

Guardian Acuity Money Market Gilt Fund

Open Ended Money Market Fund
January 2017

CEYLON GUARDIAN
A GUARDIAN COMPANY

ACUITY
Partners (Pvt) Ltd

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HIGHLIGHT

"The fund gave a return of 0.80% for the month of January while the 91 day Treasury bill index increased by 0.66% for the same period. The fund is currently providing a current yield of 9.39% p.a. to its investors".

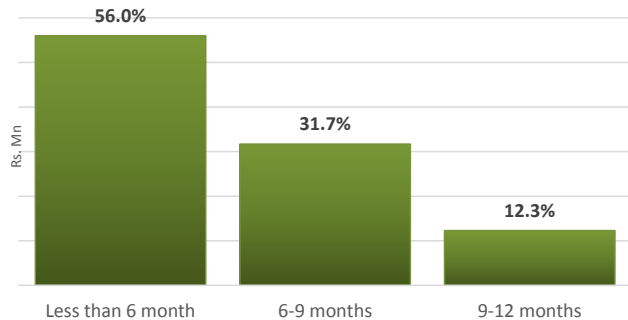
RETURNS*			
PERIOD	FUND	NDBIB-CRISIL 91 T-BILL INDEX	ANNUALISED FUND RETURN
2017 January	0.80%	0.66%	9.39%
3 Months	2.40%	2.09%	9.54%
YTD 2017	0.80%	0.66%	9.39%
Since Inception Cum.	14.84%	14.16%	7.98%

*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.

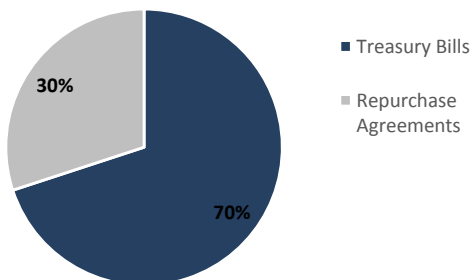
KEY INDICATORS

Average Maturity	(Months)	4.66
Expense Ratio	%	0.53%
Unit Price as at 31 Jan 2017	Rs.	114.8397

MATURITY PROFILE



ASSET ALLOCATION



COMMENTARY
By Fund Manager,
Sashika Wickramaratne

INTEREST RATES AND THE ECONOMY

Following the policy rate hike in July private sector credit growth decelerated to 21.9% in November 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 53.32 per barrel in January 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 February 2017 it was 87.2%).

We believe the SOE credit demand to accelerate if the current draught situation continue during the next couple of months.

Gross Official Reserves in December increased to US\$ 6.0Bn from 5.6Bn in November 2016. In January 2017 government planned to issue a USD 1 billion sovereign bond and expected to receive USD 1 billion by selling 80% stake in the Hambantota port.

However, 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 in January 2017.

Foreign selling was seen in the G Sec market in last month, hence we estimated the gross official reserves to come down to USD 5.3 billion level in January.

Against this backdrop we expect the market rates to increase over the next 6 months and then slightly drop towards the 2H of 2017.

FUND PERFORMANCE

The fund gave a return of 0.80% for the month of January while the 91 day Treasury bill index increased by 0.66% for the same period. The fund is currently providing a current yield of 9.39% 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 31 Jan 2017
Minimum Investment

24th March 2015
LKR 746.63Mn
LKR 1,000

FUND FEES

Management Fee*
Custodian & Trustee Fee*
*As a percentage of NAV

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