

# Guardian Acuity Money Market Gilt Fund

Open Ended Money Market Fund  
July 2018



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## HIGHLIGHT

The fund is currently providing a current yield of 8.45% p.a. to its investors".\*\*



**Sashika Wickramaratne**  
Fund Manager

## RETURNS\*\*\*

PERIOD	FUND	NDBIB-CRISIL 91 T-BILL INDEX	ANNUALISED FUND RETURN/CAGR*
2018 July	0.72%	0.70%	8.50%
3 Months	2.16%	2.03%	8.56%
YTD 2018	4.96%	4.59%	8.53%
Since Inception Cum.	30.95%	29.95%	8.36%*

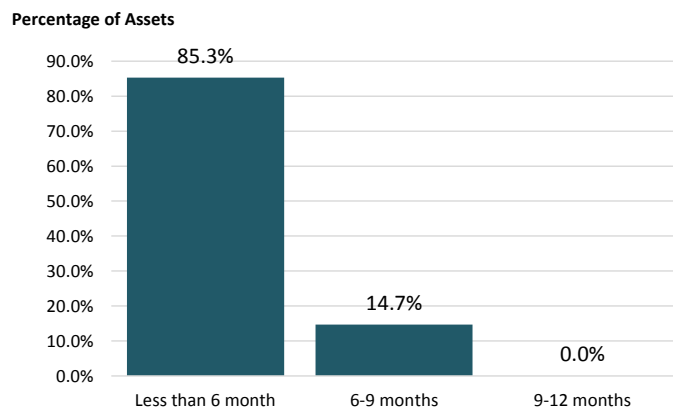
\*\* Current yield based on last 07 days average up to 31st July 2018. The current yield/return is variable and subject to change

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

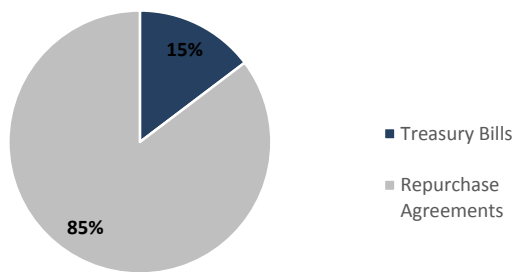
## KEY INDICATORS

Average Maturity	(Months)	1.39
Expense Ratio	%	0.50%
Unit Price as at 31 st July 2018	Rs.	130.9450

## MATURITY PROFILE



## ASSET ALLOCATION



Treasury bills rates were trending downwards from 9.43% to 9.27% during the month of July due to excess liquidity building up in the system due to lower government borrowing compared to proceeds came from T bills and T Bonds maturities.

Gross official reserves increased to USD 9.26 billion in June 2018 from USD 8.8 billion in the previous month after the USD 700 million SLDB issuance, making the total year to date issuance to USD 1.4 billion. Further USD 505 million is yet to receive from the remaining tranches of IMF extended funding facility and another USD 1.8 billion SLDBs can be issued as per the budget. However, During the next 12 months period the expected net drain in foreign reserves is around USD 6.859 billion (both principal & interest payments). Adverse weather conditions and rising fuel prices can worsen the situation further causing higher import demand.

The cost of rollover of existing debt will also be challenging since US has indicated a 1% rate hike in 2018. In June federal reserve increased their policy rates by another 25 basis points to 1.5%-1.75%. indicating two more further hikes this year.

Foreign selling in the local government security market is posing pressure on reserves as well as government security rates. Foreign selling will continue if our rates are not sufficient to their comparative rates after adjusting for country risk premiums and expected currency depreciation.

Foreign holding in government securities dropped to Rs.287.8 billion (USD 1.8 billion) in July 2018 from Rs.295.3 billion in June 2018. Current US 10 year treasury bond is trading at 2.964% and the Sri Lankan 10 year treasury bond rate is trading at 10.36%, having a 7.40% spread against the US 10Y bond rate ( spread has dropped from 7.885% in June 2018)

Against this back drop the short term rates have come down but we expect overall rates to pick up during the next 12 months due to pressure stemming from external factors.

## 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 31st July 2018	LKR 1,039.34Mn
Minimum Investment	LKR 1,000

## FUND FEES

Management Fee*	Max 0.25% p.a.
Custodian Fee & Trustee Fee*	Max 0.23% 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.