

Guardian Acuity Money Market Fund

Open Ended Money Market Fund

AUGUST 2016



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HIGHLIGHT

The fund gave a return of 0.94% for the month of August while the 91 day Treasury bill index increased by 0.72% for the same period. The fund is currently providing a tax free current yield of 10.38% p.a. to its investor.



COMMENTARY
By Fund Manager,
Sashika Wickramaratne

RETURNS

PERIOD	FUND	NDBIB-CRISIL 91 T-BILL INDEX	ANNUALISED FUND RETURN
2016 August	0.94%	0.72%	10.39%
3 Months	2.56%	2.13%	10.17%
YTD 2016	6.10%	4.92%	9.13%
Since Inception Cum.	52.25%	43.37%	11.58%

FUND PERFORMANCE

The fund gave a return of 0.94% for the month of August while the 91 day Treasury bill index increased by 0.72% for the same period. The fund is currently providing a tax free current yield of 10.38% p.a. to its investors. In September we expect the running yield to increase with existing investments that mature being reinvested at prevailing higher rates.

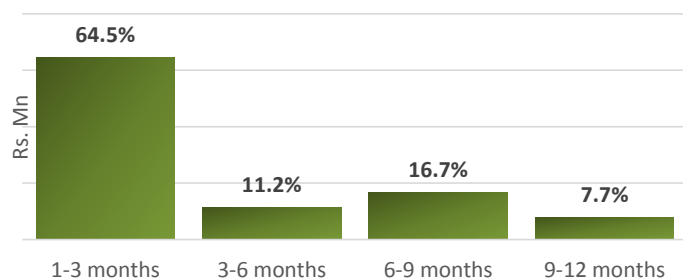
KEY INDICATORS

Average Maturity	(Months)	3.37
Duration	(Months)	0.21
Expense Ratio	%	0.78%
Unit Price as at 31 August 2016	Rs.	13.2204

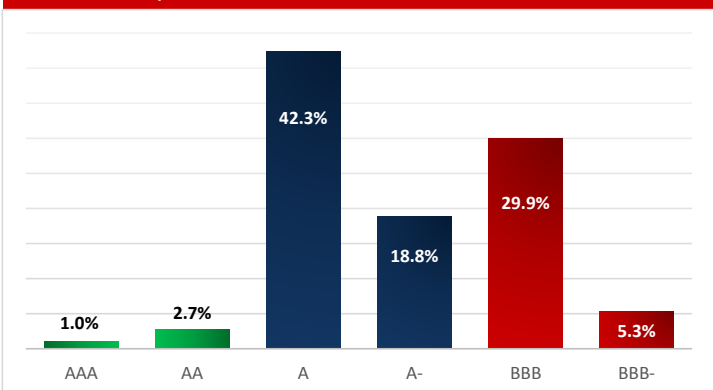
INTEREST RATES AND THE ECONOMY

Forex reserves rose to 6,485 million dollars in July 2016, from 5,295 million in June, following the issue of the USD 1.5 dollar sovereign bond. Private sector credit growth touched 28% in June on a year on year basis from 25% in January this year, however it is expected to decelerate following the recent policy rate hike by 50 basis points. Market liquidity is down to Rs.6 billion as opposed to Rs.46 billion at the end of September 2016. However, the short term market rates have not adjusted yet following the July policy rate hike. Over the next one month period we expect the market rates to adjust in line with the policy rate hike, given the lower liquidity level in the system.

MATURITY PROFILE



FUND CREDIT QUALITY



ASSET ALLOCATION

Fixed Deposits	%	50
Commercial Papers	%	46
Government Securities	%	4

After Brexit, due to the quantitative easing program in Japan and the delay in US Fed rate hike, we are currently seeing inflows into the local government security market and CSE. Based on the CBSL data the government has to settle USD 6.5 billion worth of foreign loans over the next 1 year period. If the Sri Lankan government successfully raises foreign debt under the prevailing favorable global environment and controls private sector credit growth by maintaining the prevailing liquidity levels, the possibility of another policy rate hike is remote.

ABOUT THE FUND

Guardian Acuity Money Market Fund is an open ended unit trust which invests in a portfolio of investment grade securities that are maturing within 365 days.

FUND SNAPSHOT

Inception Date
Bloomberg Code
Fund Size
Minimum Investment

27th February 2012
GUAACFI SL Equity
LKR 5,075.60Mn
LKR 1,000

FUND FEES

Management Fee*
Custodian & Trustee Fee*
*As a percentage of NAV

0.60%
0.15%

Disclaimer: Performance data included in this document represents past performance and is no guarantee of the future results. Investment returns and principal values may fluctuate depending on various factors and forces, affecting capital markets.