

# Guardian Acuity Money Market Fund

Open Ended Money Market Fund

August 2018

## HIGHLIGHT

"The fund is currently providing a current yield of 10.76% p.a. to its investor".\*\*

### RETURNS\*\*\*

| PERIOD               | FUND   | NDBIB-CRISIL<br>91 T-BILL INDEX | ANNUALISED<br>FUND<br>RETURN/CAGR* |
|----------------------|--------|---------------------------------|------------------------------------|
| 2018 August          | 0.92%  | 0.72%                           | 10.88%                             |
| 3 Months             | 2.76%  | 2.11%                           | 10.94%                             |
| YTD 2018             | 7.47%  | 5.34%                           | 11.23%                             |
| Since Inception Cum. | 89.91% | 70.30%                          | * 10.35%                           |

\*\* Current yield based on last 07 days average up to 31st August '2018. The current yield/ return is variable and subject to change.

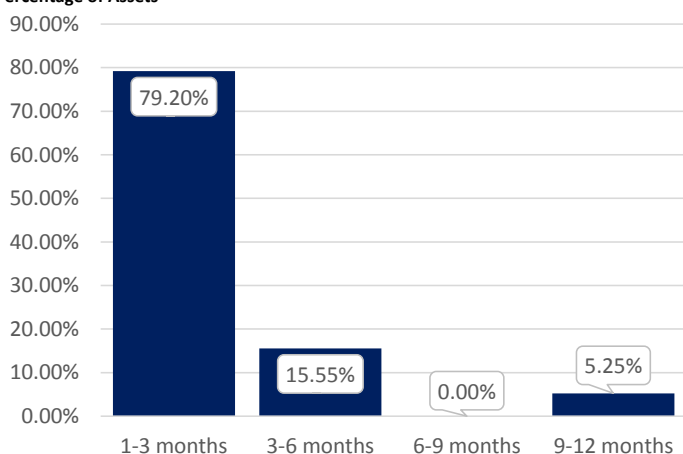
\*\*\* Performances are based on month end prices as of 31st August 2018. Performance data included in this document represents past performance and is no guarantee of the future results.

### KEY INDICATORS

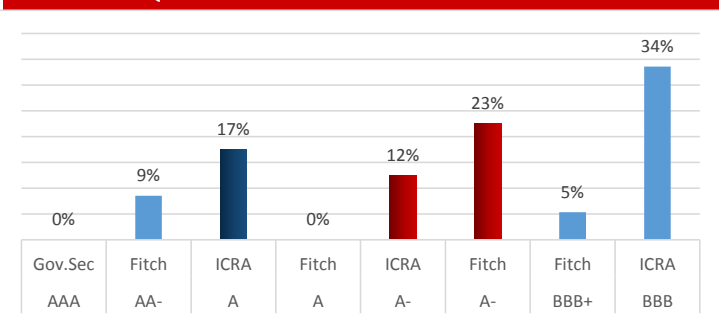
|                                   |          |         |
|-----------------------------------|----------|---------|
| Average Maturity                  | (Months) | 2.56    |
| Duration                          | (Months) | 0.20    |
| Expense Ratio                     | %        | 0.79%   |
| Unit Price as at 31st August 2018 | Rs.      | 16.4910 |

### MATURITY PROFILE

Percentage of Assets



### FUND CREDIT QUALITY



CEYLON  
GUARDIAN  
A CANTON COMMERCIAL COMPANY

ACUITY  
Partners (Pvt) Ltd



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Sashika Wickramaratne  
Fund Manager

Treasury bills rates dropped down from 9.27% to 8.99% during August, a continuous drop from May due to lower government borrowings. Weighted Average Lending Rate (AWPLR) increased to 11.67% in August from 11.44% in July, reflecting a slight recovery in private sector credit demand. The short term rates are depressed due to lower domestic pressure.

Gross official reserves decreased to USD 8.24 billion in July 2018 from USD 9.26 billion in the previous month mainly due to the settlement of a USD 825 million SLDB. During the next 3 months period the expected net drain in foreign reserves is around USD 1.269 billion (both principal & interest payments). If reserves continue to decline the pressure on rates will much higher since the Central bank has to increase rates to control import growth and to raise foreign funds. Currently the Central Bank is prudently managing the USD outflow. USD 505 million is yet to receive from the remaining tranches of IMF extended funding facility and another USD 1.8 billion SLDBs can be issued as per the budget. However rising fuel prices and foreign selling in the government security market could make the situation worsen.

US has indicated another two rate hikes in 2018, the cost of rollover of existing debt and retaining the foreign investors in local government securities will be challenging. In June federal reserve increased their policy rates by another 25 basis points for the second time to 1.75%-2.00%. Based on the latest media reports economists predict that in September there is a higher probability for another rate hike.

Foreign holding in government securities dropped to Rs.277.8 billion (USD 1.7 billion) in August 2018 from Rs.295.3 billion in March 2018. Foreign selling will continue if our rates are not sufficient to their comparative rates after adjusting for country risk premiums and expected currency depreciation.

Current US 10 year treasury bond is trading at 2.937% and the Sri Lankan 10 year treasury bond rate is trading at 10.33%, having a 7.393% spread against the US 10Y bond rate (spread has dropped from 7.5995% in March 2018)

Against this back drop we expect overall rates to pick up during the next 12 months due to pressure stemming from external factors.

### ASSET ALLOCATION

|                       |        |
|-----------------------|--------|
| Fixed Deposits        | 66.14% |
| Commercial Papers     | 26.99% |
| Savings               | 6.87%  |
| Government Securities | 0.00%  |

### 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             | 27th February 2012 |
| Bloomberg Code             | GUAACFI SL Equity  |
| Fund Size 31st August 2018 | LKR 5,739.62 Mn    |
| Minimum Investment         | LKR 1,000          |

### FUND FEES

|                 |            |
|-----------------|------------|
| Management Fee* | 0.60% p.a. |
| Trustee Fee*    | 0.15% p.a. |

\*As a percentage of NAV

Investors are advised to read and understand the contents of the Explanatory Memorandum before investing. Among others, investors should consider the fees and the charges involved.