

Guardian Acuity Money Market Gilt Fund

Open Ended Money Market Fund

January 2018



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HIGHLIGHT

The fund is currently providing a current yield of 8.21% p.a. to its investors".**



Sashika Wickramaratne
Fund Manager

RETURNS***

PERIOD	FUND	NDBIB-CRISIL 91 T-BILL INDEX	ANNUALISED FUND RETURN/CAGR*
2018 January	0.70%	0.65%	8.26%
3 Months	2.17%	2.27%	8.63%
YTD 2018	0.70%	0.65%	8.26%
Since Inception Cum.	25.64%	25.06%	8.31%*

** Current yield based on last 07 days average up to 31st January 2018. The current yield/return is variable and subject to change

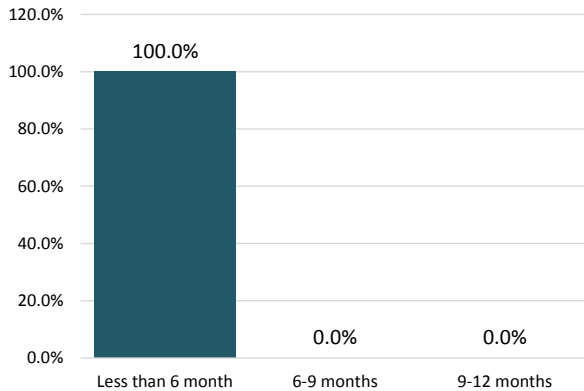
*** Performances are based on month end prices as of 31st January 2018. Performance data included in this document represents past performance and is no guarantee of the future results.

KEY INDICATORS

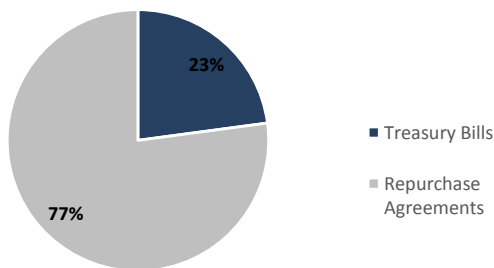
Average Maturity	(Months)	1.15
Expense Ratio	%	0.48%
NAV Per Unit as of 31-1-2018	Rs.	125.6361

MATURITY PROFILE

Percentage of NAV



ASSET ALLOCATION



FUND SNAPSHOT

Inception Date	24th March 2015
Fund Size as at 31st January 2018	LKR 2,345.47Mn
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

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 (15.4% YoY in November 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 to decline.

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 if US and other regional interest rates increase in during the year. Adverse weather conditions 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 manages the drain in foreign reserves. However, we are conscious of the fact that the Fed may increase US policy rates faster than expected this year and this may have a knock on effect on Rupee rates.

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.

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.