

Guardian Acuity Money Market Gilt Fund

Open Ended Money Market Fund

SEPTEMBER 2016



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HIGHLIGHT

"The fund gave a return of 0.77% for the month of September while the 91 day Treasury bill index increased by 0.84% for the same period. The fund is currently providing a tax free current yield of 9.37% p.a. to its investors".



COMMENTARY
By Fund Manager,
Sashika Wickramaratne

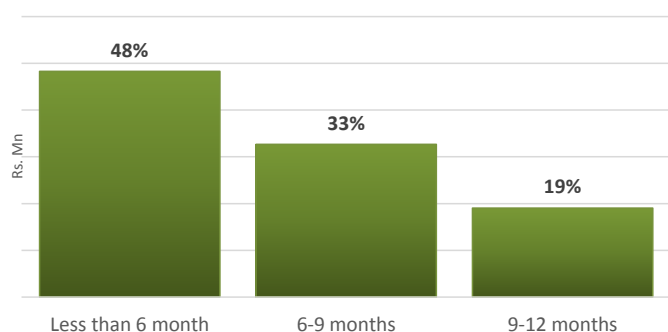
RETURNS

PERIOD	FUND	NDBIB-CRISIL 91 T-BILL INDEX	ANNUALISED FUND RETURN
2016 September	0.77%	0.84%	9.37%
3 Months	2.35%	2.29%	9.33%
YTD 2016	6.14%	5.80%	8.18%
Since Inception Cum.	11.25%	11.12%	7.39%

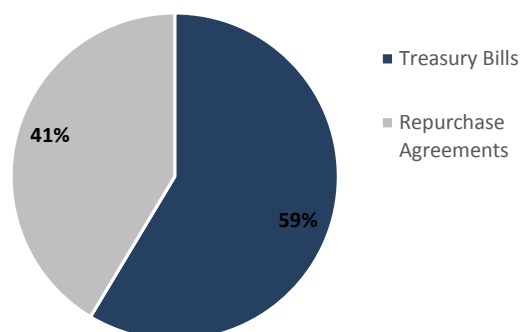
KEY INDICATORS

Average Maturity	(Months)	4.68
Expense Ratio	%	0.50%
Unit Price as at 30 Sep 2016	Rs.	111.2549

MATURITY PROFILE



ASSET ALLOCATION



INTEREST RATES AND THE ECONOMY

Forex reserves rose to 6,598 million dollars in August 2016, from 6,485 million in July, following the issue of the USD 1.5 dollar sovereign bond. Private sector credit growth touched 28.5% in July 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. CBSL has injected Rs.54 billion at the end of September 2016 as opposed to 20 billion net absorption in August 2016. The October 2016 T bond maturity value of Rs.34 billion will reduce the CBSL net liquidity injection requirement but it is not sufficient to cover the liquidity requirement in the market, hence, we expect the market rates to adjust upwards 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 due to higher yields. 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 in the next year, aided by the prevailing favored emerging markets environment and reduces 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 0.77% for the month of September while the 91 day Treasury bill index increased by 0.84% for the same period. The fund is currently providing a tax free current yield of 9.36% p.a. to its investors.

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
Fund Size 30 Sep 2016
Minimum Investment

24th March 2015
LKR 719.4 Mn
LKR 1,000

FUND FEES

Management Fee*
Custodian & Trustee Fee*

Max 0.30% p.a.
Max 0.20% p.a.

*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.