

# Guardian Acuity Money Market Fund

Open Ended Money Market Fund

2016 January

Guardian Acuity Asset Management Limited

61, Janadhipathi Mawatha, Colombo, Sri Lanka

Tel: +94112039377, E-mail: info@guardianacuity.com, Website: www.guardianacuity.com

## FUND DESCRIPTION

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 PERFORMANCE

Period	GAMMF	NDBIB-CRISIL 91 Day T-Bill Index	GAMMF-Annualized
2016 January	0.56%	0.44%	7.07%
3 Months	1.87%	1.50%	7.58%
YTD- 2016	0.56%	0.44%	7.07%
Since Inception	44.30%	37.24%	11.29%

## FUND SNAPSHOT

Inception Date	27th February 2012
Fund Size	LKR 4,349.41 mn
Minimum Investment	LKR 1,000

## KEY INDICATORS

Current Yield* (Net of fees)	7.44%
Average Maturity (Months)	2.59
Duration	0.20
Expense Ratio	0.78%
Unit Price (As at 29-01-2016)	12.53

\*Yield on existing assets of the fund.

## FUND FEES

Management Fee**	0.60%
Trustee Fee**	0.15%

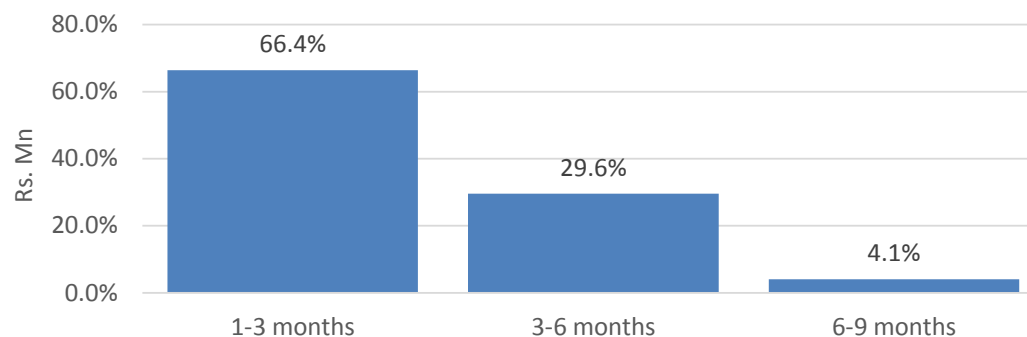
\*\*As a percentage of NAV

## FUND MANAGER'S COMMENT

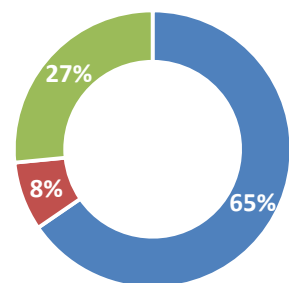
### Fund performance & outlook

The fund gave a return of 0.56% for the month of January while 91 day Treasury bill index was increased by 0.44% for the same period. The fund is currently providing a tax free current yield of 7.44% to its investors. In February we expect the running yield to increase with expected upward movement in interest rate.

## Maturity Profile

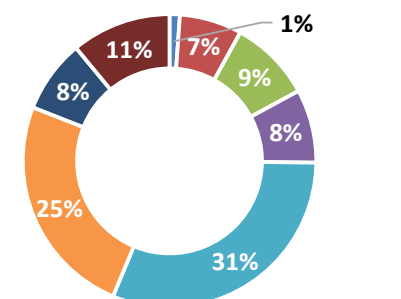


## Asset Allocation



- Fixed Deposits
- Government Securities
- Commercial Papers

## Fund Credit Quality



- Gov. Sec.
- A
- AA
- A-
- AA-
- A+
- BBB+
- BBB-

**Interest Rates and the Economy**

*The current gross official reserve level of USD 7.3 billion is equivalent to 64%% of the foreign loan repayment requirement and the ability of raising further foreign debt seems to be challenging with cost of foreign funding increasing. Also due to continuous outflows from Government securities market and CSE, import limiting policies continue to gain prominence.*

*In December CBSL increased the Statutory Reserve Ratio(SRR) from 6% to 7.5% to curtail the credit growth which mainly fuels import demand. In January as anticipated the overall market liquidity dropped down to Rs.79 billion on 18th January from Rs.150 billion in December in response to the SRR increase, as a result the short term government security rates moved up by 39 - 50 basis points. However, in the January policy meeting, CBSL kept the policy rates unchanged (SDR-6.5% and SLR -8.0%) and from 20th January to date injections of Rs.60 billion into markets via T bill purchases helped maintain interest rates low. In 2011 CBSL increased the SRR and kept the policy rates unchanged, but credit growth didn't decelerate in response, and later CBSL increased the policy rates. Hence, we believe that CBSL will increase the policy rates in the next 2 policy meetings if increase in SRR fails to decelerate the credit growth and imports.*

*Most of the key budget proposals (Increase in NBT,VAT, vehicle registration fees etc.) in the 2016 budget were reversed. Without implementing those proposals actual deficit will be higher than expected of 5.2% of GDP. The domestic interest rates will increase if the government fulfills the funding requirement through local bank borrowings.*