

Guardian Acuity Money Market Gilt Fund

Open Ended Money Market Fund

August 2017

HIGHLIGHT

The fund is currently providing a current yield of 9.19% p.a. to its investors".**



Sashika Wickramaratne
Fund Manager

RETURNS***

PERIOD	FUND	NDBIB-CRISIL 91 T-BILL INDEX	ANNUALISED FUND RETURN/CAGR*
2017 August	0.79%	0.84%	9.33%
3 Months	2.36%	2.49%	9.36%
YTD 2017	6.32%	6.23%	9.49%
Since Inception Cum.	21.13%	20.47%	8.17%*

** Current yield based on last 07 days average up to 31st August 2017. The current yield/ return is variable and subject to change

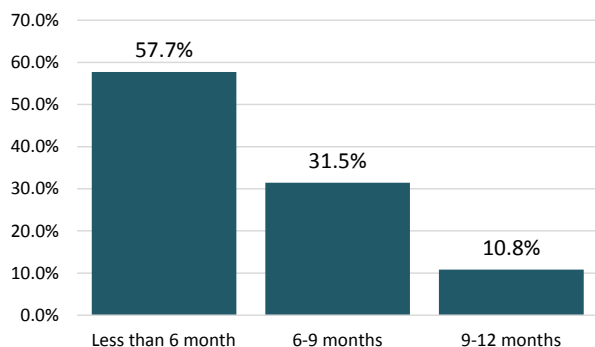
*** Performances are based on month end prices as of 31st August 2017. Performance data included in this document represents past performance and is no guarantee of the future results.

KEY INDICATORS

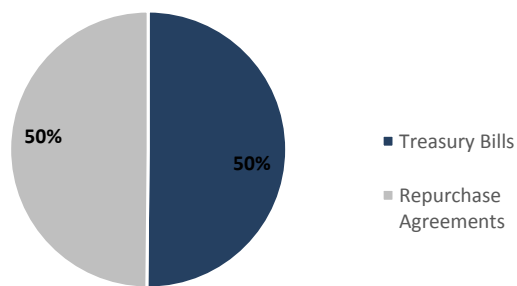
Average Maturity	(Months)	4.72
Expense Ratio	%	0.49%
Unit Price as at 31 th August 2017	Rs.	121.1278

MATURITY PROFILE

Percentage of NAV



ASSET ALLOCATION



Interest rates are on a downward trend with the buildup in foreign reserves and lower government borrowings.

The foreign reserves increased to USD 7.7 billion in August from USD 5.0 billion in April 2017 following the receipt of USD 167.2 million third tranche of the IMF-Extended Fund Facility (EFF) and USD 1.5 billion proceeds from the sovereign bond issuance.

After the Hambantota port sale another USD 1.1 billion is yet to receive, hence, the foreign reserves are expected to reach USD 8 billion towards the end of this year.

From August 2017 to January 2018 there are no Government bond maturities. However, the CBSL is conducting bond auctions in a small scale to meet funding requirement for the bond maturities in 2018. This gives the indication of prudent public debt management by the CBSL and there will not be any significant drain in market liquidity if there is higher a government borrowing requirement.

Private sector credit growth dropped to 18.6% in June 2017 after hitting a peak of 28.5% in July 2016. Policy rate hikes in July 2016, February 2017 and increase in taxes have weakened credit demand. Inflation based on CCPI Index decline to 4.8% after hitting 7.3% in March 2017. Drop in inflation reflects the supply side recovery from the first quarter flood effect and weakening demand side pressure. One year treasury bill rate came down to 9.67% in August 2017 from a peak of 11.11% in April. Against this back drop we expect general market rates to adjust downwards in line with the government security rates.

ABOUT THE FUND

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 as at 31st August 2017	LKR 1,705.82Mn
Minimum Investment	LKR 1,000

FUND FEES

Management Fee*	Max 0.30% p.a.
Custodian & Trustee Fee*	Max 0.20% 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.