

Guardian Acuity Money Market Gilt Fund

Open Ended Money Market Fund

AUGUST 2016



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HIGHLIGHT

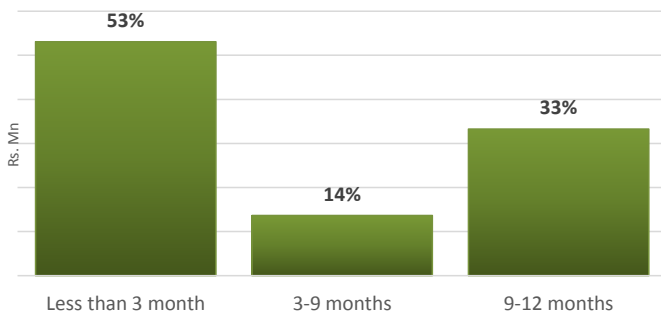
"The fund gave a return of 0.83% for the month of August while the 91 day Treasury bill index increased by 0.72% for the same period. The fund is currently providing a tax free current yield of 9.36% p.a. to its investors"

RETURNS			
PERIOD	FUND	NDBIB-CRISIL 91 T-BILL INDEX	ANNUALISED FUND RETURN
2016 August	0.83%	0.72%	9.23%
3 Months	2.28%	2.13%	9.06%
YTD 2016	5.33%	4.92%	7.97%
Since Inception Cum.	10.40%	9.61%	7.22%

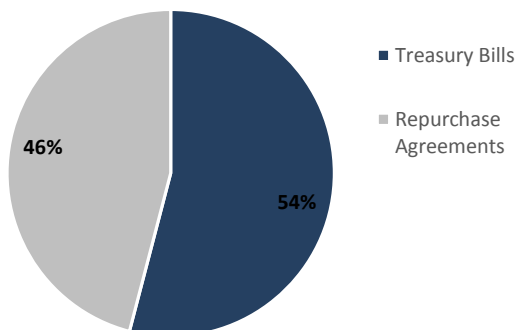
KEY INDICATORS

Average Maturity	(Months)	4.57
Expense Ratio	%	0.50%
Unit Price as at 31st August 2016	Rs.	110.4043

MATURITY PROFILE



ASSET ALLOCATION



COMMENTARY
By Fund Manager,
Sashika Wickramaratne

INTEREST RATES AND THE ECONOMY

Forex reserves rose to 6,485 million dollars in July 2016, from 5,295 million in June, following the issue of the USD 1.5 dollar sovereign bond. Private sector credit growth touched 28% in June on a year on year basis from 25% in January this year, however it is expected to decelerate following the recent policy rate hike by 50 basis points. Market liquidity is down to Rs.6 billion as opposed to Rs.46 billion at the end of July 2016. However, the short term market rates have not adjusted yet following the July policy rate hike. Over the next one month period we expect the market rates to adjust in line with the policy rate hike, given the lower liquidity level in the system.

After Brexit, due to the quantitative easing program in Japan and the delay in US Fed rate hike, we are currently seeing inflows into the local government security market and CSE. Based on the CBSL data the government has to settle USD 6.5 billion worth of foreign loans over the next 1 year period. If the Sri Lankan government successfully raises foreign debt under the prevailing favorable global environment and controls private sector credit growth by maintaining the prevailing liquidity levels, the possibility of another policy rate hike is remote.

FUND PERFORMANCE

The fund gave a return of 0.83% for the month of August while the 91 day Treasury bill index increased by 0.72% for the same period. The fund is currently providing a tax free current yield of 9.36% p.a. to its investors. In September we expect the running yield to increase with existing investments that mature being reinvested at prevailing higher rates.

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 SNAPSHOT

Inception Date	24th March 2015
Fund Size	LKR 690.17 Mn
Minimum Investment	LKR 1,000

FUND FEES

Management Fee*	Max 0.30%
Custodian & Trustee Fee*	Max 0.20%

*As a percentage of NAV

Disclaimer: Performance data included in this document represents past performance and is no guarantee of the future results. Investment returns and principal values may fluctuate depending on various factors and forces, affecting capital markets.