

# Guardian Acuity Money Market Fund

Open Ended Money Market Fund

February 2019

## HIGHLIGHT

"The fund is currently providing a current yield of 12.32% p.a. to its investor". \*\*

RETURNS***			
PERIOD	FUND	NDBIB-CRISIL 91 T-BILL INDEX	ANNUALISED FUND RETURN/CAGR*
2019 February	0.93%	0.73%	12.15%
3 Months	2.81%	2.48%	11.41%
YTD 2019	1.89%	1.58%	11.70%
Since Inception Cum.	100.59%	77.65%	* 10.44%

\*\* Current yield based on last 07 days average up to 28th February 2019. The current yield/ return is variable and subject to change.

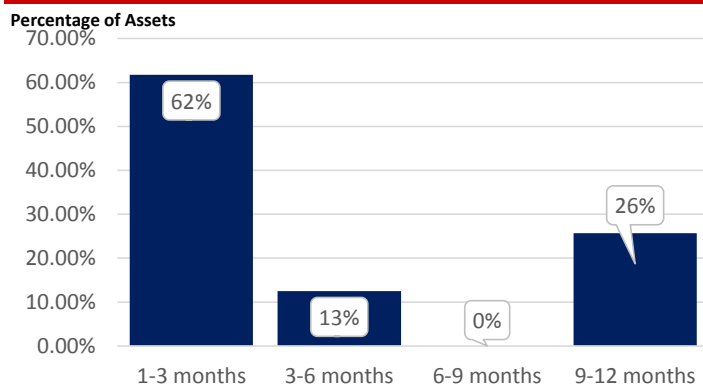
\*\*\* Performances are based on month end prices as of 28th February

2019. Performance data included in this document represents past performance and is no guarantee of the future results.

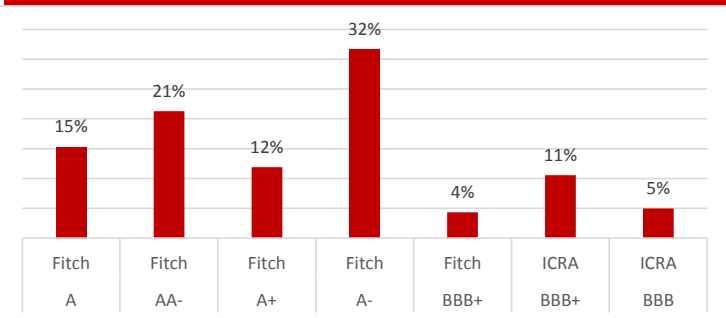
## KEY INDICATORS

Average Maturity	(Months)	4.10
Duration		0.27
Expense Ratio	%	0.79%
Unit Price as at 28th February 2019	Rs.	17.4185

## MATURITY PROFILE



## FUND CREDIT QUALITY



CEYLON  
GUARDIAN  
A CREDIT GUARANTEE COMPANY

ACUITY  
Partners (Pvt) Ltd



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**Crishani Perera**

Assistant Fund Manager

At the February Monetary policy review the Monetary board (MB) kept the policy rates steady, however decided to reduce the Commercial Banks' Statutory Reserve Requirement (SRR) on Rupee deposit liabilities by another 1% bringing it down to 5% (from 7.5% originally prevailed until November 2018). The SRR cut was carried out as a measure to address the persistent money market liquidity deficit which largely contributed to the elevated levels of market interest rates since start of December 2018. The said reduction in SRR limit was expected to release about Rs 80 bn cash to the banking system, evidently thereafter the money market liquidity deficit dropped to about Rs. 40 bn beginning of March from around a deficit of Rs. 117 bn a week ago.

Subsequent to the SRR cut, market interest rates have started to trend downwards. 1 year Treasury bill rate dropped 10.64% at the primary auction held on 1st week of March (from 10.73% prevailed before the monetary policy announcement). Further deposit rates offered by banks & finance companies are seen slowly adjusting downwards. AWPLR also dropped to 12.31% (as of 08.03.2019) from 12.51% as of end February reflecting increased liquidity positions of banks whilst credit demand remaining slow as per industry sources.

During February 2019 foreign investments in government securities recorded a net inflow of about Rs 10 bn (following continuous outflows recorded since April 2018). Consequently secondary market bond rates recorded a further 10-15 bps decline during the month.

Positive developments were seen in the external front including the government restoring a staff level agreement with IMF during the month on the Extended Fund Facility (USD505 mn remaining to be disbursed from the original agreed program). Further during the first week of March government raised USD2.4 bn via a sovereign bond issue which attracted healthy demand indicating investor confidence. The import restrictive measures taken by the government has started to show results with the trade deficit contracting during the last 2 months of 2018 which is expected to continue to 2019. Accordingly the government reserve position is expected to improve from USD 6.2 bn as of end January 2019.

The MB at the February review highlighted the fact economic growth continuing to remain below potential, whilst noting that inflation is expected to remain around desired mid-single digit levels during 2019. We believe the positive developments on the external front coupled with continued fiscal discipline as indicated from the budget proposals announced previous week, likely to allow market interest rates to further trend down in the coming few months.

## ASSET ALLOCATION

Fixed Deposits	97.39%
Savings	2.61%

## 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 28th February 2019	LKR 4,108.10 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.