April 2018, an Eligible Unit Trust would not be liable for income tax on any income which is a pass through to its unitholders. Therefore, the fund manager is unable to assess with a reasonable certainty that there will be future income tax liability to offset this income tax receivable balance.

6. Accrued expenses		
Management fee	39,520,659	22,832,247
Trustee fee	9,089,752	5,251,417
Audit fee	52,500	110,000
Custodian fee	11,633	12,021
Tax consultancy fee	56,000	44,000
	<u>48,730,544</u>	<u>28,249,685</u>

7. Net assets attributable to unitholders

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

	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	Units	Units	LKR	LKR
Opening capital balance	1,860,800,165	1,086,913,280	47,540,989,570	23,576,306,852
Units issued during the period	5,093,136,775	6,300,239,509	138,990,365,062	147,062,991,133
Units redeemed during the period	(4,125,489,674)	(5,526,352,623)	(112,802,687,986)	(128,230,306,003)
Increase in net assets attributable to unit holders	-	-	8,034,314,456	5,131,997,587
Closing balance	<u>2,828,447,267</u>	<u>1,860,800,165</u>	<u>81,762,981,100</u>	<u>47,540,989,570</u>

The creation price was at LKR 28.9073 per unit (2022 - LKR. 22.7208) and the redemption price was at LKR 28.9073 per unit (2022 - LKR. 22.7208) as at 30 June 2023.

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

8. 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.

9. Capital commitments

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

10. Related party transactions

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

The fund 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. Bernard Sinniah, Mr. Sanjaya Perera, Mr Senaka Kakiriwaragodage and Mr. Dimantha Seneviratne 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 LKR	Outstanding value LKR
NDB Wealth Management Limited	Fund Management Company	Management fee	183,246,054	39,520,659
Hatton National Bank (HNB)	Trustee	Trustee fees	42,146,592	9,089,752
		Custodian fee	70,188	11,633

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

	30-Jun-23 LKR	31-Dec-22 LKR
Bank balance of Hatton National Bank	25,000	25,000
Fixed Deposits- National Development Bank	-	1,504,068,493
Money Market Saving Account at Hatton National Bank	658,807,514	200,679,376
	<u>658,832,514</u>	<u>1,704,772,869</u>