

# Guardian Acuity Money Market Gilt Fund

Open Ended Money Market Fund

April 2018

## HIGHLIGHT

The fund is currently providing a current yield of 8.43% p.a. to its investors".\*\*



**Sashika Wickramaratne**  
Fund Manager

## RETURNS\*\*\*

| PERIOD               | FUND   | NDBIB-CRISIL<br>91 T-BILL INDEX | ANNUALISED FUND<br>RETURN/CAGR* |
|----------------------|--------|---------------------------------|---------------------------------|
| 2018 April           | 0.69%  | 0.71%                           | 8.38%                           |
| 3 Months             | 2.02%  | 1.85%                           | 8.30%                           |
| YTD 2018             | 2.74%  | 2.51%                           | 8.33%                           |
| Since Inception Cum. | 28.18% | 27.37%                          | 8.33%*                          |

\*\* Current yield based on last 07 days average up to 30th April'2018. The current yield/return is variable and subject to change

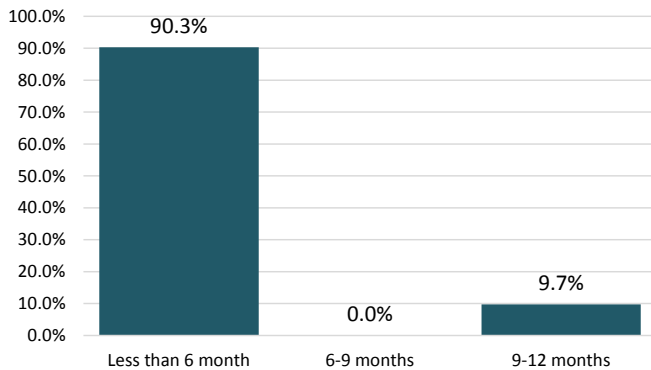
\*\*\* Performances are based on month end prices as of 30th April 2018. Performance data included in this document represents past performance and is no guarantee of the future results.

## KEY INDICATORS

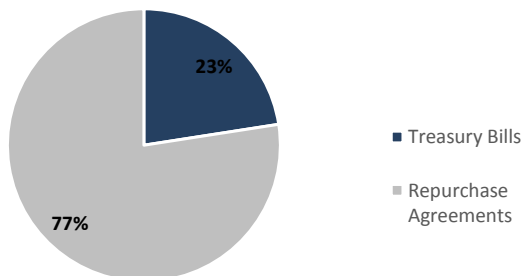
|                               |          |          |
|-------------------------------|----------|----------|
| Average Maturity              | (Months) | 1.38     |
| Expense Ratio                 | %        | 0.49%    |
| NAV Per Unit as of 30-04-2018 | Rs.      | 128.1785 |

## MATURITY PROFILE

Percentage of Assets



## ASSET ALLOCATION



In March monetary policy review Central Bank reduced the standing facility lending rate by 25 basis points to 8.5%, but the standing facility deposit rate remained unchanged at 7.5%.

Slowdown in GDP growth ( 3.1% in 2017 from 4.5% in 2016), slowdown in credit to private sector growth (14.64% YoY in February 2017 after hitting a peak of 28.5% in July 2016) and benign inflation (3.8% CCPI YoY) set the stage for Central Bank to bring down the policy rates.

Gross official reserves remained strong at USD 9.9 billion in April 2018. However, during the next 12 months period the expected net drain in foreign reserves is around USD 6.352 billion (both principal & interest payments). The remaining tranches of IMF extended funding facility, balance payments of the Hambantota port sale deal will help the Central Bank to manage the foreign dollar outflows in 2018. But the cost of rollover of existing debt will be challenging since US has indicated a 1% rate hike in 2018 after the latest FOMC meeting (revised up from previous 75 basis) and other regional countries has also signaled that they will also increase their rates in line with US rate hike. Adverse weather conditions and rising fuel prices can worsen the situation further causing higher import demand.

Foreign holding in government securities has increased to Rs.324.0 billion (USD 2 billion) in April 2018 from Rs.321.0 billion in March 2018 following the USD 2.5 billion sovereign bond issue in April. Current US 10 year treasury bond is trading at 2.99% and the Sri Lankan 10 year treasury bond rate is trading at 10.44%, having a 7.45% spread against the US 10Y bond rate. If the spread narrowed down further foreign investors may be compel to exit from local government securities depending on their economic outlook.

On this back drop we do not expect a further policy rate cut in the near future.

## 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 30th April 2018 | LKR 1,537.36Mn  |
| 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.