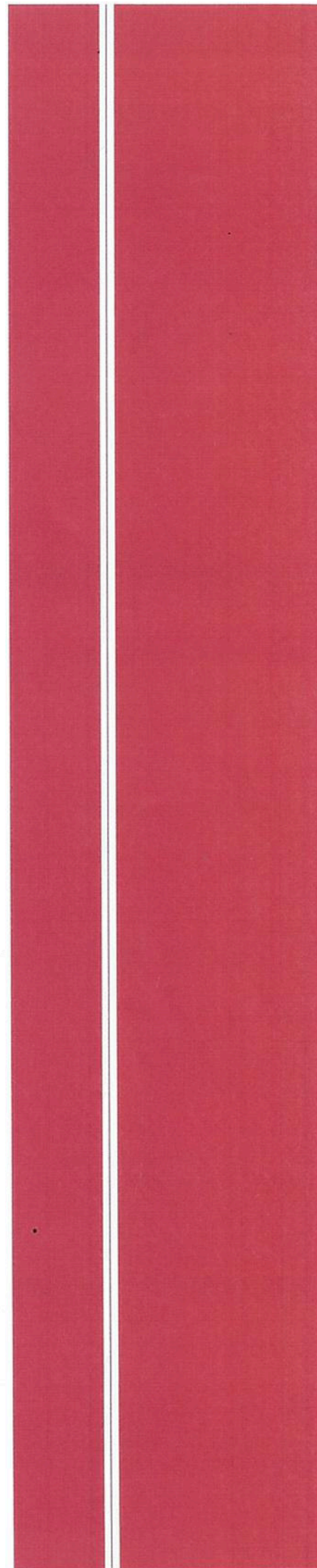


NDB Wealth Gilt Edged Fund

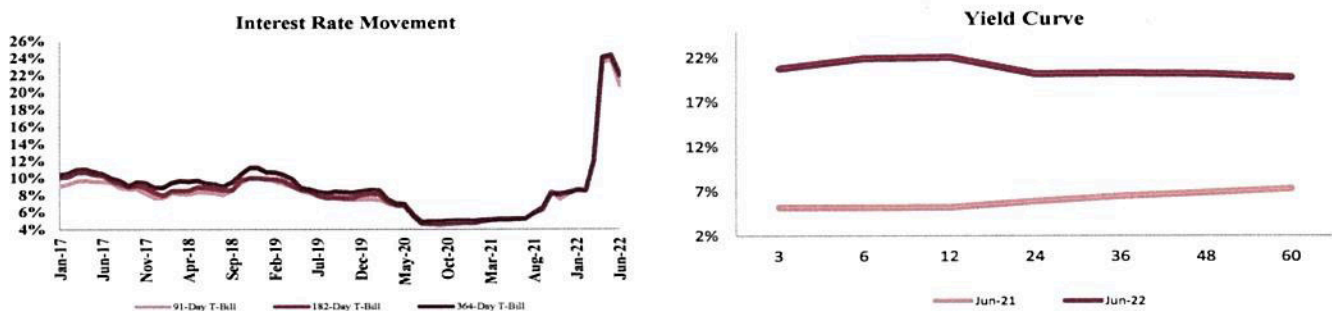
Financial Statements for the Period
Ended 30th June 2022



Fund Review 1st Half 2022 - NDB Wealth Gilt Edged Fund

Interest rates increased significantly through the first half of 2022 with the Central Bank of Sri Lanka (CBSL) announcing its highest policy rate hike in history (700 basis points) in April 2022 to combat rising inflation, currency depreciation and with a view of addressing anomalies observed in market interest rates. Accordingly, the Standing Lending Facility Rate (SLF) and the Standing Deposit Facility Rate (SDF) were increased to 14.50% and 13.50% respectively during the period under review. In tandem, interest rates surged across the yield curve with the benchmark 364-day Treasury bill rate rising to 22.04% by the end of June 2022 from 8.55% seen at the beginning of the year (Source: Central Bank of Sri Lanka).

Moreover, the steep depreciation of the exchange rate and elevated prices of global commodities may continue to exert pressure on inflation, which in turn may lead to further monetary policy tightening to contain any build-up of adverse inflation expectations.



Source: Central Bank of Sri Lanka

On the fiscal front, overall budget deficit for 2022 is expected to expand significantly, amidst higher government expenditure and weak revenue collections owing to deteriorating economic activity. 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 year period review the NDB Wealth Gilt Edged Fund yielded the following returns commensurate with the risk parameters and the objective of the Fund:

	NDB Wealth Gilt Edged Fund	*364-day T-bill Rate*6-month avg.
Performance - 1 st Half 2022	5.09% (after fees)	N/A
Annualized Performance - 1 st Half 2022	10.18% (after fees)	16.59%

*Source: Central Bank of Sri Lanka

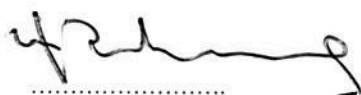
We expect interest rates to remain elevated during the second half of the year owing to policy action by the Central Bank along with uncertainties surrounding domestic debt restructuring and the government's continued requirement for domestic financing. However, if Sri Lanka manages to enter in to a staff level agreement with the IMF, policymakers may be able to secure some form of bridging finance, which in turn will ease pressure off interest rates in the interim.

NDB WEALTH GILT EDGED FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 LKR	2021 LKR
Interest income	1	24,527,537	1,525,507
		<u>24,527,537</u>	<u>1,525,507</u>
Realised gain on sale of securities		-	-
Expenses	2	(1,306,747)	(361,631)
		<u>23,220,790</u>	<u>1,163,875</u>
Interest expense		-	-
Profit before tax		<u>23,220,790</u>	<u>1,163,875</u>
Income tax expense	3	-	-
Profit for the year		<u>23,220,790</u>	<u>1,163,876</u>
Other comprehensive income/ expense, net of income taxes			
Unrealised (loss)/ gain on investment in treasury bonds		-	-
Total comprehensive expense/ income for the year		<u>-</u>	<u>-</u>
Increase in net assets attributable to unitholders		<u>23,220,790</u>	<u>1,163,876</u>

**NDB WEALTH GILT EDGED FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Note	30.06.2022 LKR	31.12.2021 LKR
Assets			
Cash at bank		1,879,841	95,955
Financial assets measured at amortised cost	4	832,227,574	60,922,871
Income tax recoverable	5	-	-
Total assets		<u>834,107,415</u>	<u>61,018,826</u>
Liabilities			
Amount payable on redemption of units		-	-
Accrued expenses	6	873,922	243,644
Total liabilities		<u>873,922</u>	<u>243,644</u>
Net assets attributable to unitholders		<u>833,233,494</u>	<u>60,775,182</u>
Unitholders' Fund			
Unit capital		535,736,668	29,222,706
Investment in revaluation reserve		-	-
Retained earnings		297,496,824	31,552,476
Net assets attributable to unitholders	7	<u>833,233,494</u>	<u>60,775,182</u>



 Director
 NDB Wealth Management Ltd
 Fund Management Company



 Director
 NDB Wealth Management Ltd
 Fund Management Company

**NDB WEALTH GILT EDGED FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUND
FOR THE YEAR ENDED 30 JUNE 2022**

	Unit capital	Investments in revaluation reserve	Retained earnings	Total
	LKR	LKR	LKR	LKR
Balance as at 1 January 2021	34,722,868	-	30,982,368	65,705,237
Net increase due to creations and redemptions of units	(5,500,161)	-	(1,975,180)	(7,475,340)
Increase in net assets attributable to unit holders	-	-	2,545,285	2,545,285
<i>Other comprehensive income</i>				
Loss arising on fair value changes on investment in treasury bonds	-	-	-	-
Total comprehensive income for the year	-	-	2,545,285	2,545,285
Balance as at 31 December 2021	29,222,706	-	31,552,476	60,775,182
Net decrease due to creations and redemptions of units	506,513,961	-	242,723,560	749,237,521
Increase in net assets attributable to unit holders	-	-	23,220,790	23,220,790
<i>Other comprehensive income</i>				
Loss arising on fair value changes on investment in treasury bonds	-	-	-	-
Total comprehensive income for the year	-	-	23,220,790	23,220,790
Balance as at 30 June 2022	535,736,668	-	297,496,824	833,233,494

**NDB WEALTH GILT EDGED FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	2022	2021
	LKR	LKR
Cash flows from operating activities		
Interest received	19,291,184	1,099,545
Management fees paid	(453,700)	(201,563)
Other expenses paid	(222,770)	(239,237)
Net cash generated from operating activities	<u>18,614,714</u>	<u>658,745</u>
Cash flows from financing activities		
Proceeds from issue of units	1,608,062,079	274,000
Payments on redemption of units	(858,824,558)	(7,676,343)
Net cash used in financing activities	<u>749,237,521</u>	<u>(7,402,344)</u>
Net increase/ (decrease) in cash and cash equivalents	767,852,235	(6,743,600)
Cash and cash equivalents at the beginning of the year	<u>60,695,955</u>	<u>65,708,561</u>
Cash and cash equivalents at the end of the period	<u><u>828,548,191</u></u>	<u><u>58,964,962</u></u>
Cash and cash equivalents at the end of the year comprises of:		
Cash and cash equivalents	1,879,841	164,962
Treasury bills under repurchase agreements	<u>826,668,350</u>	<u>58,800,000</u>
	<u><u>828,548,191</u></u>	<u><u>58,964,962</u></u>

NDB WEALTH GILT EDGED FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	2022 LKR	2021 LKR
1. Interest income		
Repurchase agreements - long term	9,310,076	1,485,229
Repurchase agreements - short term	15,217,461	40,278
	<u>24,527,537</u>	<u>1,525,507</u>
2. Operating expenses		
Management fee	1,057,701	197,371
Trustee fee & Custodian fee	147,932	78,707
Audit fee	44,550	44,550
Professional fee	28,754	70,515
Bank charges	27,810	12,250
	<u>1,306,747</u>	<u>403,393</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.

	30.06.2022 LKR	As a % of net assets	31.12.2021 LKR	As a % of net assets
4. Financial instruments at amortised cost				
Treasury bills under repurchase agreements (Note 4.1)	355,369,863	43%	60,922,872	100%
Investment in GOSL under repo (R/Repo) (Note 4.2)	476,857,711	57%	-	0%
	<u>832,227,574</u>	<u>100%</u>	<u>60,922,872</u>	<u>100%</u>
4.1 Treasury bills under repurchase agreements				
Bank of Ceylon	-	0%	2,600,296	4%
First Capital Holdings PLC	355,369,863	43%	58,322,575	96%
	<u>355,369,863</u>	<u>43%</u>	<u>60,922,872</u>	<u>100%</u>
4.2 Investment in GOSL under repo (R/Repo)				
Commercial Bank of Ceylon	476,857,711	57%	-	0%
	<u>476,857,711</u>	<u>57%</u>	<u>-</u>	<u>0%</u>

NDB WEALTH GILT EDGED FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	30.06.2022	31.12.2021
	LKR	LKR
5. Income tax recoverable		
Withholding Tax Recoverable	7,948,400	7,948,400
Notional Tax Credit Recoverable	1,061,681	1,061,681
	<u>9,010,081</u>	<u>9,010,081</u>
Less :		
Impairment Allowance for Notional Tax & WHT Recoverable	<u>(9,010,081)</u>	<u>(9,010,081)</u>
Balance at 30 June	<u><u>-</u></u>	<u><u>-</u></u>
6. Accrued expenses		
Management fees	637,898	32,091
Trustee fees & Custodian fees	83,732	12,796
Audit fees	40,095	44,550
Tax consultancy fee	112,197	44,501
	<u>873,922</u>	<u>133,938</u>

7. Net assets attributable to unitholders

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

	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	Units	Units	LKR	LKR
Opening balance	3,161,448	3,560,505	60,775,182	65,705,237
Units issued during the period	79,795,922	127,045	1,608,062,079	2,427,289
Units redeemed during the period	(42,188,595)	(526,102)	(858,824,558)	(9,902,630)
Increase in net assets attributable to unitholders	-	-	23,220,790	2,545,285
Closing balance	<u>40,768,774</u>	<u>3,161,448</u>	<u>833,233,494</u>	<u>60,775,182</u>

The creation price was LKR 20.4572 (2021 - LKR. 19.0122) per unit and the redemption price was LKR 20.4572 (2021 - LKR. 19.0122) per unit as at 30 June 2022.

8. Distribution for the period

There were no distributions for the period ended 30 June 2022.

9. Contingencies

There were no material contingencies existing at 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.