

Guardian Acuity Money Market Fund

Open Ended Money Market Fund

October 2018

HIGHLIGHT

"The fund is currently providing a current yield of 10.85% p.a. to its investor".**

RETURNS***

| PERIOD | FUND | NDBIB-CRISIL 91 T-BILL INDEX | ANNUALISED FUND RETURN/CAGR* |
|----------------------|--------|---------------------------------|------------------------------------|
| 2018 October | 0.93% | 0.60% | 10.90% |
| 3 Months | 2.78% | 1.85% | 11.02% |
| YTD 2018 | 9.45% | 6.52% | 11.34% |
| Since Inception Cum. | 93.40% | 72.21% | * 10.38% |

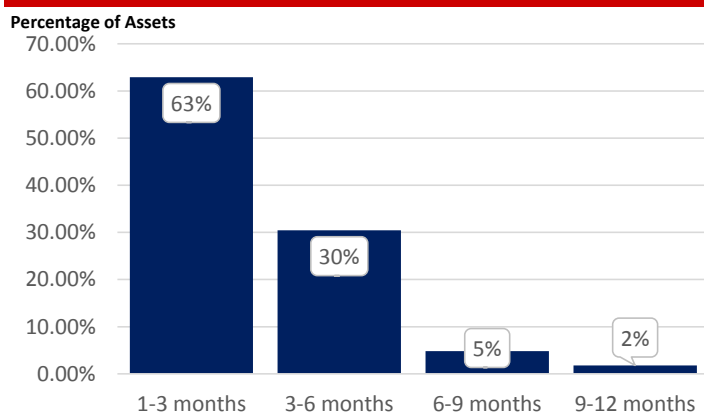
** Current yield based on last 07 days average up to 31st October 2018. The current yield/ return is variable and subject to change.

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

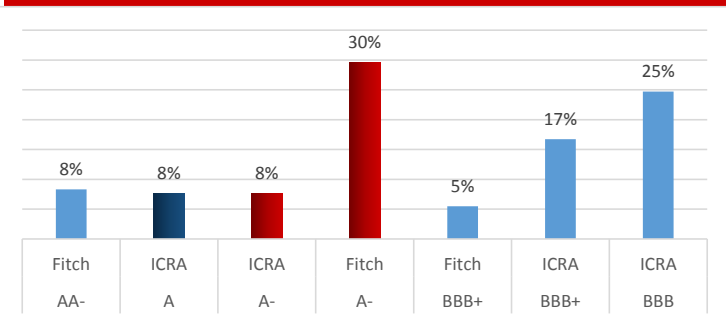
KEY INDICATORS

| | | |
|------------------------------------|----------|---------|
| Average Maturity | (Months) | 2.17 |
| Duration | (Months) | 0.16 |
| Expense Ratio | % | 0.79% |
| Unit Price as at 31st October 2018 | Rs. | 16.7938 |

MATURITY PROFILE



FUND CREDIT QUALITY



CEYLON
GUARDIAN
A CREDIT GUARANTEE COMPANY

ACUITY
Partners (Pvt) Ltd



Tel: +94 112039377 E-mail: info@guardianacuity.com



Sashika Wickramaratne
Fund Manager

An upward movement in T bill rates was seen in October with the one year Treasury bill rate increasing to 10.39% from 9.51% in the previous month. A sharp increase in weighted average prime lending rate (AWPLR) was seen during the month reflecting a surge in private sector credit demand. AWPLR increase to 12.82% from 11.74% in last month.

Heavy foreign selling in the government security market was witnessed in September following change in political climate in Sri Lanka. Foreign ownership of government securities decline to Rs.221.1 billion (approximate USD 1.3 billion) from 249.4 billion in the previous month. As a result the secondary market bond rates increased approximately 60 - 135 basis point. Crude oil prices started to decline due to surge in global crude oil supply. WTI crude oil price drop to USD 61.72 on 7th November 2018, down from USD 76.41 on 4th October 2018. On this backdrop Sri Lankan rupee only depreciated by 2.1% to 172.5.

Gross official reserves are at healthy levels at USD 8.5 billion equivalent to 5 months imports. However, during the next 3 months period the expected net drain in foreign reserves is around USD 1.374 billion (both principal & interest payments) and USD 505 million is yet to be received from the remaining tranches of IMF extended funding facility and another USD 1.8 billion SLDBs can be issued as per the budget.

Considering the current economic slowdown and foreign reserve base, Central Bank decided to maintain the policy rates at current levels (7.25%-8.50%) on 2nd October 2018 in order to protect economic growth. Since US has indicated another 25 basis point rate hike in this year we feel that the Sri Lankan rates should adjust upwards to avoid further foreign exits in government security market and to curtail import growth. Unless the Sri Lankan Rupee could depreciate at a faster rate.

ASSET ALLOCATION

| | |
|-----------------------|--------|
| Fixed Deposits | 82.15% |
| Commercial Papers | 15.83% |
| Savings | 2.02% |
| 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 October 2018 | LKR 4,425.57 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.