

Guardian Acuity Money Market Fund

Open Ended Money Market Fund

March 2019

HIGHLIGHT

"The fund is currently providing a current yield of 12.16% p.a. to its investor". **

| RETURNS*** | | | |
|----------------------|---------|---------------------------------|------------------------------------|
| PERIOD | FUND | NDBIB-CRISIL 91 T-BILL INDEX | ANNUALISED FUND RETURN/CAGR* |
| 2019 March | 1.03% | 0.81% | 12.18% |
| 3 Months | 2.95% | 2.41% | 11.95% |
| YTD 2019 | 2.95% | 2.41% | 11.95% |
| Since Inception Cum. | 102.67% | 79.09% | * 10.47% |

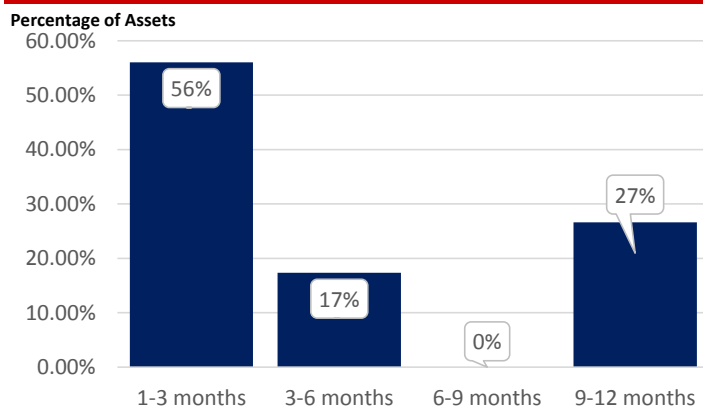
** Current yield based on last 07 days average up to 31st March 2019. The current yield/ return is variable and subject to change.

*** Performances are based on month end prices as of 31st March 2019. Performance data included in this document represents past performance and is no guarantee of the future results.

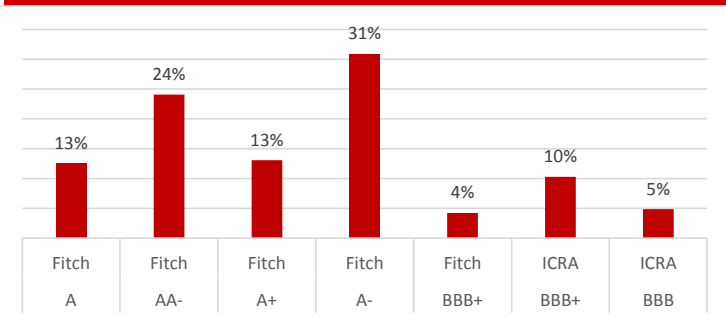
KEY INDICATORS

| | | |
|----------------------------------|----------|---------|
| Average Maturity | (Months) | 3.82 |
| Duration | | 0.25 |
| Expense Ratio | % | 0.79% |
| Unit Price as at 31st March 2019 | Rs. | 17.5987 |

MATURITY PROFILE



FUND CREDIT QUALITY



CEYLON
GUARDIAN
A CREDIT GUARANTEE COMPANY

ACUITY
Partners (Pvt) Ltd



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



Crishani Perera

Assistant Fund Manager

The monetary policy measure taken by the Central Bank of gradually cutting the Commercial Banks' Statutory Reserve Requirement (SRR) by 2.5% (two cuts implemented in November 2018 & February 2019) was seen bearing fruit with money market liquidity position improving considerably beginning of the month. The average inter-bank lending rate dropped to currently 8.5% from around 9% as of end February 2019. Driven by the improved domestic liquidity coupled with net foreign inflows, rates on government securities trended further down with 1 year T.bill rate reading 10.15% at the primary auction held on the 1st week of April (from 10.67% as of end February). Accordingly the benchmark 1 year bill rate has dropped by 105 bps YTD.

The AWPLR only indicated a marginal drop YTD where it stood at 11.94% (as of 05.04.2019) from 12.09% (as of 28.12.2018), whilst AWFDR indicated an increase during the same period. As indicated credit growth remained weak with January recording a MoM drop in private sector credit for the first time after 2014, CB understandably at the April policy review with the view of stimulating credit growth emphasized that they will consider and implement mechanism to drop market interest rates (referring to lending & deposit rates) along with the benchmark rates. However as per industry sources market lending & deposit rates are broadly remaining around same levels currently where we could expect it come down gradually.

With the inflow from USD2.4 bn sovereign bond issue, the gross official reserve position has improved to USD7.6 bn as end of March. The smooth settlement of the bunched up USD debt commitments during the quarter ended March 2019 by the government, restrictive measures on non-essential imports such as vehicles and also the tendency of majority global Central Banks to turn dovish in order to stimulate weakening economies is expected to positively reflect on the economy's external sector during the remainder of the year. With the said developments the LKR has appreciated by 4.6% YTD to 174.58/USD.

The Monetary Board continued to highlight that economic growth for 2019 will remain subdued and the inflation is expected to remain around mid-single digits. Meanwhile it was clearly indicated that slow credit growth, improvement in trade balance and trends in global financial markets underpins a policy rate cut in the coming period. Consequently we expect interest rates to drop in the short term, however towards latter 2019 rates could experience volatility with the planned elections and also bearing in mind substantial increase in local borrowing requirement of the government during 2019.

ASSET ALLOCATION

| | |
|----------------|--------|
| Fixed Deposits | 97.79% |
| Savings | 2.21% |

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 March 2019 | LKR 4,287.10 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.