

# Guardian Acuity Money Market Gilt Fund

Open Ended Money Market Fund  
February 2017

**CEYLON GUARDIAN** **ACUITY**  
Partners (Pvt) Ltd  
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## HIGHLIGHT

The fund is currently providing a current yield of 8.97% p.a. to its investors".

## RETURNS\*

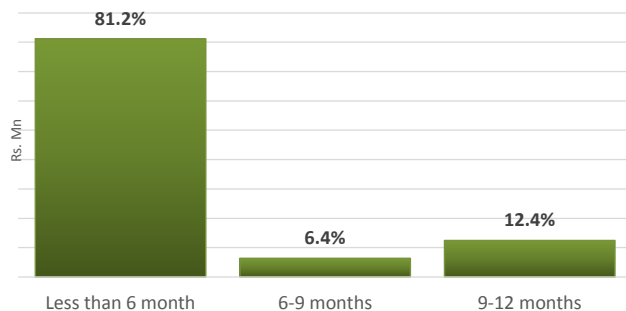
PERIOD	FUND	NDBIB-CRISIL 91 T-BILL INDEX	ANNUALISED FUND RETURN
2017 February	0.69%	0.63%	8.97%
3 Months	2.31%	2.00%	9.36%
YTD 2017	1.49%	1.29%	9.23%
Since Inception Cum.	15.63%	14.88%	8.07%

\*Performances are based on month end prices. The current yield/ return is variable and subject to change. Performance data included in this document represents past performance and is no guarantee of the future results.

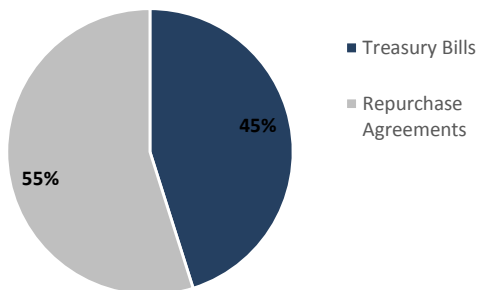
## KEY INDICATORS

Average Maturity	(Months)	2.76
Expense Ratio	%	0.53%
Unit Price as at 28 Feb 2017	Rs.	115.6299

## MATURITY PROFILE



## ASSET ALLOCATION



**COMMENTARY**  
By Fund Manager,  
**Sashika Wickramaratne**

## INTEREST RATES AND THE ECONOMY

Following the policy rate hike in July 2016, private sector credit growth decelerated to 21.9% in December from the peak of 28.5% in July 2016. Even though the credit data from December onwards is not published, the Credit demand from SOEs (State Own Entities) may have increased due to the increase in oil prices (from USD 49.52 per barrel in October 2016 to USD 54.58 per barrel in February 2017) and increase in thermal power generation in the country due to the prevailing draught condition (Jan to Sep 2016 thermal power generation was 68.7% and on 5th March 2017 it was 89.3%).

We believe the SOE credit demand will accelerate if the current drought situation continues during the next couple of months.

In January the government managed to raise only USD 458 billion via a SLDB ( Sri Lanka Development Bond) Vs. foreign loan repayment of approximately USD 1 billion. Accordingly, the gross official reserves were down to USD 5.45 billion in January 2017 from USD 6 billion in December 2016.

Sri Lanka is planning to issue a USD 1.5 billion sovereign bond in March 2017, however, USD 1.61 billion foreign loan repayment is also due in March.

Given the anticipated Fed rate hike we cannot realistically expect local rates to come down substantially even if the economic fundamentals improve, since interest rate differentials have to be maintained.

Against this backdrop we expect the market rates to increase over the next 4 months and then slightly drop towards the 2H of 2017.

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 28 Feb 2017	LKR 743.03Mn
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