

# Guardian Acuity Money Market Gilt Fund

Open Ended Money Market Fund

February 2018

CEYLON  
GUARDIAN  
A CAYMAN ISLANDS COMPANY

ACUITY  
Partners (Pvt) Ltd



Tel: +94 112039377 E-mail: info@guardianacuity.com

## HIGHLIGHT

The fund is currently providing a current yield of 8.20% p.a. to its investors".\*\*



**Sashika Wickramaratne**  
Fund Manager

## RETURNS\*\*\*

PERIOD	FUND	NDBIB-CRISIL 91 T-BILL INDEX	ANNUALISED FUND RETURN/CAGR*
2018 February	0.63%	0.42%	8.19%
3 Months	2.07%	1.87%	8.41%
YTD 2018	1.33%	1.08%	8.26%
Since Inception Cum.	26.43%	25.59%	8.31%*

\*\* Current yield based on last 07 days average up to 28th February'2018. The current yield/ return is variable and subject to change

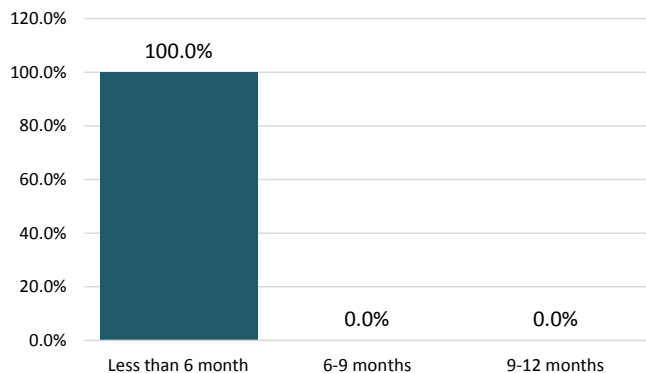
\*\*\* Performances are based on month end prices as of 28th February 2018. Performance data included in this document represents past performance and is no guarantee of the future results.

## KEY INDICATORS

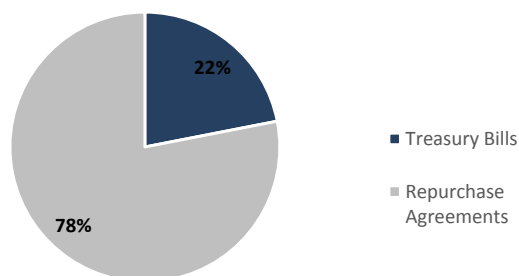
Average Maturity	(Months)	0.91
Expense Ratio	%	0.48%
Unit Price as at 28 th February 2018	Rs.	126.4257

## MATURITY PROFILE

Percentage of NAV



## ASSET ALLOCATION



We expect the Central Bank to maintain the current policy rates in the near future. However, we expect market rates (fixed deposit rates etc.) to come down due to the building up in excess liquidity in the system.

Slowdown in GDP growth and slowing down in credit growth (14.6% YoY in December 2017 after hitting a peak of 28.5% in July 2016) reflects weakening overall demand in the economy. The slowdown in credit growth and the existing government security maturities is currently increasing the existing liquidity level and that is why we expect market rates are come off at the moment.

Gross official reserves remained strong at USD 7.9 billion in December 2017. However, during the next 12 months period the expected net drain in foreign reserves is around USD 6.6 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.

On this back drop we do not expect the Central Bank to cut policy rates in the near future and in the second half interest rates will remain flat if central bank manage the drain in foreign reserves, unless there is a possibility for rates to go up.

Therefore, the fund will maintain a short maturity profile to until the second half of 2018.

## 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 28th February 2018	LKR 2,413.81Mn
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.