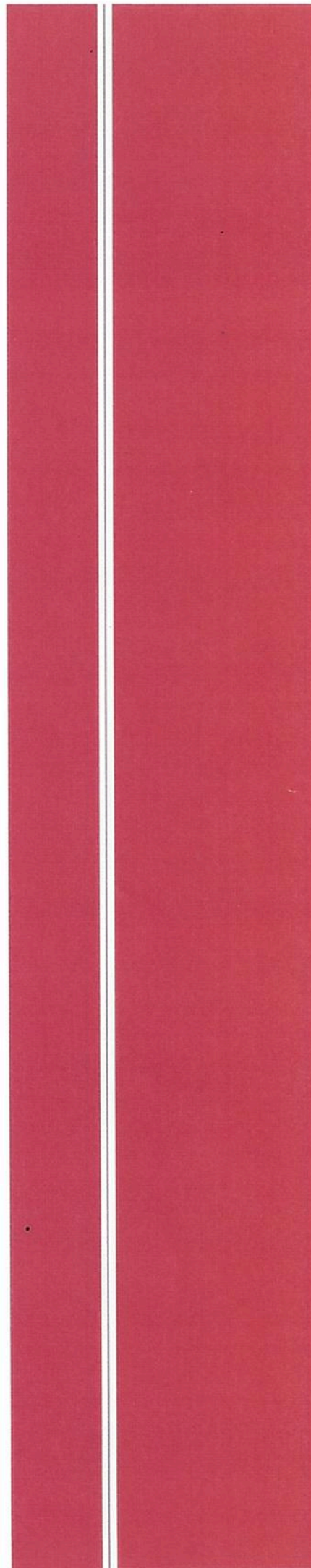


NDB Wealth

Income Plus Fund

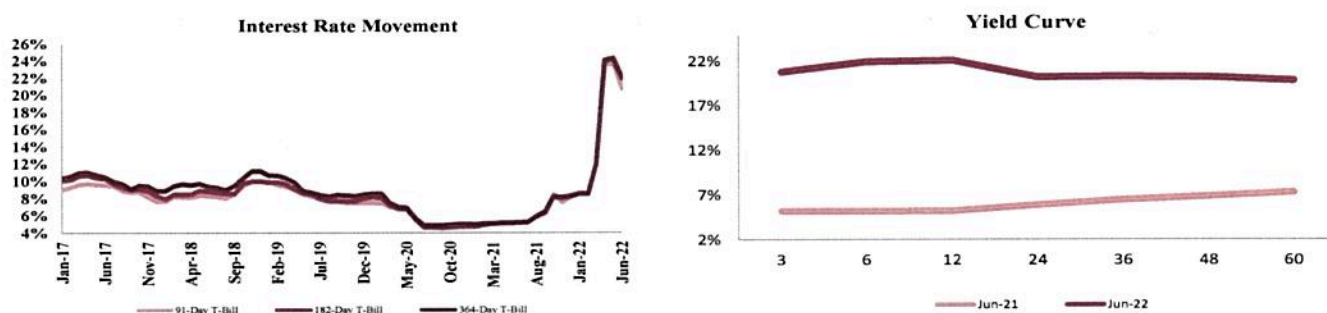
Financial Statements for the Period
Ended 30th June 2022



Fund Review 1st Half 2022 - NDB Wealth Income Plus 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 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 2022	6.45% (after fees)	N/A
Annualized Performance - 1 st Half 2022	12.90% (after fees)	7.56%

*Source: Central Bank of Sri Lanka

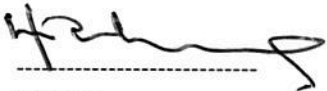
We expect interest rates to remain elevated during the second half of the year owing to policy action by the Central Bank along with uncertainties surrounding domestic debt restructuring and the government's continued requirement for domestic financing. However, if Sri Lanka manages to enter in to a 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 INCOME PLUS FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022


	Note	2022 LKR	2021 LKR
Investment income			
Interest income	1	610,005,498	7,347,346
Gain on sale of financial investments			
Expenses	2	(18,833,336)	(712,737)
Profit before tax		<u>591,172,162</u>	<u>6,634,609</u>
Income tax expense	3	<u>-</u>	<u>-</u>
Profit for the year		591,172,162	6,634,609
Other comprehensive income		-	-
Total comprehensive income for the year		<u>591,172,162</u>	<u>6,634,609</u>
Increase in net assets attributable to unit holders		<u>591,172,162</u>	<u>6,634,609</u>

**NDB WEALTH INCOME PLUS FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Note	30.06.2022 LKR	31.12.2021 LKR
Assets			
Cash at bank		4,439,611	117,787
Financial assets measured at amortised cost	4	20,419,900,405	1,567,715,945
Tax recoverable	5	-	-
Other Receivables		1,084,932	435,288
Total assets		<u>20,425,424,948</u>	<u>1,568,269,020</u>
Liabilities			
Accrued expenses	6	8,606,900	860,041
Total liabilities		<u>8,606,900</u>	<u>860,041</u>
Net assets attributable to unitholders		<u>20,416,818,049</u>	<u>1,567,408,979</u>
Unitholders' funds			
Unit capital		10,596,450,047	865,888,733
Retained earnings		9,820,368,002	701,520,246
Net assets attributable to unitholders	7	<u>20,416,818,049</u>	<u>1,567,408,979</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 YEAR ENDED 30 JUNE 2022**

	LKR	Retained earnings LKR	Total LKR
Balance as at 01 January 2021	31,505,265	22,144,056	53,649,321
Net decrease due to creation and redemption of units	834,383,468	640,419,289	1,474,802,758
Increase in net assets attributable to unitholders	-	38,956,901	38,956,901
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	38,956,901	38,956,901
Balance as at 31 December 2021	<u>865,888,733</u>	<u>701,520,246</u>	<u>1,567,408,979</u>
Net increase due to creation and redemption of units	9,730,561,314.04	8,527,675,593	18,258,236,907
Increase in net assets attributable to unitholders	-	591,172,162	591,172,162
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	591,172,162	591,172,162
Balance as at 30 June 2022	<u><u>10,596,450,047</u></u>	<u><u>9,820,368,002</u></u>	<u><u>20,416,818,049</u></u>

**NDB WEALTH INCOME PLUS FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	2022	2021
	LKR	LKR
Cash flows from operating activities		
Interest received	120,865,621	4,272,602
Management fees paid	(9,821,124)	(328,451)
Other expenses paid	(1,265,353)	(170,577)
Net movement in investments	(18,106,894,275)	(501,900,000)
Net cash generated from / (used in) operating activities	<u>(17,997,115,132)</u>	<u>(498,126,426)</u>
Cash flows from financing activities		
Proceeds on creation of units	24,075,594,896	580,016,698
Payments on redemption of units	(5,817,357,989)	(63,704,423)
Net cash generated from / (used in) financing activities	<u>18,258,236,907</u>	<u>516,312,275</u>
Net increase in cash and cash equivalents	261,121,776	18,185,849
Cash & cash equivalents at the beginning of the year	80,930,780	2,165,509
Cash & cash equivalents at the end of the year	<u>342,052,556</u>	<u>20,351,358</u>
Cash and cash equivalents at the end of the period comprises of:		
Cash at bank	4,439,611	18,783
Financial instruments - maturity within 3 months	337,612,945	20,332,575
	<u>342,052,556</u>	<u>20,351,358</u>

**NDB WEALTH INCOME PLUS FUND
NOTES FOR THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

	2022	2021
	LKR	LKR
1. Interest income		
Interest on Treasury bills	436,492,350	-
Interest on fixed deposits	65,275,450	4,159,852
Interest on commercial papers	2,315,959	1,529,973
Interest on structured debt	-	1,436,880
Income From Buy & Sell Back Financial Instruments	4,260,006	-
Interest on money market saving accounts	9,146,892	196,063
Interest on treasury bills repo - short term	92,514,841	24,578
	<u>610,005,498</u>	<u>7,347,346</u>
2. Expenses		
Management fee	16,861,625	542,090
Trustee fee	1,883,264	99,530
Custodian fee	-	16,036
Auditor's remuneration	44,550	44,550
Bank charges	43,897	10,531
	<u>18,833,336</u>	<u>712,737</u>
3. Income tax expense		
Tax expense for the year (Note 3.1)	<u>-</u>	<u>-</u>

- 3.1** 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 YEAR ENDED 30 JUNE 2022

	30-Jun-22 LKR	As a % of net asset value	31-Dec-21 LKR	As a % of net asset value
4. Financial assets measured at amortised cost				
Investment in fixed deposits (Note 4.1)	-	0.00%	223,452,493	14.26%
Investment in GOSL under repo (R/Repo (Note 4.4)	3,657,738,836	17.92%	177,600,000	11.33%
Investment in commercial papers (Note 4.3)	-	0.00%	89,909,041	5.74%
Investment in money market saving accounts (Note 4.2)	337,612,945	1.65%	81,242,917	5.18%
Buy & Sell Back Financial Instruments(Note 4.5)	-	0.00%	995,511,494	63.51%
Investment in GOSL Tbills (Note 4.6)	16,424,548,625	80.45%	-	0.00%
	<u>20,419,900,405</u>	<u>100%</u>	<u>1,567,715,945</u>	<u>100%</u>
4.1 Investment in fixed deposits				
Company	30-Jun-22 LKR	As a % of net asset value	31-Dec-21 LKR	As a % of net asset value
Richard Pieris Finance Ltd	-	0.00%	223,452,493	14.26%
	<u>-</u>	<u>0.00%</u>	<u>223,452,493</u>	<u>14.26%</u>
4.2 Investment in money market saving accounts				
Company	30-Jun-22 LKR	As a % of net asset value	31-Dec-21 LKR	As a % of net asset value
Hatton National Bank PLC	7,028	0.00%	7,210	0.00%
SDB Bank	30,335	0.00%	25,687	0.00%
DFCC Bank	337,575,581	1.65%	81,210,020	5.18%
	<u>337,612,945</u>	<u>1.65%</u>	<u>81,242,917</u>	<u>5.18%</u>
4.3 Investment in commercial papers				
Company	30-Jun-22 LKR	As a % of net asset value	31-Dec-21 LKR	As a % of net asset value
Lanka ORIX Leasing Company PLC	-	0.00%	89,909,041	5.74%
	<u>-</u>	<u>0.00%</u>	<u>89,909,041</u>	<u>5.74%</u>
4.4 Investment in GOSL under repo (R/Repo)				
Company	30-Jun-22 LKR	As a % of net asset value	31-Dec-21 LKR	As a % of net asset value
Acuity Securities Ltd	556,091,438	2.72%	-	0.00%
Commercial Bank	3,101,647,397	15.19%	-	0.00%
NSB Fund Management Co Ltd	-	-	177,600,000	11.33%
	<u>3,657,738,836</u>	<u>17.92%</u>	<u>177,600,000</u>	<u>11.3%</u>
4.5 Buy & Sell Back Financial Instruments				
Company	30-Jun-22 LKR	As a % of net asset value	31-Dec-21 LKR	As a % of net asset value
Safe Holdings-Lolc Development Finance	-	-	995,511,494	63.51%
	<u>-</u>	<u>-</u>	<u>995,511,494</u>	<u>63.5%</u>
4.6 Investment in GOSL TBills-				
	30-Jun-22 LKR	As a % of net asset value	31-Dec-21 LKR	As a % of net asset value
Capital Alliance Limited	5,029,561,200	24.63%	-	0.00%
First Capital Holdings PLC	5,291,836,675	25.92%	-	0.00%
WealthTrust Securities Limited	6,103,150,750	29.89%	-	0.00%
	<u>16,424,548,625</u>	<u>80.45%</u>	<u>-</u>	<u>0.00%</u>

NDB WEALTH INCOME PLUS FUND
NOTES FOR THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	30-Jun-22 LKR	31-Dec-21 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)
Balance as at 30 June 2022	<u>-</u>	<u>-</u>
6. Accrued expenses		
Management fee	7,703,962	663,461
Trustee fee & Custodian fee	862,844	107,480
Audit fee	40,095	89,100
	<u>8,606,900</u>	<u>860,041</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-22 Units	31-Dec-21 Units	30-Jun-22 LKR	31-Dec-21 LKR
Opening capital balance	86,647,160	3,150,566	1,567,408,979	53,649,321
Units issued during the period	1,287,142,167	121,291,507	24,075,594,896	2,146,762,924
Units redeemed during the period	(313,438,387)	(37,794,912)	(5,817,357,989)	(671,960,166)
Increase in net assets attributable to unit holders	-	-	591,172,162	38,956,899
Closing balance	<u>1,060,350,940</u>	<u>86,647,160</u>	<u>20,416,818,049</u>	<u>1,567,408,979</u>

The creation price was at LKR 19.2546 (2021 -LKR. 17.4993) per unit and the redemption price was at 19.2546 (2021 LKR. 17.4993) per unit as at 30 June 2022.

8. Distributions for the year

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

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.