

Guardian Acuity Money Market Fund

Open Ended Money Market Fund

December 2016



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HIGHLIGHT

"The fund gave a return of 0.97% for the month of December while the 91 day Treasury bill index increased by 0.70% for the same period. The fund is currently providing a tax free current yield of 11.43% p.a. to its investor".

PERIOD	FUND	NDBIB-CRISIL 91 T-BILL INDEX	ANNUALISED FUND RETURN
2016 December	0.97%	0.70%	11.43%
3 Months	2.78%	2.07%	11.05%
YTD 2016	9.98%	7.99%	9.96%
Since Inception Cum.	57.82%	47.56%	11.93%

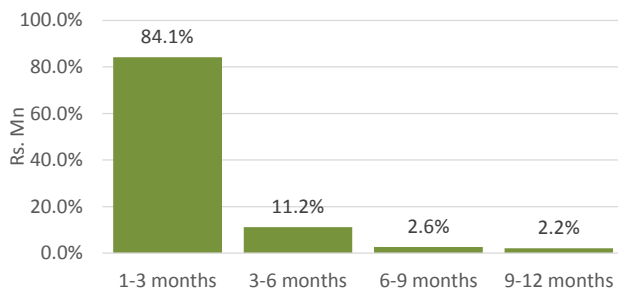
Note : NDBIB-CRISIL 91 T-BILL INDEX (Benchmark) based on data as of 30th December 2016

** Performances are based on month end prices. The current yield/ return is variable and subject to change. Performance data included in this document represents past performance and is no guarantee of the future results.

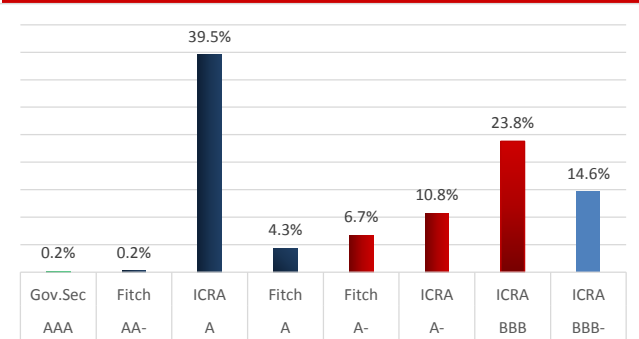
KEY INDICATORS

Average Maturity	(Months)	1.59
Duration	(Months)	0.12
Expense Ratio	%	0.79%
NAV Per Unit as of 31-12-2016	Rs.	13.7041

MATURITY PROFILE



FUND CREDIT QUALITY



ASSET ALLOCATION

Fixed Deposits	58.96%
Commercial Papers	33.72%
Securitization	7.16%
Government Securities	0.16%



COMMENTARY
By Fund Manager,
Sashika Wickramaratne

FUND PERFORMANCE

The fund gave a return of 0.97% for the month of December while the 91 day Treasury bill index increased by 0.70% for the same period. The fund is currently providing a tax free current yield of 11.43% p.a. to its investors.

INTEREST RATES AND THE ECONOMY

Following the policy rate hike in July private sector credit growth decelerated to 22% in October from the peak of 28.5% in July 2016. We believe that the prevailing policy rates are sufficient to curtail the credit growth to the targeted 18% level. The increase in Value Added Tax (VAT) and the income tax of certain sectors, the removal of some exemptions applicable on VAT, Nation Building Tax (NBT) and Corporate tax in the 2017 budget, will ease the pressure on interest rates from the fiscal side.

Gross Official Reserves in November declined to US\$ 5.6Bn from 6.0Bn in October due to seasonal dollar demand and foreign loan repayments. Despite the decline, reserves are sufficient to service the expected USD 4.61 billion foreign dollar repayments in the next 12 months. Also the government is planning to issue a USD 1 billion sovereign bond in January and in total the government is planning to raise USD 1.5 billion via sovereign bonds during 2017. Government is also expecting to receive USD 1 billion in 2017 by selling a 80% in the Hambantota port. If the government successfully raises funds from the above sources the pressure from the external side will ease off.

Against this backdrop we expect the market rates to remain at current levels or slightly increase over the next 6 months and then to drop by 50 – 100 basis points towards the 2H of 2017.

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 31 Dec. 2016
Minimum Investment

27th February 2012
GUAACFI SL Equity
LKR 4,774.89Mn
LKR 1,000

FUND FEES

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

0.6% p.a.
0.15% p.a.