

# Guardian Acuity Money Market Gilt Fund

Open Ended Money Market Gilt Fund

2016 April

Current Yield: 7.85%

Guardian Acuity Asset Management Limited

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## FUND DESCRIPTION

The fund objective is to provide a secure annual income by investing in a portfolio of Government securities maturing within 365 days. The fund will maintain a minimum level of liquidity and look to invest in Treasury bills, Treasury bonds and repurchase agreements

## FUND PERFORMANCE

Period	GAMMGF	NDBIB-CRISIL 91 Day T-Bill Index	GAMMGF-Annualized
2016 April	0.63%	0.81%	7.92%
3 Months	1.74%	1.57%	6.97%
YTD 2016	2.21%	2.01%	6.73%
Since Inception	7.14%	7.13%	6.48%

## FUND SNAPSHOT

Inception Date	24th March 2015
Fund Size	LKR 438.04 Mn
Minimum Investment	LKR 1,000

## KEY INDICATORS

Average Maturity (Months)	1.49
Expense Ratio	0.52%
Unit price (As at 29-04-2016)	LKR 107.14
<i>*Yield on existing assets of the fund.</i>	

## FUND FEES

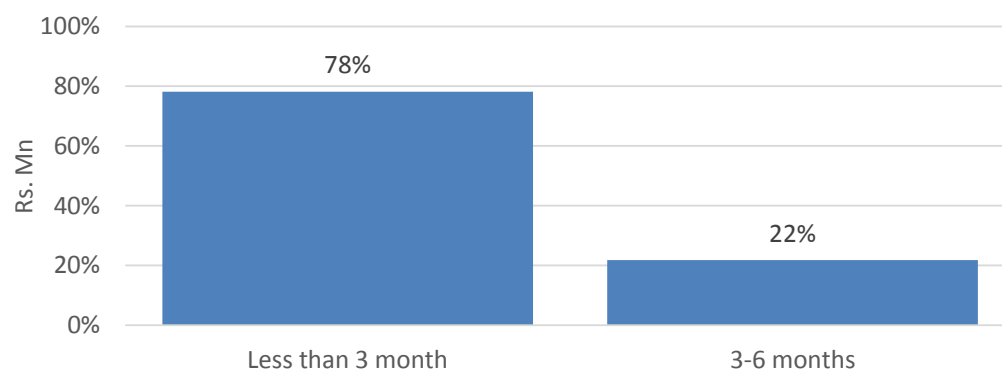
Management Fee**	0.25%
Custodian & Trustee Fee**	0.18%
<i>**As a percentage of NAV</i>	

## FUND MANAGER'S COMMENT

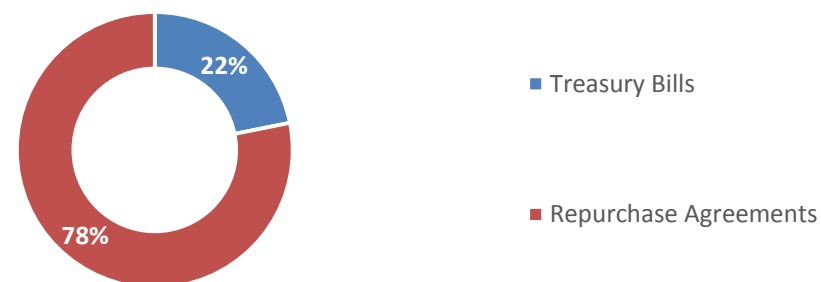
### Fund performance & outlook

The fund is currently providing a tax free current yield of 7.85% p.a. to its investors. In May we expect the running yield to increase with existing investments maturing in May being reinvested at prevailing higher rates. The fund gave a return of 0.63% for the month of April while the 91 day Treasury bill index increased by 0.81% for the same period.

### Maturity Profile



### Asset Allocation



## FUND MANAGER'S COMMENT- Cont'd

### Interest Rates and the Economy

*IMF agreed to lend USD 1.5 billion under an extended fund facility to overcome Sri Lanka's balance of payment problem. Another US\$650 million was approved by other multilateral and bilateral institution, bringing the total support to about \$2.2 billion. Government of Sri Lanka is also planning to raise another USD 3 billion via an International Sovereign Bond.*

*With the delay in FOMC rate hike, the global risk appetite has changed and the funds are flowing back again to the emerging markets. We feel that Sri Lanka's sovereign bond issuance will be successful under the prevailing global conditions and USD 4 billion debt repayment requirement by Sri Lanka over the next 9 months period can be overcome with the above fund raising plan.*

*Government also increased the VAT (Value Added Tax rate) from 11% to 15% in an effort to meet the budget deficit target, hence, the government borrowing requirement will reduce and the pressure on interest rates will also ease off in the next couple of months.*

*Due to the above developments we expect the short term money market rates to stabilize at these level and longer tenure bond yields to come down slightly.*