

Guardian Acuity Money Market Fund

Open Ended Money Market Fund

December 2018

HIGHLIGHT

"The fund is currently providing a current yield of 10.68% p.a. to its investor".**

RETURNS***

PERIOD	FUND	NDBIB-CRISIL 91 T-BILL INDEX	ANNUALISED FUND RETURN/CAGR*
2018 December	0.90%	0.88%	10.65%
3 Months	2.74%	2.16%	10.86%
YTD 2018	11.41%	8.17%	11.41%
Since Inception Cum.	96.87%	74.88%	* 10.40%

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

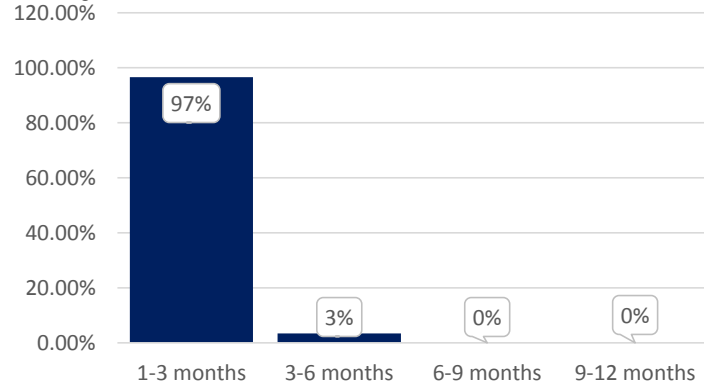
*** Performances are based on month end prices as of 31st December 2018. Performance data included in this document represents past performance and is no guarantee of the future results.

KEY INDICATORS

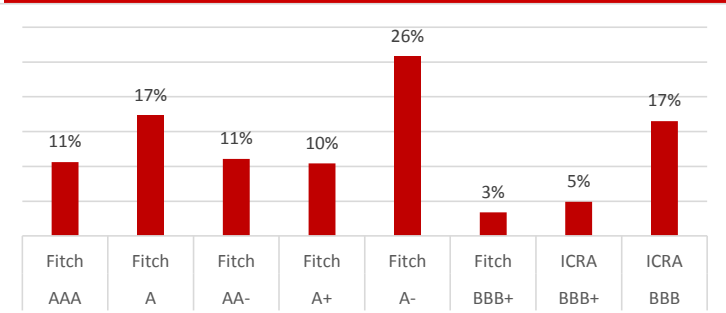
Average Maturity	(Months)	0.84
Duration	(Months)	0.07
Expense Ratio	%	0.79%
Unit Price as at 31st December 2018	Rs.	17.0951

MATURITY PROFILE

Percentage of Assets



FUND CREDIT QUALITY



CEYLON
GUARDIAN
A CREDIT GUARANTEE COMPANY

ACUITY
Partners (Pvt) Ltd



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Sashika Wickramaratne
Fund Manager

T bill rates remained flat in December with the one year Treasury bill rate settling at 11.20% to close the month. The Average Weighted Prime Lending Rate (AWPLR) increased marginally following a sharp drop previous month, whilst credit demand remained accelerated since September 2018. Accordingly AWPLR increased to 12.09% from 12.03% in last month.

Heavy foreign selling in the government security market continued which was triggered by the change in political climate in Sri Lanka. Foreign ownership of government securities declined to Rs.164.5 billion (approximate USD 0.9 billion) from Rs.197.9 billion in the previous month. However following considerable foreign selling during first 2 weeks of the month, the sentiment was seen easing off towards 2nd half of the month, as a result the secondary market bond rates was seen declining by approximately 20-40 basis points. On this back drop Sri Lankan rupee depreciated by 1.4% to 182.09.

Gross official reserves are at USD 7.0 billion equivalent to 3.7 months imports. However, during the next 3 months period the expected net drain in foreign reserves is around USD 1.96 billion (both principal & interest payments). As per CBSL the government is expecting a swap line of USD400 million from India shortly, whilst USD 505 million is yet to be received from the remaining tranches of IMF extended funding facility (USD 250 MN was due in December 2018 which was delayed).

Despite inflation remaining subdued and economic growth at subpar levels, Central Bank decided to continue its monetary policy stance with the Standing Deposit Facility Rate (SDFR) at 8.00% and the Standing Lending Facility Rate (SLFR) at 9.00% (8.00%-9.00%) on the 12th December 2018 in order to stabilize economic conditions and financial markets amidst acceleration in private credit growth and pressure on external reserves. With the weakening signs of global economic growth and US indicating slow pace or possibly pausing of Fed rate hikes in 2019, we feel that the Sri Lanka likely to maintain rates in the first quarter of the year until external repayment pressure eases off.

ASSET ALLOCATION

Fixed Deposits	93.32%
Savings	6.68%

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 31st December 2018
Minimum Investment

27th February 2012
GUAACFI SL Equity
LKR 4,660.70 Mn
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.